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Bank Hapoalim B.M.

July 3, 2022

To:
Israel Securities Authority
Via Magna

To:
Tel Aviv Stock Exchange Ltd.
Via Magna

Re: **Immediate Report (the “Report”) on the Convening of an Annual General Meeting of Shareholders of Bank Hapoalim B.M. (the “Bank”)**

Further to the advance notice issued by the Bank regarding the intention to convene an annual meeting of shareholders of the Bank, and pursuant to the Companies Law, 1999 (the “**Companies Law**”); the Securities Regulations (Periodic and Immediate Reports), 1970 (the “**Report Regulations**”); the Companies Regulations (Announcement and Notification of a General Meeting and a Class Meeting at a Public Company and Addition of an Item to the Agenda), 2000 (the “**Announcement and Notification Regulations**”); and the Companies Regulations (Voting in Writing and Position Papers), 2005 (the “**Voting in Writing Regulations**”), the Bank is honored to announce that the annual general meeting of the shareholders of the Bank (the “**Meeting**”) will convene on **Thursday, August 11, 2022, at 4:00 p.m., at the offices of the Bank at 63 Yehuda Halevi Street, Tel Aviv (6th floor, room 608)**; on the agenda are the items and resolutions described below.

1. Items on the agenda of the Meeting and form of proposed resolutions

1.1. Item no. 1 on the agenda – Discussion of the financial statements and the report of the board of directors of the Bank for the year 2021

Discussion of the audited financial statements of the company as at December 31, 2021, and the reports of the board of directors and board of management for the year ended on that date (jointly, the “**2021 Periodic Report**”).

No vote will be held on this matter.

The 2021 Periodic Report, issued by the Bank on March 8, 2022 (reference no. 2022-01-027148), can be viewed on the Israel Securities Authority distribution website, at <http://www.magna.isa.gov.il> (the “**Distribution Website**”), and on the website of the Tel Aviv Stock Exchange Ltd., at <http://maya.tase.co.il> (the “**TASE Website**”).

1.2. Item no. 2 on the agenda – Approval of reappointment of the external auditors of the Bank

1.2.1. As at the date of the report, Somekh Chaikin (KPMG), Certified Public Accountants, and Ziv Haft (BDO), Certified Public Accountants, serve jointly as the auditors of the Bank, and were appointed as such until the end of the annual general Meeting called under this report.

At the recommendation of the audit committee of the board of directors of the Bank (following a process it conducted; see details below) and the board of directors of the Bank, it is proposed to reappoint Somekh Chaikin (KPMG), Certified Public Accountants, and Ziv Haft (BDO), Certified Public Accountants,

as the Bank's joint auditors, until the end of the next annual general meeting of the Bank.

- 1.2.2. In order to formulate its recommendation, in advance of this general Meeting, the audit committee conducted a process to consider the possibility of replacing the external auditor of the Bank, beginning in June 2021; the process consisted of cumulative discussions during nine meetings of the committee. During the process, the committee held several preliminary meetings to discuss the principles for the structure of the process, the accounting firms to be invited to submit their candidacy, and the criteria for evaluation of the candidacies, and heard the positions of the CEO, CFO, and Chief Accountant of the Bank.
- 1.2.3. In response to the committee's request, the two firms serving as external auditors and two additional accounting firms, of the largest firms in Israel, applied as candidates for the role of external auditor of the Bank. In September-November 2021, the committee met with representatives of each of the firms (including the designated audit teams), heard and received various presentations and materials from the firms, and held additional discussions following the meetings and the submission of materials.
- 1.2.4. At the conclusion of these discussions, the committee resolved in November 2021 that in advance of the annual general Meeting for 2022 it would make a recommendation to the meeting to approve the reappointment of Somekh Chaikin (KPMG), Certified Public Accountants, and Ziv Haft (BDO), Certified Public Accountants, as the joint auditors of the Bank, until the end of the next annual general meeting of the Bank. This resolution was passed by a majority, based on a broad range of pertinent considerations and circumstances, including the committee's impression of the professional quality of the firms that applied as candidates, including their designated audit teams, and taking into account the evaluation criteria included in the committee's request to the firms; satisfaction with the professional quality and service the Bank receives from the current external auditors, and the impression of the committee that the considerations in aggregate do not indicate a significant advantage of either of the two new firms that applied over the presently serving firms; the position of the management of the Bank; the estimate that, while there may be some advantage to renewal after long years of service and to the addition of a new firm in this role, this advantage is of limited importance in view of the turnover of officials at the Bank in recent years (CEO, CFO, and Chief Accountant) and at the accounting firms (due to the rotation and replacement of partners); and, conversely, the estimate that replacing the existing external auditors also has costs and disadvantages, among them that the appointment of a new external auditor would necessitate significant changes in the services received from that firm by the bank group.

One of the directors held the minority opinion that one of the serving accounting firms should be replaced with another, in view of the benefit inherent in renewal in the role of external auditor after long years of service, as a preliminary measure to the effort to transition to the service of a single external auditor, and taking into consideration the low risk of such replacement, due, among other factors, to the fact that the second firm would continue to serve.

- 1.2.5. The board of directors of the Bank adopted the resolution of the audit committee (by a majority, as noted in Section 1.2.4 above), based on similar reasoning.

1.2.6. In January 2022, after the audit committee completed the process described above, the Bank received the report of the independent committee headed by Supreme Court Justice (Retired) Prof. Yoram Danziger regarding the investigation of the United States authorities in the tax affair; following discussion by the board of directors of the Bank, the recommendations of the independent committee were adopted in full.¹ For details regarding settlements submitted in May 2022 for approval by the court in connection with the tax affair, see Note 10C to the Financial Statements of the Bank for the first quarter of 2022 (p. 168). At the date of publication of this summons report, there is no certainty that the settlements will be approved by the court.

With regard to the question of the responsibility of the external auditors of the Bank (who also served as external auditors during the years relevant to the tax affair) in connection with the petition to certify a derivative claim pertaining to the tax affair (including against the external auditors), the independent committee examined the procedure applied by the external auditors during the years of the investigation, and their involvement in the discussions held. The committee believed that the examination of the procedure did not find evidence indicating the existence of any negligence or breach of the duty of care on their part, in connection with the need to raise the possibility with the board of directors of the Bank of exposure arising from prohibited activity, or to update the board of directors regarding the findings that emerged during the audits of the financial statements, and the committee therefore recommended rejecting the contentions made against them in the petition to certify a derivative claim in the context of their duty to prevent the prohibited activity investigated by the United States enforcement agencies.

1.2.7. Details regarding the fees of the Bank's auditors for 2021, for audit and additional services, which were determined by the Bank's board of directors, are included in the Periodic Report for 2021 (p. 429).

Form of the proposed resolution:

To approve the reappointment of Somekh Chaikin (KPMG), Certified Public Accountants, and Ziv Haft (BDO), Certified Public Accountants, as the joint auditors of the Bank, until the end of the next annual general meeting of the Bank.

1.3. Item 3 on the agenda – Approval of the terms of service of the Chairman of the Board, Mr. Ruben Krupik

1.3.1. Mr. Ruben Krupik has served as chairman of the board of directors of the Bank (the "Chairman") as of June 28, 2020. The present terms of service of the Chairman were approved by the general meeting on October 22, 2020 (in effect until December 31, 2023). For further details, see the general meeting summons report issued by the Bank on September 17, 2020 (reference no. 2020-01-093667) and the Immediate Report of the Bank of March 21, 2021 (reference no. 2021-01-040119). At the annual meeting of October 2021, Mr. Krupik was elected to a third term of service of three years as an external director pursuant to Directive 301 (until February 17, 2025).

¹ See the Immediate Report of the Bank dated January 27, 2022 (reference no. 2022-01-011992).

