

Bank Leumi Le-Israel Ltd. (hereafter: "the Bank")

Notice Regarding Convening of Annual General Meeting of Bank's Shareholders

Notice is hereby given regarding the convening of the annual general meeting of the Bank's shareholders, which will be held on **Tuesday, 3 October 2017, at 2:00 pm (hereafter: " the Meeting")**.

1. List of items on the Agenda

1.1 Item No. 1 on the agenda – discussion of the Financial Statements and the Directors' Report for the year ending 31 December 2016

The Bank's periodic report for 2016 (included in the said Financial Statements and Directors Report) may be viewed as it was published on 30 March 2017 (Reference No. 2017-01-033063) ("the **Bank's Periodic Report for 2016**"), on the Israel Securities Authority's distribution site (the MAGNA site), and on the Bank's website, www.leumi.co.il.

Additionally, a copy can be received by requesting one from the Bank's secretariat at Leumi House, Yehuda Halevi Street 34 (11th floor), Tel Aviv, Phone: 076-8859419, between 8:00 am and 3:00 pm on Sunday through Thursday.

No resolution is required regarding this item.

1.2 Item No. 2 on the agenda – re-appointment of the accounting firms of Somekh Chaikin (KPMG) and Kost Forer Gabbay & Kasierer (EY) to serve as the Bank's joint auditors, and the authorization of the Bank's Board of Directors to determine their compensation and reporting of their compensation.

For additional details regarding the reappointment of the accounting firms, see paragraph 1.2 of the Report on the Convening of the General Meeting, published by the Bank on 28 August 2017 (Reference No. 2017-01-074968) (hereafter: "**Report on the Convening of the Meeting**").

Regarding the reporting to the meeting of the General Annual Meeting concerning the compensation of the auditing firm, see page 291 of the Bank's Periodic Report for 2016.

Proposed resolution: re-appoint Somekh Chaikin (KPMG) and Kost Forer Gabbay & Kasierer (EY) to serve as the Bank's joint auditors, for a period beginning on the date of the approval by the current annual general meeting, through the end of the next annual general meeting, and to authorize the Bank's Board of Directors' to determine their compensation.

1.3 Items No. 3 and 4 on the agenda – appointment of a director having the status of “other director” to serve on the Bank’s Board of Directors.

This general meeting will be electing one (1) director with the status of an “other director” (i.e., a director who is not an external director as described in section 11d(A)(2) of the Banking Ordinance 1941 (hereafter: “**the Banking Ordinance**” and a “**director with the status of ‘other director’**”), for a period of three years, from among the candidates who were proposed by the Committee for the Appointment of Directors of Banking Corporations, appointed pursuant to section 36a of the Banking (Licensing) Law, 5741-1981, and in accordance with the provisions of sections 11d(A)(1) and (2) of the Banking Ordinance (hereafter: “**the Committee for the Appointment of Directors**”). The candidates proposed by the Committee for the Appointment of Directors are as follows:

- 1.3.1 Dr. Samer Haj Yehia – a currently serving director whose first term as a director will be ending on 29 September 2017, and a candidate for re-appointment;
- 1.3.2 Dr. David Tvilichovsky.

The vote for each director will be carried out separately. Those participating in the vote may vote for each of the candidates to serve as a director.

For additional details regarding the appointment of directors to serve on the Bank’s Board of Directors, including proposed resolutions regarding Items 3 and 4 on the Meeting’s agenda, see sections 1.3 and 2.1 of the Report on the Convening of the Meeting.

1.4 Items No. 5 and 6 on the agenda – appointment of an external director (pursuant to Directive 301) to serve on the Bank’s Board of Directors.

This general meeting will be electing one (1) external director to serve on the Bank’s Board of Directors in accordance with the provisions of Proper Banking Directive 301 (hereafter: “an External Director”), for a period of three years, from among the candidates who were proposed by the Committee for the Appointment of Directors, follows:

- 1.4.1 Professor Haim Levy – a currently serving External Director whose first term as a director will be ending on 31 October 2017, and a candidate for re-appointment;

- 1.4.2 Zipora Samet – a director who on 17 August 2017¹ concluded her second term as an external director pursuant to the provisions of the Companies Law, 5759-1999 (hereafter: "the **Companies Law**" and "**ED**", respectively), and a candidate for re-appointment as an External Director who also qualifies as an ED, and through a personal arrangement as described in section 1.4.2 of the Report on the Convening of the Meeting.

The vote for each director will be carried out separately. Those participating in the vote may vote for each of the candidates to serve as a director.

For additional details regarding the appointment of directors to serve on the Bank's Board of Directors, including proposed resolutions regarding Items 5 and 6 on the Meeting's agenda, see sections 1.4 and 2.1 of the Report on the Convening of the Meeting.

2.1 Legal quorum for a postponed meeting

- 2.1.1 In accordance with the Bank's Articles of Association, the legal quorum for holding the Meeting is the presence of three or more shareholders, who are present either themselves or through representatives, within half a year from the date established for the opening of the Meeting.
- 2.1.2 If no legal quorum is present within six months from the date set for the opening of the meeting, it will be postponed to **16 October 2017, at the same place and hour (2:00 p.m.)**.
- 2.1.3 If no legal quorum is present at the time until which the Meeting has been postponed as stated, two shareholders who are present themselves or through representatives will constitute a legal quorum, and they may deal with the matters regarding which the Meeting was called.
- 2.1.4 The determination of whether or not a legal quorum is present will take into account the votes of the shareholders who have voted by voting papers, as defined in section 87 of the Companies Law, and will also take into account the votes of the non-registered shareholders who have voted through the electronic voting system.

2.2 The Determinative Date

The determinative date for determining a Bank shareholder's entitlement to vote in the above-mentioned General Meeting as stated in section 182 of the Companies Law and Regulation 3 of the Companies Regulations (Written Votes and Position Papers),

¹ For additional details see the Immediate Report of Senior Office Holder Ceasing to Hold a Position, published by the Bank on 20 August 2017, (Reference No. 2017-01-071932).

5765-2005 (“**Written Votes Regulations**”), will be on **Monday, 4 September 2017**, at the end of stock exchange trading that day.

2.3 Voting by voting paper and statements of position

2.3.1 Shareholders who are entitled to participate in the meeting and to vote can do so by using one of the three following methods, as they choose: (1) By arriving at the meeting and voting themselves, or by appointing a representative who will be at the meeting and vote in their place, based on a letter of appointment and a grant of power of attorney; (2) by voting using a voting paper in accordance with the provisions of the Companies Law and the Written Vote Regulations. The latest time at which voting papers may be given to the Bank will be four hours prior to the time for which the meeting is called, meaning until **10:00 a.m on Tuesday, 3 October 2017**; (c) a shareholder who holds shares through a stock exchange member may also vote through the electronic voting system that operates pursuant to Section 60 of Chapter G-2 of the Securities Law, 5728-1968, up until 6 hours before the time for which the meeting is called (meaning, until **8:00 am on Tuesday, 3 October 2017**).

2.3.2 The final date for producing position papers to the Bank is **Sunday, 24 September 2017** (inclusive).

For additional details see the Immediate Report published by the Bank on **Monday, 28 August 2017** (Reference No. 2017-01-074968) regarding the convening of the meeting, on the Israel Securities Authority’s distribution site, at <http://www.magna.isa.gov.il> and on the website of the Tel Aviv Stock Exchange Ltd., at <http://www.maya.tase.co.il>.

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Secretary of the Bank and of the Group