



August 14, 2025

To:

Israel Securities Authority

Via MAGNA

Tel Aviv Stock Exchange Ltd.

Via MAYA

www.isa.gov.il

www.tase.co.il

Subject: Collective Agreements

Further to what was stated in the Q1 2025 report (p. 188), regarding negotiations with the employees' representation, the bank is honored to report that on August 13, 2025, special collective agreements were signed between the bank and the employees' committee, the New General Federation of Labor, and the Histadrut HaMaof regarding the extension of the validity of the labor constitution and changes to the labor constitution, as well as special collective agreements regarding salary and additional conditions (hereinafter: "the agreements"). The parties agreed to exhaust claims and committed to maintaining industrial peace on the matters regulated in the agreements during their validity period. The main points of the agreements are as follows:

A. Managerial Flexibility and Encouragement of Excellence

The validity of the labor constitution was extended until December 31, 2027, and amendments to the labor constitution at the organizational level were agreed upon to improve managerial flexibility and promote excellence and an organizational culture that supports the bank's strategic objectives, including:

- A process for performance improvement and termination of employment for up to 75 employees with "regular" status during the agreement period, subject to arbitration procedures in case of disputes between management and the employees' committee.
- Setting a cap for the accumulation of sick days.
- Reducing the accumulation caps for vacation days for employees with "regular" status.

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- The right for employees with "regular" status to redeem accumulated vacation days during 2025 at 85% of the liability value in the bank's books.

B. Salary for 2025-2027 and Additional Conditions

- Monthly salary increase budgets were set for each of the years 2025-2027 for each employee population (excluding employees with personal contracts) at an average of about NIS 500 per employee. To encourage excellence, it was agreed that no minimum salary increase will be paid to employees with low performance, while outstanding employees will receive higher salary increases. It was also agreed that management will fund a one-time activity for all bank employees.
- Rights for employees with "stable" status - a graduated entitlement according to seniority for an education fund up to a contribution of 7.5% and a graduated increase in the quota of vacation days beyond what is set by law.

C. Impact of the Agreements on Business Results

According to the bank's management, the agreements will not have a material impact on the bank's profits in the years 2025-2027.

The cost of the one-time component under the agreement for the years 2025-2027 amounts to approximately NIS 15 million per year on average, compared to approximately NIS 65 million per year on average under the agreement for the years 2022-2024. The annual cost of salary increases and additional conditions is estimated at approximately NIS 49 million per year on average under the agreement for the years 2025-2027, compared to approximately NIS 35 million per year on average under the agreement for the years 2022-2024. The cost of the aforementioned one-time component will be reflected in the financial statements for 2025. As a result of the timing of the payment of the increases and the entitlement to them, a total of approximately NIS 84 million of the cost of salary increases and related items will be reflected in the financial statements for 2026, approximately NIS 138 million in the financial statements for 2027, and approximately NIS 147 million in the financial statements for 2028. The costs of the agreement for 2025-2027 do not take into account the effects of efficiency measures.



It is clarified that the data detailed above are according to the estimates of the bank's management, which constitutes forward-looking information, taking into account the information available to management and the plans existing at the date of this report. The above may not materialize if there are changes in the actual data and in the bank management's plan, including regarding the size and composition of the employee population.

Respectfully,

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ISRAEL DISCOUNT BANK LTD.

Signed by:

- Ms. Hagit Meirovitz, Executive Vice President, Head of Human Resources Division
- Ms. Hadar Barin Weiss, Adv., Executive Vice President, Chief Legal Counsel and Head of Legal Advisory Division