- 1.3.2. An amendment of Proper Conduct of Banking Business Directive 301A, “Remuneration Policy at Banking Corporations” (“**Directive 301A**”), was issued in April 2022, primarily updating the directives concerning the terms of service of the chairperson of the board of directors of a banking corporation without a controlling core. The explanatory materials for the amendment to Directive 301A state, among other matters, that the amendment is aimed at permitting banking corporations without a controlling core to pay board chairpersons compensation commensurate with the requirements for the discharge of their duties, provided that it does not constitute affinity or impair the independence of the chairperson of the board of directors, or the non-dependence of the chairperson of the board of directors on the banking corporation. The following are the main points of the amendment, in summary: the remuneration of the chairperson of the board of directors at a bank without a controlling core shall be determined in accordance with the Companies Regulations (Rules Regarding Remuneration and Expenses for External Directors), 2000 (the “**Remuneration Regulations**”), with the adjustments specified in Directive 301A, pursuant to which, among other matters, in contrast to other directors, the chairperson of the board of directors shall not be entitled to remuneration for participation in meetings of the board of the directors and the board committees, and instead shall receive only annual remuneration, provided that it does not exceed the average total remuneration of an expert director at the bank (in the three-year period preceding the date of the calculation), multiplied by the “determinant ratio.” The remuneration committee and the board of directors shall determine the “determinant ratio” as a function of the time resources required to discharge the duties of the chairperson of the board of directors, taking into consideration the scope of the responsibility of the chairperson relative to the other directors. Other than the annual remuneration and reimbursement of certain expenses, the chairperson of the board of directors shall not be permitted to receive any compensation in respect of their service or the end thereof (this includes prohibition of compensation in respect of a commitment to non-competition or payment in respect of an advance notice period). In general, a candidate for the office of chairperson of the board of directors shall be informed of the amount of the annual remuneration prior to consenting to serve in this position, and this amount cannot be altered throughout the three-year term of service; however, with regard to an incumbent chairperson of the board of directors, the amendment states that the inception date is the earlier of the date of update of the terms of service, or when six months have elapsed from the date of publication of the amendment (i.e. up to October 2022).
- 1.3.3. In light of the amendment of Directive 301A, and also taking into consideration the appointment of Mr. Krupik as director for a third (and last) three-year term of service, the remuneration committee (on June 30, 2022) and the board of directors of the Bank (on July 3, 2022) approved an update of the terms of service of the Chairman of the board, and accordingly also of section 9.2 of the remuneration policy, which concerns the terms of service of the chairperson, as follows:
- 1.3.3.1. The updated terms of service shall be in effect from the beginning of 2022, for as long as Mr. Krupik serves in the role of Chairman (as noted, his third term of service as director ends on February 17, 2025).
- 1.3.3.2. The position of chairperson of the board of directors shall continue to be a full-time (100%) position. The chairperson of the board of directors shall not be permitted to engage in any other paid occupation, unless he receives the approval of the board of directors of the Bank in advance.

1.3.3.3. Consideration – in respect of his service as Chairman of the board of directors, the Chairman shall be entitled to annual compensation in the amount of NIS 2.94 million (the “**Annual Compensation**”). The Annual Compensation shall be linked to the consumer price index (base index May 2022).² VAT shall be added to this amount in accordance with the law. The Annual Compensation shall also be paid in full in respect of the year 2022. The Annual Compensation may be paid in monthly payments; in respect of service during part of a year, the proportional share of the Annual Compensation shall be paid.

The consideration shall be paid against an invoice, and the Chairman shall not be entitled to benefits associated with wages (such as deposits into severance pay and pension plans and employer contributions to a study fund).

1.3.3.4. Reimbursement of expenses – in addition to the Annual Compensation, the Chairman shall be entitled to reimbursement of reasonable expenses in respect of the discharge of his duties, including travel and telephone expenses.³

1.3.3.5. Insurance, indemnity, and exemption: The Chairman shall continue to be insured within the directors’ and officers’ liability insurance policy of the Bank. In addition, the Chairman holds an indemnity and exemption letter, as is granted to officers of the Bank.

1.3.3.6. The existing terms of service of the Chairman included provisions regarding an advance notice period and regarding non-competition and a cooling period. Under the existing terms, either of the parties may give notice of the cessation of the contractual engagement with the Chairman, at any time and for any reason, with 6 (six) months’ advance written notice (the “**Advance Notice Period**”). The Advance Notice Period shall also apply at the end of the term of service, inasmuch as it has not been renewed/extended. The Bank, by a resolution of the board of directors, is permitted to waive the actual services and office of the Chairman during the Advance Notice Period, or part thereof, without prejudice to his right to the full remuneration terms during this period (or redemption thereof). In addition, under the existing terms the Chairman is subject to a non-competition period of twelve months from the end date of his actual service with respect to a banking corporation or any other corporation that competes with the Bank, an insurance company, or an investment house, including a subsidiary of any of the foregoing, all unless he receives the approval of the board of directors of the Bank; further, there is a cooling period of six months from the end of the term of service with respect to relationships with a business function with which the Chairman had contact due to his role at the Bank, unless approved by the board of directors. In light of the amendment to Directive 301A (which, among other matters, prohibits

² Subject to the total remuneration of the Chairman not exceeding the wage ratio ceiling (the ceiling pursuant to Section 2(B) of the Financial Corporations Officer Remuneration Law (Special Approval and Non-Deduction of Expenses for Tax Purposes due to Exceptional Remuneration), 2016 (the “**Remuneration Limit Law**”).

³ Subject to the restrictions in Directive 301A, and subject to the total remuneration of the Chairman not exceeding the wage ratio ceiling (the ceiling pursuant to Section 2(B) of the Remuneration Limit Law).

payment to a chairperson in connection with the end of service), the provisions concerning the Advance Notice Period, non-competition, and the cooling period shall be rescinded and shall not be included in the updated terms of service of the Chairman.

- 1.3.4. Update of the remuneration policy concerning the terms of service of the chairperson of the board of directors – The remuneration policy approved by the general meeting of the Bank on October 22, 2020, addressed the framework for the terms of service of the chairperson of the board of directors, taking into consideration the terms of service of the Chairman, which were approved at the same meeting. In light of the proposed update of the terms of service of the Chairman (presented for approval at this meeting), the corresponding amendment of section 9.2 of the remuneration policy, which concerns the terms of service of the chairperson of the board of directors, is proposed (effective as of the beginning of 2022). The following is the form of the proposed amended section:

9.2. Chairperson of the board of directors

- 9.2.1. The remuneration of the chairperson of the board of directors shall be determined such that, in aggregate, it cannot constitute affinity pursuant to the Banking Ordinance or impair, in the opinion of the remuneration committee, the non-dependence and independence of the chairperson of the board of directors, in accordance with the directives applicable to the Bank.
- 9.2.2. The remuneration of the chairperson of the board of directors shall be determined in relation to the remuneration of the other members of the board of directors, taking into consideration, among other matters, the size of the Bank, the complexity of its operations, and the extent of the position of the chairperson of the board of directors.
- 9.2.3. The amount of the annual compensation to which the chairperson of the board of directors is entitled shall not exceed the average total remuneration of an expert director at the Bank, multiplied by the determinant ratio to be established by the board of directors, taking into consideration the extent of time which the chairperson must devote to the discharge of their duties in comparison to the other directors, and taking into consideration the component of the responsibility that rests with the chairperson.
- 9.2.4. The annual compensation of the chairperson of the board of directors (which shall consist entirely of fixed compensation) shall not exceed the wage ratio ceiling, and may be paid on a monthly basis, linked to the consumer price index, subject to the provisions of the applicable laws. To the extent relevant, VAT shall be added to this amount in accordance with the law.
- 9.2.5. The chairperson may be entitled to reimbursement/payment of expenses, according to the restrictions in Directive 301A and the provisions of the applicable law.
- 1.3.5. The following are details regarding the remuneration to which the Chairman is expected to be entitled in 2022, according to the terms of his service, detailed above in this report (in thousands of NIS; in terms of cost excluding VAT):

Remuneration recipient				Remuneration (in NIS thousands)				
Name	Title	Full/part-time position	Rate of holdings in capital of the Bank at report date (%)	Annual Compensation and expenses ⁽¹⁾	Bonus	Payments and employer contributions	Share-based payment	Total remuneration ⁽²⁾
Ruben Krupik	Chairman of the Board	Full-time position	--	2,940	--	--	--	2,940

(1) The Chairman is not entitled to variable remuneration; subject to the Remuneration Limit Law, the Chairman may also be entitled to reimbursement of expenses.

(2) Not including VAT.

The following are the principal differences between the proposed terms of service for the Chairman and the existing terms of service approved for him the past: (1) an increase of approximately NIS 540 thousand in Annual Compensation (from NIS 2.4 million to NIS 2.94 million); (2) rescission of the provisions concerning a six-month Advance Notice Period (during which the Chairman is entitled to payment of the terms of his remuneration in full) and concerning non-competition and a cooling period; (3) certain changes of arrangements concerning reimbursement of expenses.

1.3.6. Reasoning of the remuneration committee and the board of directors for the approval of the proposed terms of service

1.3.6.1. The remuneration committee and the board of directors examined the appropriate remuneration for the Chairman of the board of directors, taking into consideration the amendment to Directive 301A, including, among other matters, taking into account the size of the Bank, the complexity of its operations, and the scope of the office (a full-time position), and took into consideration the similarities and differences between the position of the Chairman of the board of directors and that of other directors.

