

ISRAEL DISCOUNT BANK LTD.
(the "Bank")

NOTICE TO SHAREHOLDERS:

Notice is hereby given that the Extraordinary Meeting of Shareholders A' of the Bank will be held on Wednesday, March 25, 2009 at 11:00 A.M. (hereinafter, the "**Meeting**"). The Meeting will take place at the Bank's offices at 23 Yehuda Halevi Street, Tel-Aviv (Seventeenth Floor). An adjourned meeting, if necessary, will be held on Wednesday, April 1, 2009, at the same place and time.

1. **A g e n d a:**

To appoint an Outside Director as defined in the Companies Law, 1999 (hereinafter, the "**Law**"):

Ms. Edith Lusky (hereinafter, "**Ms. Lusky**") as an Outside Director. The appointment is to commence on the date of approval at the Extraordinary Meeting. Ms. Lusky has provided the Bank with a declaration pursuant to Sections 224b and 241 of the Law.

2. Pursuant to the Law, the matter stated in clause 1 of the Agenda shall be decided on condition that one of the following conditions prevails:

1. In counting the votes of the majority at the general meeting at least one-third of all the votes of shareholders who are not holders of control in the Bank or representatives of such persons, present at the time of voting are included; in counting the total votes of such shareholders, abstentions shall not be taken into account;

2. The total number of votes opposing the appointment from among the shareholders referred to in paragraph 1 shall be no greater than one percent of the total voting rights in the Bank.

3. The Record Date fixed for determining the right of shareholders to participate and vote at the meeting pursuant to Section 182 (b) of the law and Amendment 3 to the Companies Law Regulations (Voting Paper and Statements of Position), 5765-2005, is February 24, 2009 (hereinafter, "**Record Date**").

4. The text of the "voting paper" and "statement of position", according to their meaning in section 88 of the Law, if published, will be found at the Distribution website of the Israel Securities Authority: <http://www.magna.isa.gov.il/> (hereinafter, "**Distribution Site**") and at the site of the Tel-Aviv Stock Exchange Ltd.: <http://maya.tase.co.il/>.

5. Voting instructions may be given on the back of the second part of the "voting paper" as appears on the Distribution Site.

6. A shareholder may request directly from the Bank for the text of the "voting paper" and "statements of position".

7. A Shareholder who is not registered in the Shareholders Register, is entitled to receive by electronic mail, without charge, a link to the text of the "voting paper" and the "statement of position", if published, from a Member whose shares are registered with that Member, unless the shareholder notified the Member that he/she is not interested in receiving a link as aforesaid, or that he/she is interested in receiving a "voting paper" by mail, upon payment of a delivery charge.

A notice regarding "voting paper" will apply on "statement of position", if published

8. A shareholder whose shares are registered with a Member may receive the Confirmation of Ownership from the Member through whom he/she holds shares, at a branch of the Member, or by mail, to an address upon payment of a delivery charge, if so requested. The said request is to be given in advance to the specific security account.

9. The last date for presenting "statements of position" to the Bank is 10 days following the Record Date.

10. A shareholder whose shares are held through a Member of the Stock Exchange (hereinafter, "**Member**"), and the said shares are registered in the Shareholders Register in the name of a Nominee Company, may vote at the meeting upon delivering to the Bank a Confirmation from the Member as to his/her ownership of the shares on the Record Date, pursuant to Form 1 which is an addendum to the Companies Regulations (Proof of Share Ownership for the Purpose of Voting at a General Meeting), 5760-2000.

11. A shareholder is authorized to participate and to vote at the Meeting, either personally or by proxy, and, in the case of a corporation, by a duly authorized representative. An instrument of appointment shall be in

writing and signed by the shareholder making the appointment or by his/her attorney, or, if such shareholder is a corporation, under its common seal or the hands of its attorney. The instrument appointing a proxy shall be deposited at the registered office of the Bank not less than 48 hours before the time for the holding of the Meeting.

The instrument of appointment shall be in the form stated in the Articles of Association of the Bank or corresponding thereto as far as possible. The instrument of appointment shall not be effective after more than twelve months from the date of its signing.

12. With regard to clause 1 on the Agenda, a shareholder is authorized to vote at the Meeting by means of a "voting paper".
13. The "voting paper" and the documents which are attached to it (the "**Attached Documents**"), as detailed in the "voting paper", is to be presented to the offices of the Bank up to 72 hours prior to the time scheduled for holding the Meeting. In this regard, "time of presentation" is the time by which the "voting paper" and the Attached Documents must arrive at the offices of the Bank.

The text of the proposed resolution to be brought for approval at the Meeting will be available at the Office of the Secretary of the Bank, 23 Yehuda Halevi Street, Tel-Aviv, telephone no. 972-3-5145582, during regular business hours, from the date of publication of this notice.

The text of the proposed resolutions may also be found on the MAGNA site of the Israel Securities Authority, www.magna.isa.gov.il.