

Bank Leumi of Israel Ltd. (hereinafter – “the Bank)

Notice Regarding the Convening of an Annual General Meeting of the 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 Thursday, October 4 2017, at 14:30 at the Bank’s offices at Beit Lynn, 35 Yehuda Halevi St. Tel Aviv (hereinafter - “the Meeting”).

1. **List of items on the agenda**

1.1 **Item no. 1 on the agenda – discussion of the Bank’s financial statements and Directors’ Report for the year ended December 31, 2017**

The Bank’s periodic report for the year 2017 (including the said financial statements and Directors’ Report) as published on March 6, 2018 (reference no. 2018-01-021430) (hereinafter- “the Bank’s Periodic Report for the Year 2017”), may be viewed on the Israel Securities Authority’s distribution site (the MAGNA site), and on the Bank’s website, www.leumi.co.il.

Furthermore, a copy of the Bank’s Periodic Report for the Year 2017 may be obtained by contacting the Bank’s secretariat, Beit Leumi, 34 Yehuda Halevi St. (11th floor), Tel Aviv, Tel: 076-8859419, on Sunday to Thursday between 08:00 to 15:00.

No resolution is required regarding this item.

1.2 **Item no. 2 on the agenda - the re-appointment of the auditing firms Somekh Chaikin (KPMG) and Kost Forrer Gabbay & Kasierer (EY) as joint external auditors of the Bank and the authorization of the Bank’s Board of Directors to set the fees paid thereto and report those fees**

On June 7, 2018, the Bank’s Audit Committee passed a resolution to recommend to the General Meeting to reappoint the joint external auditors Somekh Chaikin and Kost Forrer Gabbay & Kasierer for a period that will commence on the date of approval of the current Annual General Meeting through the end of the next Annual General Meeting of the Bank.¹

As to reporting the fees of the auditors to the Annual General Meeting, see page 286 to the Bank’s Periodic Report for the Year 2017

The proposed resolution

To reappoint the auditing firms Somekh Chaikin (KPMG) and Kost Forer Gabbay & Kasierer (EY) as joint external auditors of the Bank for a period that will commence on the date of approval of the current Annual General Meeting through the end of the next Annual General Meeting of the Bank and to authorize the Bank’s Board of Directors to set the fees paid thereto.

1.3 **Items 3 to 5 on the agenda – the appointment of two (2) external directors to the Bank’s Board of Directors (pursuant to the provisions of the Companies Law)**

Two (2) external directors to the Bank’s Board of Directors shall be appointed in this General Meeting, pursuant to the provisions of the Companies Law (hereinafter – “ED”) for a period of three years, out of the candidates that were proposed by the Committee for the Appointment of Directors in Banking Corporations, which was appointed pursuant to section 36A of the Banking Law (Licensing), 5741-1981

¹ It should be noted that as described in the Bank’s Periodic Report for the Year 2017, on March 4, 2018, the Bank’s Audit Committee passed a resolution that was coordinated with the Bank of Israel, whereby in 2018 a new procedure will commence for the appointment of auditors for the year 2019 or 2020 (pursuant to another resolution that will be passed by the Audit Committee at a later date). For further details, see note 36 to the Bank’s Periodic Report for the Year 2017.

(hereinafter – “**the Banking Law**”) and pursuant to Sections 11D(a)(1) and (2) to the Banking Ordinance, 1941 (hereafter – “**the Banking Ordinance**”, “**the Committee for the Appointment of Directors**”).

The candidates who were proposed by the Committee for the Appointment of Directors are as follows:

1.3.1 Mr. Yoram Gabbay;

1.3.2 Ms. Tamar Gottlieb – an ED whose first tenure in office ended on August 25 2018 and is a candidate for reappointment;

1.3.3 Mr. Refael Danieli.

Votes shall be cast separately for each director. Those participating in the vote may cast a vote for each of the candidates for service as a director.

For further details regarding the appointment of the directors to the Bank’s Board of Directors, including the proposed resolutions as per items 3 to 5 on the agenda, see sections 1.3 and 2.1 to the report on the convening of this meeting, which was published by the Bank on August 28, 2018 (reference no. – **2018-01-081873**) (hereinafter – “**the report for the convening of the Meeting**”).