With regard to the determinant ratio (referenced in the amendment to Directive 301A), the board of directors determined that based on the differences between the characteristics of the duties of the Chairman and the duties of the other directors, taking into consideration the scope of time required to discharge the duties of the Chairman relative to the time required, on average, to discharge the duties of a director at the Bank, and additionally taking into consideration the component of responsibility associated with the role of Chairman, the determinant ratio of the remuneration of the Chairman to the average remuneration of director at the Bank shall not exceed 4.5.⁴ This takes into consideration, among other matters, that the role of the Chairman is a full-time position, with due attention to the extra responsibility of the Chairman, which is reflected, among other matters, in his overarching responsibility for the sound conduct and management of the board of directors, and the need for his constant involvement in and availability

⁴ At this time, the ceiling is higher than the remuneration ceiling permitted by the Senior Executive Remuneration Law (35 times the pay of the recipient of the lowest wage at the bank).

for the affairs of the Bank (for example, the need to receive ongoing updates on exceptional events in order to decide on the need to inform the entire board of directors).

Note that the proposed compensation for an expert director at the Bank over the last three years (June 2019-May 2022)⁵ totaled approximately NIS 829 thousand. The Annual Compensation for the Chairman therefore represents compensation of 3.55 times the average compensation for an expert director at the Bank, a reasonable ratio, in fact lower than the determinant ratio established by the board of directors (see above).

- 1.3.6.2. The proposed remuneration is commensurate with the education and qualifications of the Chairman, his extensive business and entrepreneurial experience, and his financial expertise, which contribute to the Chairman's performance in the discharge of his duties.
- 1.3.6.3. The proposed remuneration was determined with due attention to the amendment to Directive 301A (see Section 1.3.2 above), and, accordingly, the provision in the existing terms of service of the Chairman with respect to a six-month Advance Notice Period (paid) was rescinded.
- 1.3.6.4. The ratio of the total cost of remuneration of the Chairman to the average total cost of remuneration of the other employees of the Bank does not exceed a factor of 7.3, and the ratio of the total cost of remuneration of the Chairman to the median total cost of remuneration of the other employees of the Bank does not exceed a factor of 8.4. In the opinion of the remuneration committee and the board of directors, this ratio will not have an adverse effect on labor relations at the Bank.
- 1.3.6.5. The remuneration committee and the board of directors examined the levels of remuneration of board chairpersons at other banking corporations in Israel, and found that the aggregate terms of service for the Chairman are reasonable or even lower in comparison to those customary at other banks, in general, and specifically taking into consideration the size of the Bank and the scope of its business.
- 1.3.6.6. The aggregate terms of service proposed for the Chairman are in compliance with the provisions of the Remuneration Limit Law and Directive 301A concerning remuneration policy at a banking corporation. The remuneration committee and the board of directors considered the fact that part of the proposed remuneration for the Chairman (an immaterial amount from the perspective of the Bank) is not tax-deductible, due to the provisions of the Remuneration Limit Law.
- 1.3.6.7. The remuneration committee and the board of directors ascertained that the format for the contractual engagement with the Chairman and the terms of his service, including the compensation components and the concomitant rights and obligations, are not such that would detract from

⁵ The average compensation is calculated on a monthly basis, based on the sums paid to all directors who served in the last three years, excluding VAT and travel expenses, taking into account the months of their actual service.

the qualification of the Chairman to serve as a director at the Bank (as a banking corporation without a controlling core), or that would constitute affinity pursuant to the Banking Ordinance or impair the Chairman's independence and non-dependence. The board of directors addressed the fact that the duties and authority of the Chairman (which were established and approved by the board of directors) do not exceed the bounds of the duties and authority bestowed upon him by law.

1.3.6.8. In light of all of the foregoing, the remuneration committee and the board of directors determined that the remuneration proposed for the Chairman is reasonable, fair, and accepted under the circumstances, taking into consideration, among other matters, the position of the Chairman, and taking into consideration the size of the Bank in the Israeli banking market and the complexity of the role of the Chairman of the board of a banking corporation without a controlling core.

1.3.7. The resolutions passed unanimously, with the participation of all of the members of the remuneration committee and the board of directors (with the exception of the Chairman of the board, who did not participate due to his personal interest).

Form of the proposed resolution:

To approve the updated terms of service of the Chairman of the board of directors, Mr. Ruben Krupik, as detailed in Section 1.3.3 of the Report, and the corresponding amendment of the officer remuneration policy of the Bank, as stated in Section 1.3.4 of the Report.

1.4. Items 4-5 on the agenda – Appointment of one external director pursuant to the Companies Law

At this Meeting, one external director is to be elected for appointment in accordance with the provisions of the Companies Law, 1999 (an external director pursuant to the Companies Law, who also meets the qualifications for service as an external director pursuant to Proper Conduct of Banking Business Directive 301 (Board of Directors) of the Supervisor of Banks) (the “**Companies Law**,” “**Directive 301**,” and “**Companies Law External Director**,” respectively), for a term of office of three years, out of the two candidates proposed by the Committee for the Appointment of Directors at Banking Corporations, which was appointed according to Section 36A of the Banking (Licensing) Law, 1981 (the “**Banking Law**” and the “**Director Appointment Committee**,” respectively). They are:

1.4.1. Mr. David Avner (proposed for election as Item no. 4 on the agenda).

1.4.2. Ms. Anat Peled (proposed for election as Item no. 5 on the agenda).

The term of service of the candidate to be elected shall commence on the later of September 10, 2022 (the first term of service of Mr. David Avner, who serves as a Companies Law External Director at this time, ends on September 9, 2022), or the date of approval or non-objection of the Supervisor of Banks to the appointment, pursuant to the provisions of Section 11A of the Banking Ordinance, 1941 (the “**Supervisor**,” the “**Supervisor Appointment Approval**,” and the “**Banking Ordinance**,” respectively).

For additional information regarding the appointment of the directors, see Section 2 of the Report. For details regarding the aforesaid candidates and the proposed resolutions, see Section 3 of the Report.

1.5. Items 6-7 on the agenda – Appointment of one external director pursuant to Directive 301

At this Meeting, one external director pursuant to Directive 301 (a “**301 External Director**”) is to be elected for appointment for a period of three years, out of the two candidates proposed by the Director Appointment Committee. They are:

1.5.1. Mr. Noam Hanegbi (proposed for election as Item no. 6 on the agenda).

1.5.2. Mr. Ron Shamir (proposed for election as Item no. 7 on the agenda).

The term of office of the candidate to be elected shall commence on the later of October 6, 2022 (the first term of service of Mr. Noam Hanegbi, who serves as a 301 External Director at this time, ends on October 5, 2022), and the Supervisor Appointment Approval date.

For additional information regarding the appointment of the directors, see Section 2 of the Report. For details regarding the aforesaid candidates and the proposed resolutions, see Section 3 of the Report.

1.6. Items 8-10 on the agenda – Appointment of two other (non-external) directors

At this Meeting, two “other” directors (who are not external directors pursuant to the Companies Law or Directive 301) are to be elected for appointment for a period of three years, out of the three candidates proposed by the Director Appointment Committee. They are:

1.6.1. Ms. Odelia Levanon (proposed for election as Item no. 8 on the agenda).

1.6.2. Dr. David Zvilichovsky (proposed for election as Item no. 9 on the agenda).

1.6.3. Mr. Ronen Lago (proposed for election as Item no. 10 on the agenda).

One term of service of an “other” director shall commence on the later of the date of approval by the Meeting and the Supervisor Appointment Approval date. The second term of service shall commence on the later of September 25, 2022 (the first term of service of Dr. David Zvilichovsky, who serves as an “other” director, ends on September 24, 2022), and the Supervisor Appointment Approval date.

For additional information regarding the appointment of the directors, see Section 2 of the Report. For details regarding the aforesaid candidates and the proposed resolutions, see Section 3 of the Report.

2. Additional information regarding the appointment of directors (Items 4-10 on the agenda)

2.1. At this time, nine directors serve on the board of directors of the Bank. As the Supervisor notified the Bank in July 2021, the number of directors on the board of directors of the Bank must increase to ten after the annual general Meeting for 2022, and by October 2022 at the latest. Ahead of the annual Meeting referenced in this summons, the Committee for the Appointment of Directors was asked to propose candidates to the Bank for four offices: an external director pursuant to the Companies Law (for the office of Mr. David Avner, whose first term of service ends in September 2022); an external director pursuant to Directive 301 (for the office of Mr. Noam Hanegbi, whose first term of service ends in October 2022); and two “other” directors (for the office of Dr. David Zvilichovsky, whose

first term of service ends in September 2022, and an additional office to increase the number of directors to ten, as noted above).

