



## NOTICE TO SHAREHOLDERS:

Notice is hereby given that a Special General Meeting of Israel Discount Bank Ltd. (the "Bank") will be held on Thursday, August 27, 2009 at 1:00 P.M. (the "Meeting") at its offices at 23 Yehuda Halevi Street, Tel-Aviv (17th Floor). An adjourned meeting, if necessary, will be held on Thursday, September 3, 2009, at the same place and time.

### 1. A g e n d a

- 1.1 To approve granting an exemption in advance to Directors and other Office Holders of the Bank, which will apply to Directors whose appointment was subsequent to June 2007 (as detailed in the Immediate Report filed by the Bank with regard to convening the Meeting) and to anyone who will be a Director or other Office Holder of the Bank in the future, not including a controlling shareholder for which a specific resolution will be required.
  - 1.2 To approve an undertaking to indemnify Directors and other Office Holders of the Bank, which will apply to Directors whose appointment was subsequent to June 2007 (as detailed in the Immediate Report filed by the Bank with regard to convening the Meeting) and to anyone who will be a Director or other Office Holder of the Bank in the future, not including a controlling shareholder for which a specific resolution will be required, and to apply the changes which were made in the text of the resolution which was approved by the general meeting of June 26, 2007, also to those who received an exemption and an undertaking of indemnification from the Bank in accordance with the said resolution of June 26, 2007.
  - 1.3 To appoint Ms. Gittit Guberman as a director of the Bank. The appointment will be effective from the time of approval of the Meeting. The nominee filed an affidavit pursuant to section 224B of the Companies Law.
2. The matters stated in paragraphs 1.1, 1.2 and 1.3 above shall be decided by an ordinary majority of votes of shareholders voting at the meeting in person or by proxy and entitled to vote thereon, not taking abstentions into account.
  3. The Record Date fixed for determining the right of shareholders to participate and vote at the meeting pursuant to Section 182 (c) of the Companies Law and Regulation 3 to the Companies Regulations, (Voting Paper and Statements of Position), 5765-2005, is July 29, 2009 ("**Record Date**").
  4. The text of the Voting Paper and Statement of Position, if published, according to their meaning in section 88 of the Companies Law will be found at the Distribution website of the Israel Securities Authority: <http://www.magna.isa.gov.il/> (hereinafter, "**Distribution Site**") and at the website 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 and receive from it 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, on the Distribution Site, from a Member of the Stock Exchange (hereinafter, "Member") with whom his/her shares held, 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; notice regarding Voting Paper will also apply with regard to receipt of Statements 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 his/her 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, 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 paragraphs 1.1, 1.2 and 1.3 above, 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 resolutions 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](http://www.magna.isa.gov.il).

July 23, 2009

THE BOARD OF DIRECTORS