1.1 Items 6 to 8 on the agenda – appointment of two (2) external directors to the Bank’s Board of Directors (pursuant to directive 301)

Two (2) external directors to the Bank’s Board of Directors shall be appointed in this General Meeting, pursuant to the provisions of the Proper Conduct of Banking Business Directive no. 301 (hereinafter – “**Directive 301**”, “**External Director**”) for a period of three years, out of the candidates who were proposed by the Committee for the Appointment of Directors in Banking Corporations. The candidates who were proposed by the Committee for the Appointment of Directors are as follows:

1.4.1 Dr. Shmuel Ben Zvi – serving External Director and candidate for reappointment. For details regarding the date on which Dr. Ben Zvi’s tenure in office will end, see section 2.1 to the report on the convening of the Meeting.

1.4.2 Dr. Yoram Turbowicz.

1.4.3 Mr. Ohad Marani - serving External Director whose first tenure in office will end on October 31, 2018 and candidate for reappointment.

Votes shall be cast separately for each director. Those participating in the vote may cast a vote for each of the candidates for service as a director.

For further details regarding the appointment of the directors to the Bank’s Board of Directors, including the proposed resolutions as per items 3 to 5 on the agenda, see section 1.4 and 2.1 to the report on the convening of the Meeting.

2.1 Legal quorum and the date of an adjourned meeting

2.1.1 According to the Bank’s Articles of Association, three or more shareholders, present in person or by proxy within half an hour from the time appointed for the opening of the Meeting, shall constitute a legal quorum for holding the Meeting.

2.1.2 If within half an hour from the time appointed for the opening of the Meeting a legal quorum is not present, the Meeting shall stand adjourned to October 11, 2018, at the same time (14:30) and place.

2.1.3 If a legal quorum is not present at the said adjourned Meeting, two shareholders who are present in person shall constitute a legal quorum, and they shall be entitled to deal with the matters in respect of which the Meeting was convened.

2.1.4 Votes of shareholders who voted using a voting ballot, as defined in Section 87 to the Companies Law, shall also be included in determining the legal quorum and so will be the votes of Unregistered Shareholders, who voted using the electronic voting system.

2.2 The record date

The record date fixed for determining a shareholder's entitlement to vote at the aforementioned General Meeting pursuant to Section 182 of the Companies Law and Regulation 3 of the Companies Regulations (Voting by Ballot and Position Papers), 5766-2005 (hereinafter – "**Voting by Ballot Regulations**"), is the end of the trading day on the Stock Exchange on **Wednesday, September 5, 2018**.

2.3 Voting ballots and position papers

2.3.1 Shareholders who are entitled to participate and vote in the Meeting can do so by using a method of their choosing from the following options: (1) To arrive at the Meeting and vote in person or to appoint a proxy that will arrive at the Meeting and vote in their stead, in accordance with an appointment letter and a power of attorney; an appointment letter or a power of attorney to participate and vote in the General Meeting should be submitted at the Bank's offices at least 48 hours before the convening of the Meeting (2) To vote using a voting ballot in accordance with the Companies Law and the Voting by Ballot Regulations. Voting ballots shall be submitted to the Bank no later than 4 hours prior to the time of the convening of the Meeting, i.e. – **Thursday, October 4, 2018, at 10:30 o'clock**; (3) a shareholder who holds his shares through a member of the stock exchange may also vote via the electronic voting system, which operates pursuant to Article B of Chapter 7-2 of the Securities Law, 5728-1968, up to 6 hours prior to the time of the convening of the Meeting (i.e., **up to Thursday, October 4, 2018 at 08:30**)

2.3.2 The deadline for submission of position papers to the Bank is Monday, **September 24, 2018** (inclusive).

For further details see an immediate report regarding the convening of the Meeting that was published by the Company on **Tuesday, August 28, 2018** (reference no.: **2018-01-081873**) on the Israel Security Authority distribution website at <http://www.magna.isa.gov.il> and on the Tel Aviv Stock Exchange's website at <http://maya.tase.co.il>.

Livnat Ein-Shay Wilder, (Adv.)

Secretary of the Bank and Group