- 2.2. As stated in Sections 1.4-1.6 above, the Committee for the Appointment of Directors proposed seven candidates to this Meeting: two candidates for offices of external directors pursuant to the Companies Law (who also meet the qualification conditions for service as external directors pursuant to Directive 301), of which the Meeting must elect one director; two candidates for offices of external directors pursuant to Directive 301, of which the Meeting must elect one director; and three candidates for the offices of “other” (non-external) directors, of which the Meeting must elect two directors.
- 2.3. The Bank asked the Committee for the Appointment of Directors to propose candidates for office to the general Meeting, as follows: at least two of the directors to be appointed should have proven knowledge and experience in information technology (IT), and experience and knowledge in the areas of infrastructures and core systems, or in the areas of cloud technologies and cybersecurity, or in the areas of fintech, financial applications, and non-bank solutions; to the extent possible, at least two of all of the proposed candidates should have accounting and financial expertise; at least two women candidates should be proposed, of all the candidates; and all of the candidates should have business, management, or academic experience, personal integrity, and the skills and capability to meaningfully contribute to the work of the board of directors in formulating strategy and policy and in fulfilling its functions in the areas of supervision and control.
- 2.4. Declarations of all of the candidates for service as directors regarding their fulfillment of all of the conditions established by law for service as directors at the Bank, including with reference to the fact that it is a banking corporation without a controlling core, are attached to the summons report.
- 2.5. Voting shall be held separately with regard to each director; shareholders are permitted to vote for any of the candidates for service as a director.
- 2.6. Section 11A(a) of the Banking Ordinance states that “no person shall serve as an officer of a banking corporation unless the Supervisor has been notified at least sixty days prior to the commencement of the office and the Supervisor has not given notice of objection to the appointment, or has given notice of consent to the appointment, within that period.” Therefore, the service of the candidates to be elected is contingent upon approval of the appointment by the Supervisor.
- 2.7. If, prior to the actual commencement of the service of any of the elected directors, it emerges that the director will not commence service for any reason, any of the other candidates of the same qualification (i.e. qualification as a Companies Law External Director, qualification as a 301 External Director, or qualification as an “other” director) who received the requisite majority for election (if such candidate exists) shall be considered to have been elected in their stead by the general Meeting.
- 2.8. The directors of the Bank (excluding the Chairman of the board) are entitled to the payment of annual compensation in respect of their service, as well as participation compensation, in the maximum amounts payable to an external director or expert external director (as relevant) pursuant to the provisions of the Companies Regulations (Rules Regarding Remuneration and Expenses for External Directors), 2000 (the “**Remuneration Regulations**”), as they may be from time to time and according to the rank of the Bank in each fiscal year. In addition, all directors are entitled to a letter of indemnity, pursuant to the resolution of the general meeting of January 3, 2012; a letter of exemption, pursuant to the resolution of the general meeting of February 18, 2016; and insurance under a directors’ and officers’ liability policy of the Bank, as it may be from

time to time, all also according to the provisions of the officer remuneration policy of the Bank, which was approved by the general meeting of shareholders of the Bank on October 22, 2020.

3. The following is information, to the best of the knowledge of the Bank, regarding the candidates for service as directors, as required pursuant to Regulations 26 and 36B(a)(10) of the Report Regulations:

3.1. Item 4 on the agenda – Election of Mr. David Avner for a second term of office as an external director pursuant to the Companies Law

3.1.1. Information pursuant to Regulation 26 of the Report Regulations

Director's name	David Avner
Identification number	050782184
Date of birth	August 29, 1951
Address for service of process	Derech Hasadot 16, Beit Yitzhak
Nationality	Israeli
Membership in board committees	Audit committee, remuneration committee, risk management and control committee, information technology and technological innovation committee, strategy and business development committee.
External director or independent director	Candidate for service as an external director pursuant to the Companies Law.
Accounting and financial expertise or professional qualifications	Has accounting and financial expertise and professional qualifications.
Expert director	Yes
Employee of the Bank, a subsidiary, a related company, or an interested party	No
Date of beginning of service as a director of the Bank	The later of September 10, 2022, and the Supervisor Appointment Approval date.
Education	B.A. in Mathematics, Computer Science and Philosophy Program, Haifa University; M.B.A., Technion – Israel Institute of Technology.
Occupation in last five (5) years	Serves as a director of the Bank as of September 2019; 2018-04/2022: chairperson of Cellomat Ltd.; 2019-2020: advisor to the board of directors of Starcom Ltd.; 2011-08/2017: director at Bank Leumi Ltd. For further details, see the curriculum vitae attached to the declaration.
Service as a director at additional corporations	No
Family member of an interested party of the Bank	No

A director considered by the Bank to have accounting and financial expertise for the purpose of compliance with the minimum number established by the Board of Directors pursuant to Section 92(A)(12) of the Companies Law	Yes
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3.1.2. Qualifications of the candidate

Based on his education, professional experience, and qualifications, and on the declaration of Mr. David Avner and the information he provided, Mr. David Avner was assessed by the board of directors of the Bank as **having accounting and financial expertise and professional qualifications** according to the provisions of the Companies Regulations (Conditions and Tests for Directors with Accounting and Financial Expertise and Directors with Professional Qualification), 2005 (the “**Expertise and Qualification Regulations**”) (and with respect to the professional qualifications, also according to Directive 301) and as **a person who, due to his education, experience, and qualifications, is highly proficient and has a thorough understanding of the Bank’s core business**, according to the Remuneration Regulations.

In addition, during his second term of service (if elected), Mr. Avner would be considered to have **banking experience**, as defined in Directive 301, given the periods of his service as a director at the Bank and at Bank Leumi.

Mr. David Avner has signed a declaration according to the requirements of Sections 224B and 241 of the Companies Law. His declaration is attached to the Report and may also be perused at the registered office of the Bank.

3.1.3. Resolution of the audit committee regarding negligible ties

The audit committee has determined, based on facts presented to it and on the basis of the candidate's declarations, that the following ties and circumstances in relation to the candidate or anyone with whom he maintains a close relationship do not constitute affinity pursuant to the Banking Ordinance and Directive 301, as they are retail business ties or negligible ties, and that they do not constitute affinity pursuant to Section 240(b) of the Companies Law, or alternatively, at most they constitute negligible ties that do not constitute affinity, pursuant to the Companies Regulations (Matters that Do Not Constitute Affinity), 2006 (the “**Lack of Affinity Regulations**”):

Accounts at the Bank with positive balances of the candidate, relatives thereof, and close associates thereof, including a company where the candidate served as chairperson of the board of directors in the last two years; ties between the Bank / Bank Group and the candidate, relatives thereof, or close associates thereof that are ties of a service provider with a customer in the ordinary course of business, and which include, or may include, management of current accounts and securities accounts, deposits and savings plans, credit cards, credit and credit facilities, investment portfolio management, pension advising, various insurance policies, or other financial products/services provided by the Bank Group or by material holders of the Bank.

Form of the proposed resolution:

To approve the appointment of Mr. David Avner for an additional term of office as an external director pursuant to the Companies Law of the Bank for a period of three years, as detailed in the Report.

3.2. Item 5 on the agenda – Election of Ms. Anat Peled as an external director pursuant to the Companies Law

3.2.1. Information pursuant to Regulation 26 of the Report Regulations

Director's name	Anat Peled
Identification number	024455743
Date of birth	July 22, 1969
Address for service of process	Tavor 16, POB 142, Bnei Dror 4581500
Nationality	Israeli
Membership in board committees	To be determined.
External director or independent director	Candidate for service as an external director pursuant to the Companies Law.
Accounting and financial expertise or professional qualifications	Has accounting and financial expertise and professional qualifications.
Expert director	Yes
Employee of the Bank, a subsidiary, a related company, or an interested party	No
Date of beginning of service as a director of the Bank	The later of September 10, 2022, and the Supervisor Appointment Approval date.
Education	B.Sc. in Industrial Engineering, Technion – Israel Institute of Technology; M.Sc. in Management Science, Performance Research, Tel Aviv University.
Occupation in last five (5) years	2019-present: CEO, Teach-In Plus Ltd.; 2017-2019: CFO, Parazero Ltd.; 2013-2019: CEO, Hagai and Doron Institute Ltd. For further details, see the curriculum vitae attached to the declaration.
Service as a director at additional corporations	Director at Pipelbiz Social Businesses Ltd. and at the FEAT Investment Fund.
Family member of an interested party of the Bank	No
A director considered by the Bank to have accounting and financial expertise for the purpose of compliance with the minimum number established by the Board of Directors pursuant to Section 92(A)(12) of the Companies Law	Yes

3.2.2. Ms. Peled has given notice that if elected for service at the Bank she would resign from her position as director at Pipelbiz Social Businesses Ltd., which essentially acts as a resource for raising capital for business ventures.

3.2.3. Qualifications of the candidate

Based on her education, professional experience, and qualifications, Ms. Anat Peled was assessed by the Board of Directors of the Bank as **having accounting and financial expertise and professional qualifications** according to the provisions of the Expertise and Qualification Regulations (and with respect to professional qualifications, also according to Directive 301), and as **a person who, due to her education, experience, and qualifications, is highly proficient and has a thorough understanding of the Bank's core business**, according to the Remuneration Regulations.

Ms. Anat Peled has signed a declaration according to the requirements of Sections 224B and 241 of the Companies Law. Her declaration is attached to the Report and may also be perused at the Bank's registered office.

3.2.4. Resolution of the audit committee regarding negligible ties

The audit committee has determined, based on facts presented to it and on the basis of the declarations of Ms. Anat Peled, that the following ties and circumstances in relation to Ms. Anat Peled or anyone with whom she maintains a close relationship do not constitute affinity pursuant to the Banking Ordinance and Directive 301, as they are retail business ties or negligible ties, and that they do not constitute affinity pursuant to Section 240(b) of the Companies Law, or alternatively, at most they constitute negligible ties that do not constitute affinity, pursuant to the Lack of Affinity Regulations:

Accounts at the Bank of the candidate, relatives thereof, and close associates thereof, and, for the sake of caution, also of a company where she has served as a director in the last two years; ties between the Bank / Bank Group and the candidate, relatives thereof, or close associates thereof that are ties of a service provider with a customer in the ordinary course of business, and which include, or may include, management of current accounts and securities accounts, deposits and savings plans, credit cards, credit and credit facilities, investment portfolio management, pension advising, various insurance policies, or other financial products/services provided by the Bank Group or by material holders / material shareholders of the Bank.

3.2.5. Ties of the Bank with a company where the candidate's spouse serves as CEO

The spouse of the candidate was appointed on April 1, 2022, to serve as CEO of a company (the "**Subsidiary**") controlled by Rafael Advanced Defense Systems Ltd. ("**Rafael**") (50%) and a foreign company (50%), both leading companies in the global defense industry. The Subsidiary is funded by owner loans and short-term financing from the Bank (with a partial guarantee of the owners), which is, at this time, the only external financing entity (other than the owners).

The candidate's spouse was only recently appointed as CEO of the Subsidiary, as noted, whereas the credit ties of the Subsidiary with the Bank commenced prior to his appointment. He has stated that matters concerning the financing of the Subsidiary are handled by the CFO of the Subsidiary, and that he is not involved in these matters. The Subsidiary stated that it would be prepared to consider modifying its financing ties with the Bank if Ms. Peled is elected to serve as a director and the credit ties constitute an obstacle to her qualification. Such modifications may include adding additional external financiers, reducing the amounts of the credit, reinforcing collateral, etc. Considering the present

circumstances at this time (Ms. Peled is only a candidate for office and there is no certainty that she will be elected; her spouse was just recently appointed CEO of the Subsidiary), the candidate or her spouse cannot demand or commit to the aforesaid modifications.

With regard to these ties, the committee determined that the ties between the Bank and the Subsidiary are negligible for the Bank, taking into consideration, among other matters, the amount of the credit, which constitutes a negligible percentage of the total portfolio of credit to the public of the Bank and of the credit portfolio of the Corporate Banking Division, and that the ties in question are in the ordinary and routine course of business of the Bank. The committee also determined that taking into consideration the special circumstances in this case (the recent appointment of the candidate's spouse as CEO, and the fact that she is a candidate for service who has not yet been elected), the characteristics of the company and its financing ties with the Bank, and the willingness of the company to consider modifying its financing ties with the Bank, the qualification of the candidate for service as a director (if she is elected by the general Meeting) would be contingent upon an additional examination of the business relationship by the audit committee, prior to the inception of the appointment, taking into consideration modifications of the business relationship and of the characteristics of the financing of the company (such as the addition of additional external financiers and reduction of the amounts of the credit, reinforcement of collateral, etc.), inasmuch as executed, the conclusion of which would be determination by the audit committee that the ties can also be classified as negligible for the other party. It is clarified that there is no certainty that the audit committee will resolve, prior to the inception of the appointment, that the ties are also negligible for the other party (for example, because the financing characteristics are not modified, or because the modifications performed are insufficient for the ties to be classified as negligible).

Form of the proposed resolution:

To approve the appointment of Ms. Anat Peled for service as an external director pursuant to the Companies Law of the Bank for a period of three years, as detailed in the Report.

3.3. **Item 6 on the agenda – Election of Mr. Noam Hanegbi for a second term of office as an external director pursuant to Directive 301**

3.3.1. Information pursuant to Regulation 26 of the Report Regulations

Director's name	Noam Hanegbi
Identification number	055445647
Date of birth	July 20, 1958
Address for service of process	Ben Gurion 14B, Kfar Saba
Nationality	Israeli

Membership in board committees	Information technology and technological innovation committee (chairperson), audit committee, remuneration committee, credit committee, corporate governance and stakeholders committee, committee for monitoring implementation of the resolutions of the Bank with the United States authorities.
External director or independent director	External director pursuant to Directive 301 and independent director.
Accounting and financial expertise or professional qualifications	Has professional qualification.
Expert director	Yes
Employee of the Bank, a subsidiary, a related company, or an interested party	No
Date of beginning of service as a director of the Bank	The later of October 6, 2022, and the Supervisor Appointment Approval date.
Education	B.A. in Economics and Computer Sciences, Bar Ilan University.
Occupation in last five (5) years	Serves as a director of the Bank as of October 2019; 2019-present: IT and management consultant; 2015-2019: CIO, Maccabi Health Services. For further details, see the curriculum vitae attached to the declaration.
Service as a director at additional corporations	No
Family member of an interested party of the Bank	No
A director considered by the Bank to have accounting and financial expertise for the purpose of compliance with the minimum number established by the Board of Directors pursuant to Section 92(A)(12) of the Companies Law	No

3.3.2. Qualifications of the candidate

Based on his education, professional experience, and qualifications, and further to previous resolutions of the board of directors, Mr. Noam Hanegbi was assessed by the board of directors of the Bank as having **professional qualifications** according to the provisions of the Expertise and Qualification Regulations (and with respect to the professional qualifications, also according to Directive 301), and as **a person who, due to his education, experience, and qualifications, is highly proficient and has a thorough understanding of the Bank's core business**, according to the Remuneration Regulations.

Mr. Hanegbi will also be considered to have **banking experience**, as defined in Directive 301.

Mr. Noam Hanegbi has signed a declaration according to the requirements of Sections 224B and 241 of the Companies Law. His declaration is attached to the Report and may also be perused at the registered office of the Bank.

3.3.3. Resolution of the audit committee regarding negligible ties

The audit committee has determined, based on facts presented to it and on the basis of the candidate's declarations, that the following ties and circumstances in relation to the candidate or anyone with whom he maintains a close relationship do not constitute affinity pursuant to the Banking Ordinance and Directive 301, as they are retail business ties or negligible ties, and that they do not constitute affinity pursuant to Section 240(b) of the Companies Law, or alternatively, at most they constitute negligible ties that do not constitute affinity, pursuant to the Lack of Affinity Regulations: Accounts at the Bank with positive balances and ties between Bank / Bank Group and the candidate, relatives thereof, or close associates thereof that are ties of a service provider with a customer in the ordinary course of business, and which include, or may include, management of current accounts and securities accounts, deposits and savings plans, credit cards, credit and credit facilities, investment portfolio management, pension advising, various insurance policies, or other financial products/services provided by the Bank Group or by material holders / material shareholders of the Bank.

The audit committee also determined that the conditions for qualification for the appointment of an external director, set forth in Section 240(b) to (f) of the Companies Law, are fulfilled with respect to Mr. Noam Hanegbi, for the purpose of his classification as an independent director.

Form of the proposed resolution:

To approve the appointment of Mr. Noam Hanegbi for an additional term of office as an external director pursuant to Directive 301 of the Bank for a period of three years, as detailed in the Report.

3.4. Item 7 on the agenda – Election of Mr. Ron Shamir for office as an external director pursuant to Directive 301

3.4.1. Information pursuant to Regulation 26 of the Report Regulations

Director's name	Ron Shamir
Identification number	058066184
Date of birth	May 17, 1963
Address for service of process	Levi Eshkol 98, Tel Aviv
Nationality	Israeli
Membership in board committees	To be determined.
External director or independent director	External director pursuant to Directive 301.
Accounting and financial expertise or professional qualifications	Has professional qualification.
Expert director	Yes
Employee of the Bank, a subsidiary, a related company, or an interested party	No
Date of beginning of service as a director of the Bank	The later of October 6, 2022, and the Supervisor Appointment Approval date.

Education	B.Sc. in General Studies in the Exact Sciences, Tel Aviv University; M.B.A., Tel Aviv University.
Occupation in last five (5) years	2016-present: founder-partner and CEO of Phonetica Ltd.; 2018-present: partner, founder, and board member of Tera Enterprise Ltd.; 2020-present: partner, founder, and board member of Tera Novel Ltd.; 2017-present: advisory board member at BGProtect Ltd.; 2017-2020: board member at CardioKol; 01/2022-present: advisory board member at SDatta Ltd.
Service as a director at additional corporations	Director at Tera Enterprise Ltd. and Tera Novel Ltd.
Family member of an interested party of the Bank	No
A director considered by the Bank to have accounting and financial expertise for the purpose of compliance with the minimum number established by the Board of Directors pursuant to Section 92(A)(12) of the Companies Law	No

3.4.2. Qualifications of the candidate

Based on his education, professional experience, and qualifications, and further to previous resolutions of the board of directors, Mr. Ron Shamir was assessed by the board of directors of the Bank as having **professional qualifications** according to the provisions of the Expertise and Qualification Regulations (and with respect to the professional qualifications, also according to Directive 301), and as **a person who, due to his education, experience, and qualifications, is highly proficient and has a thorough understanding of the Bank's core business**, according to the Remuneration Regulations.

Mr. Ron Shamir signed a declaration according to the requirements of Sections 224B and 241 of the Companies Law. His declaration is attached to the Report and may also be perused at the registered office of the Bank.

3.4.3. Resolution of the audit committee regarding negligible ties

The audit committee has determined, based on facts presented to it and on the basis of the candidate's declarations, that the following ties and circumstances in relation to the candidate or anyone with whom he maintains a close relationship do not constitute affinity pursuant to the Banking Ordinance and Directive 301, as they are retail business ties or negligible ties, and that they do not constitute affinity pursuant to Section 240(b) of the Companies Law, or alternatively, at most they constitute negligible ties that do not constitute affinity, pursuant to the Lack of Affinity Regulations:

Accounts at the Bank of the candidate, relatives thereof, and close associates thereof, and ties between the Bank / Bank Group and the candidate, relatives thereof, or close associates thereof that are ties of a service provider with a customer in the ordinary course of business, and which include, or may include, management of current accounts and securities accounts, deposits and savings plans, credit cards, credit and credit facilities, investment portfolio management,

pension advising, various insurance policies, or other financial products/services provided by the Bank Group or by material holders / material shareholders of the Bank. In addition, the provision of consulting services to a material holder by the candidate in the area of technology for several months.

Form of the proposed resolution:

To approve the appointment of Mr. Ron Shamir to the office of external director pursuant to Directive 301 of the Bank for a period of three years, as detailed in the Report.

3.5. Item 8 on the agenda – Election of Ms. Odelia Levanon as an "other" (non-external) director

3.5.1. Information pursuant to Regulation 26 of the Report Regulations

Director's name	Odelia Levanon
Identification number	057971632
Date of birth	November 16, 1962
Address for service of process	Aharon Becker 11, Tel Aviv
Nationality	Israeli
Membership in board committees	To be determined.
External director or independent director	No
Accounting and financial expertise or professional qualifications	Has professional qualification.
Expert director	Yes
Employee of the Bank, a subsidiary, a related company, or an interested party	No
Date of beginning of service as a director of the Bank	At the later of the date of approval by the Meeting or September 25, 2022 (as relevant; see Section 1.6 of the Report) and the Supervisor Appointment Approval date.
Education	B.Sc. in Mathematics and Computer Science, M.Sc. in Computer Science, Ph.D. studies in Business, Tel Aviv University.
Occupation in last five (5) years	2017-2021: CEO of the Inter-University Computation Center (IUCC); 2014-2017: vice president of technologies and business innovation, Irani Group; lecturer at the Israel Academic College in Ramat Gan. For further details, see the curriculum vitae attached to the declaration.
Service as a director at additional corporations	Director at the ETGA Group Ltd.
Family member of an interested party of the Bank	No

A director considered by the Bank to have accounting and financial expertise for the purpose of compliance with the minimum number established by the Board of Directors pursuant to Section 92(A)(12) of the Companies Law	No
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3.5.2. Ms. Levanon has given notice that subject to her election as a director of the Bank, before her appointment at the Bank takes effect, she will resign from her office as a director at ETGA Group Ltd. (which also engages in non-bank financing).

3.5.3. Qualifications of the candidate

Based on her education, professional experience, and qualifications, Ms. Odelia Levanon was assessed by the board of directors of the Bank as having **professional qualifications** according to the provisions of the Expertise and Qualification Regulations and according to Directive 301, and as **a person who, due to her education, experience, and qualifications, is highly proficient and has a thorough understanding of the Bank's core business**, according to the Remuneration Regulations.

Ms. Odelia Levanon signed a declaration according to the requirements of Section 224B of the Companies Law. Her declaration is attached to the Report and may also be perused at the Bank's registered office.

3.5.4. Resolution of the audit committee regarding negligible ties

The audit committee has determined, based on facts presented to it and on the basis of the declarations of Ms. Odelia Levanon, that the following ties and circumstances in relation to Ms. Odelia Levanon or anyone with whom she maintains a close relationship do not constitute affinity pursuant to the Banking Ordinance and Directive 301, as they are retail business ties or negligible ties:

Accounts at the Bank of the candidate and her relatives, and ties between the Bank and the candidate, her relatives, or those close to her (including, for the sake of caution, with a public company where the candidate serves as a director at the date of the Report) which are ties of a service provider with a customer in the ordinary course of business, and which include, or may include, management of current accounts and securities accounts, deposits and savings plans, credit cards, credit and credit facilities, investment portfolio management, pension advising, various insurance policies, or other financial products/services provided by the Bank Group or by material holders of the Bank; ties of the Bank with a non-profit organization where the candidate served as CEO until December 2021; and ties in the ordinary course of business of the non-profit organization with insurance companies considered material holders of the Bank.

Form of the resolution proposed to the general Meeting:

To approve the appointment of Ms. Odelia Levanon to the office of other director (non-external director) of the Bank for a period of three years, as detailed in the Report.

3.6. **Item 9 on the agenda – Election of Dr. David Zvilichovsky for an additional term of office as an other director (non-external director)**

3.6.1. Information pursuant to Regulation 26 of the Report Regulations

Director's name	David Zvilichovsky
Identification number	057056426
Date of birth	August 31, 1961
Address for service of process	Habanim 1, Ramat Hasharon 47216
Nationality	Israeli
Membership in board committees	Risk management and control committee (chairperson), credit committee, information technology and technological innovation committee, strategy and business development committee.
External director or independent director	
Accounting and financial expertise or professional qualifications	Has accounting and financial expertise and professional qualifications.
Expert director	Yes
Employee of the Bank, a subsidiary, a related company, or an interested party	No
Date of beginning of service as a director of the Bank	The later of September 25, 2022, and the Supervisor Appointment Approval date.
Education	Ph.D. in Economics, Tel Aviv University; M.Sc. in Computer Science, Tel Aviv University; B.A. in Economics, Computer Science, and Mathematics, Hebrew University of Jerusalem.
Occupation in last five (5) years	Serves as a director of the Bank as of September 2019; 2011-present: senior faculty member, Faculty of Management, Tel Aviv University; 2012-2018, guest professor, Cyprus International Institute of Management. For further details, see the curriculum vitae attached to the declaration.
Service as a director at additional corporations	Innovent Israel Ltd. (director and controlling shareholder).
Family member of an interested party of the Bank	No
A director considered by the Bank to have accounting and financial expertise for the purpose of compliance with the minimum number established by the Board of Directors pursuant to Section 92(A)(12) of the Companies Law	Yes

3.6.2. Qualifications of the candidate

Based on his education, professional experience, and qualifications, Dr. David Zvilichovsky was assessed by the board of directors of the Bank as having **accounting and financial expertise and professional qualifications** according

to the provisions of the Expertise and Qualification Regulations and according to Directive 301, and as **a person who, due to his education, experience, and qualifications, is highly proficient and has a thorough understanding of the Bank's core business**, according to the Remuneration Regulations.

Dr. David Zvilichovsky has signed a declaration according to the requirements of Section 224B of the Companies Law. His declaration is attached to the Report and may also be perused at the registered office of the Bank.

3.6.3. Resolution of the audit committee regarding negligible ties

The audit committee has determined, based on facts presented to it and on the basis of the declarations of the candidate, that the following ties and circumstances in relation to the candidate or anyone with whom he maintains a close relationship do not constitute affinity pursuant to the Banking Ordinance and Directive 301, as they are retail business ties or negligible ties:

- a. Accounts at the Bank of the candidate, relatives thereof, and close associates thereof, and ties between the Bank / Bank Group and the candidate, relatives thereof, or close associates thereof that are ties of a service provider with a customer in the ordinary course of business, and which include, or may include, management of current accounts and securities accounts, deposits and savings plans, credit cards, credit and credit facilities, investment portfolio management, pension advising, various insurance policies, or other financial products/services provided by the Bank Group or by material holders of the Bank;
- b. Bank-customer ties between the Bank and an academic institution where the candidate serves as a senior academic staff member.

Form of the resolution proposed to the general Meeting:

To approve the appointment of Dr. David Zvilichovsky for an additional term of office as an other director (non-external director) of the Bank for a period of three years, as detailed in the Report.

3.7. Item 10 on the agenda – Election of Mr. Ronen Lago as an other director (non-external director)

3.7.1. Information pursuant to Regulation 26 of the Report Regulations

Director's name	Ronen Lago
Identification number	033882622
Date of birth	May 30, 1977
Address for service of process	Hapisga 9, Kfar Ha'oranim
Nationality	Israeli
Membership in board committees	To be determined.
External director or independent director	No
Accounting and financial expertise or professional qualifications	Has professional qualification.
Expert director	Yes

Employee of the Bank, a subsidiary, a related company, or an interested party	No
Date of beginning of service as a director of the Bank	At the later of the date of approval by the Meeting or September 25, 2022 (as relevant; see Section 1.6 of the Report) and the Supervisor Appointment Approval date.
Education	B.Sc. in Electrical and Computer Engineering, Ben Gurion University.
Occupation in last five (5) years	From February 2022 to the present, CEO and director at Opora Ltd.; served as CTO at Cyesec Ltd. (2019-2021), senior deputy general manager at Daimler (2017-2018), and CIO of the Services Division at Lockheed-Martin (2013-2017).
Service as a director at additional corporations	Opora Ltd. and Holistic Cyber Ltd.
Family member of an interested party of the Bank	No
A director considered by the Bank to have accounting and financial expertise for the purpose of compliance with the minimum number established by the Board of Directors pursuant to Section 92(A)(12) of the Companies Law	No

3.7.2. Qualifications of the candidate

Based on his education, professional experience, and qualifications, Mr. Ronen Lago was assessed by the Board of Directors of the Bank as having **professional qualifications** according to the provisions of the Expertise and Qualification Regulations (and with respect to the professional qualifications, also according to Directive 301) and as **a person who, due to his education, experience, and qualifications, is highly proficient and has a thorough understanding of the Bank's core business**, according to the Remuneration Regulations.

Mr. Ronen Lago has signed a declaration according to the requirements of Section 224B of the Companies Law. His declaration is attached to the Report and may also be perused at the registered office of the Bank.

3.7.3. Resolution of the audit committee regarding negligible ties

The audit committee has determined, based on facts presented to it and on the basis of the declarations of Mr. Ronen Lago, that the following ties and circumstances in relation to Mr. Ronen Lago or anyone with whom he maintains a close relationship do not constitute affinity pursuant to the Banking Ordinance and Directive 301, as they are retail business ties or negligible ties:

Accounts at the Bank of the candidate, relatives thereof, and close associates thereof, and ties between the Bank / Bank Group and the candidate, relatives thereof, or close associates thereof (including, for the sake of caution, companies where the candidate serves as a director or advisory board member) that are ties of a service provider with a customer in the ordinary course of business, and which include, or may include, management of current accounts and securities accounts,

deposits and savings plans, credit cards, credit and credit facilities, investment portfolio management, pension advising, various insurance policies, or other financial products/services provided by the Bank Group or by material holders of the Bank.

Form of the resolution proposed to the general Meeting:

To approve the appointment of Mr. Ronen Lago to the office of other director (non-external director) of the Bank for a period of three years, as detailed in the Report.

4. Procedures of the general meeting and of the vote therein

4.1. Date of the general meeting

The general meeting will convene on **Thursday, August 11, 2022, at 4:00 p.m.**, at the offices of the Bank at 63 Yehuda Halevi Street, Tel Aviv (6th floor, room 608).

4.2. Voting method

Shareholders are entitled to vote at the Meeting in person, by proxy, or through a voting card, as defined in Section 87 of the Companies Law, the text of which is attached to this Report (“**Voting Card**”). In addition, a shareholder pursuant to Section 177(1) of the Companies Law (i.e., one who has a share registered with a TASE member, which is included in the shares registered in the shareholder registry in the name of a nominee company – an “**Unregistered Shareholder**”) is also entitled to vote through an electronic voting card, to be transmitted to the company through the electronic voting system operated in accordance with Article B, Chapter G2 of the Securities Law, 1968 (“**Electronic Voting**,” “**Electronic Voting System**,” and “**Electronic Voting Card**,” respectively).

4.3. The majority required for adoption of the resolutions on the agenda of the Meeting

The majority required to pass the resolutions listed in Sections 1.2 (Item 2 on the agenda – reappointment of the external auditors of the Bank), 1.5 (Items 6-7 on the agenda – appointment of one external director pursuant to Directive 301), and 1.6 (Items 8-10 on the agenda – appointment of two other (non-external) directors) of the Report is a simple majority. For details regarding election rules in the event that the number of candidates who receive the required majority exceeds the number of offices, see below.

The majority required to pass the resolution listed in Section 1.3 (Item 3 on the agenda – approval of the terms of service of the Chairman of the Board, Mr. Ruben Krupik), pursuant to the provisions of Section 2(A) of the Financial Corporations Officer Remuneration Law (Special Approval and Non-Deduction of Expenses for Tax Purposes due to Exceptional Remuneration), 2016, and Section 267(B) of the Companies Law, and taking into consideration the fact that the Bank is a banking corporation without a controlling core, is a simple majority of the votes of the shareholders who participate in the vote, provided that one of the following applies: (1) the count of the majority vote includes at least a majority of all of the votes of shareholders who are not controlling shareholders of the Bank⁶ or shareholders with a personal interest in the approval of the terms of service / remuneration policy participating in the vote, and abstaining votes are not taken into account in the count of total votes of the aforesaid shareholders; (2) the

⁶ At the date of the Report, there is no controlling shareholder at the Bank.

total dissenting votes among the shareholders noted in subsection (1) do not exceed two percent of the total voting rights at the Bank.

The majority required to pass the resolutions listed in Section 1.4 (Items 4-5 on the agenda – appointment of one external director pursuant to the Companies Law), taking into consideration the fact that the Bank is a banking corporation without a controlling core, is a simple majority of the votes of the shareholders who participate in the vote, provided that one of the following applies: (1) the count of the majority vote includes at least a majority of all of the votes of shareholders who are not controlling shareholders of the Bank⁷ or shareholders with a personal interest in the approval of the appointment, other than a personal interest not due to a relationship with a controlling shareholder, participating in the vote, and abstaining votes are not taken into account in the count of total votes of the aforesaid shareholders; (2) the total dissenting votes among the shareholders noted in subsection (1) do not exceed two percent of the total voting rights at the Bank.

With regard to Items 4-10 on the agenda (appointment of directors) – if the number of candidates for service as directors who win a majority of the votes of the participants in the vote at the general meeting exceeds the number of available positions for a specific qualification for office (the examination regarding this matter shall refer separately to each qualification for office, i.e. an external director pursuant to the Companies Law, an external director pursuant to Directive 301, and an other director), the candidate who wins the highest number of supporters in the vote at the general meeting for the same qualification for office shall be elected, with the provision that, in the case of the office of an external director pursuant to the Companies Law, the candidate who wins the highest number of supporters in the vote at the general meeting out of the votes of the shareholders as stated in Section 239(b)(1) of the Companies Law shall be elected. In the event that it is necessary to reach a determination in this matter between several candidates who receive an equal number of votes, the determination regarding the candidate who will serve as a director shall be performed by lottery.

4.4. Personal interest and details regarding the shareholder

With regard to Item 3 on the agenda – approval of the terms of service of the Chairman of the Board, Mr. Ruben Krupik, all shareholders interested in participating in the vote shall notify the Bank, prior to the vote at the Meeting, in person or via proxy (including through indication on the power of attorney), as relevant, or, if voting using a Voting Card, through indication in the designated place on the Voting Card, whether they are a controlling shareholder of the Bank,⁸ or have a personal interest in the approval of the terms of service / remuneration policy. Shareholders who have not provided such notification shall not vote, and their votes shall not be counted.

With regard to Items 4-5 on the agenda – appointment of one external director pursuant to the Companies Law (David Avner or Anat Peled), all shareholders interested in participating in the vote shall notify the Bank, prior to the vote at the Meeting, in person or via proxy (including through indication on the power of attorney), as relevant, or, if voting using a Voting Card, through indication in the designated place on the Voting Card, whether they are a controlling shareholder of the Bank,⁹ or have a personal interest in the approval of the matters on the agenda, as noted (other than a personal interest in

⁷ At the date of the Report, there is no controlling shareholder at the Bank.

⁸ At the date of the Report, there is no controlling shareholder at the Bank, as noted.

⁹ At the date of the Report, there is no controlling shareholder at the Bank, as noted.

the approval of an appointment not due to their relationship with a controlling shareholder). Shareholders who have not provided such notification shall not vote, and their votes shall not be counted.

In addition, all shareholders interested in participating in the vote shall indicate whether or not they are an interested party of the Bank, a senior officer of the Bank, or an institutional investor.

4.5. Date of record

The date of record for eligibility to participate and vote in the Meeting, pursuant to Section 182 of the Companies Law and Regulation 3 of the Voting in Writing Regulations, is **Monday, July 11, 2022** (the “**Record Date**”).

4.6. Voting by proxy

Any shareholder of the Bank eligible to participate and vote in the Meeting is permitted to appoint a proxy to vote on their behalf. The proxy shall be appointed in writing and signed by the appointer or a representative thereof authorized for that purpose, or, if the appointer is a corporation, by the party or parties authorized to bind the corporation. The proxy statement and the power of attorney (if any) based on which the proxy statement is signed shall be deposited at the offices of the Bank **no less than 48 (forty-eight) hours prior to the designated starting time of the Meeting**; however, the chairperson of the Meeting is permitted to waive this requirement with respect to all of the participants in the Meeting and accept the proxy statement and/or power of attorney at the beginning of the Meeting.

4.7. Legal quorum and date of adjourned meeting

The legal quorum in order to hold the Meeting is the presence of at least two shareholders who hold at least twenty-five percent (25%) of the voting rights, within half an hour of the designated opening time of the Meeting. If no legal quorum is present at the Meeting when half an hour has elapsed from the designated starting time of the Meeting, the Meeting shall be adjourned to **Thursday, August 18, 2022, at 4:00 p.m.**, at the same location. If no legal quorum is present at the aforesaid adjourned meeting when half an hour has elapsed from its designated time, the Meeting shall be held, with any number of participants.

4.8. Electronic Voting Card

As noted above, Unregistered Shareholders are also permitted to vote via the Electronic Voting System. Voting using an Electronic Voting Card shall be possible **up to six hours before the general meeting convenes**.

4.9. Voting in writing via Voting Card

Shareholders are also permitted to vote at the general meeting on matters on the agenda using a Voting Card. Voting in writing shall be performed using the second part of the Voting Card attached to this Report.

The Voting Card and position statements, as defined in Section 88 of the Companies Law, if provided, can be perused on the Distribution Website of the Israel Securities Authority, at <http://www.magna.isa.gov.il>, and on the TASE Website at <http://maya.tase.co.il>. Any shareholder may contact the Bank directly to receive the format of the Voting Card and position papers (if provided).

TASE members shall send a link to the format of the Voting Card and position papers (if provided) on the Distribution Website via electronic mail, free of charge, to any

shareholders of the Bank who are not registered in the shareholder registry of the Bank and whose shares are registered with the TASE member, unless the shareholders have given notice that they are not interested or that they wish to receive voting cards by mail, against the payment of a delivery fee, provided that the notification is given, with regard to a specific securities account, prior to the Record Date.

The Voting Card and the required attached documents, as specified in the Voting Card, shall be delivered to the offices of the Bank (including via registered mail), with attached confirmation of ownership (and, for a registered shareholder, with an attached photocopy of an identity card, passport, or certificate of incorporation, as relevant), **up to four hours before the general meeting convenes**. For this purpose, the “time of delivery” is the time when the Voting Card and the attached documents arrive at the offices of the Bank.

Unregistered Shareholders are also entitled to deliver the confirmation of ownership via the Electronic Voting System.

In accordance with Section 83(D) of the Companies Law, if a shareholder votes in more than one way, the later vote will be counted; for this purpose, the vote of the shareholder in person or by proxy shall be considered later than a vote using a Voting Card.

A Voting Card without attached confirmation of ownership (or, alternatively, without confirmation of ownership provided through the Electronic Voting System), or, with respect to a registered shareholder, a Voting Card without an attached photocopy of an identity card, passport, or certificate of incorporation, as relevant, shall be invalid.

One or more shareholder holding shares at a rate constituting five percent or more of the total voting rights at the Bank (i.e. holding 66,841,850 ordinary shares of par value NIS 1.00 each of the Bank (“**Ordinary Shares**”)) may, after the general meeting convenes, peruse the Voting Cards and the records of votes received by the Bank through the Electronic Voting System, as detailed in Regulation 10 of the Voting in Writing Regulations.

4.10. Confirmation of ownership

Unregistered Shareholders shall be entitled to participate in the general meeting if, prior to the general meeting, they present the Bank with an original confirmation from the TASE member with which their right to the share is registered affirming their ownership of shares of the Bank on the Record Date, in accordance with the form in the annex to the Companies Regulation (Proof of Ownership of a Share for the Purpose of Voting at a General Meeting), 2000 (the “**Ownership Confirmation**”), or, alternatively, if they send confirmation of ownership to the Bank through the Electronic Voting System.

Unregistered Shareholders are entitled to receive an Ownership Confirmation from the TASE member through which they hold their shares, at the branch of the TASE member or by mail to their address, in consideration for a delivery fee only, if they so request, provided that the request concerning this matter is made in advance, for a specific securities account.

Unregistered Shareholders are permitted to order the delivery of their Ownership Confirmation to the company through the Electronic Voting System.

4.11. Deadline for delivery of position statements

After the publication of this summons report, position statements may be published, and may be perused in the Bank's reports to be posted on the Distribution Website and the TASE Website.

The last date for submission of position statements to the Bank by shareholders of the Bank is up to 10 (ten) days before the date of the Meeting (i.e. until **Monday, August 1, 2022**).

5. Attention is directed to the fact that Section 34(A1) of the Banking Law states the following: “No person shall agree with another regarding their vote to appoint a director at a banking corporation or banking holding corporation, including regarding their vote to terminate the service thereof, except under a permit granted by the Governor following consultation with the licensing committee; this provision shall not apply to an association of holders, as defined in Section 11D(a)(3)(b) of the Ordinance, with respect to a vote to appoint a director proposed by them as a candidate under the same section, and to a holder of means of control who agrees with another for the other to vote in its name and on its behalf without discretion, as instructed by the holder of means of control, provided that if the other holds means of control itself in the banking corporation or banking holding corporation, as relevant, it shall not vote in the name and on behalf of more than one other holder.” The foregoing indicates, among other matters, that with respect to Items 4-10 on the agenda (appointment of directors), a proxy who is also a shareholder of the Bank may vote in the name and on behalf of only one other additional shareholder.

6. Representative of the Bank with respect to the Report

The representative of the Bank with respect to this Report is Amit Levy, Adv., at 63 Yehuda Halevi Street, Tel Aviv 6578109, telephone no.: +972-3-567-6594, fax no.: +972-3-567-3343.

7. Perusal of documents

This Report, the documents mentioned therein (including the Voting Card and the position statements, if provided), and the full text of the resolutions presented for approval by the Meeting may be perused at the office of the Secretary of the Bank, at 63 Yehuda Halevi Street, Tel Aviv, during regular business hours, with advance coordination by telephone at +972-3-567-3800, until the time of the Meeting.

This Report, the Voting Card, and the position statements (if provided) can also be perused on the Distribution Website and on the TASE Website, as noted above.

Sincerely yours,

Bank Hapoalim B.M.

Signatories of the Report and their positions

Yael Almog, Chief Legal Advisor

Amit Levy, Legal Advisor of the Board of Directors