

**Translation of Immediate Report**

**Bank Leumi le-Israel B.M.**

Registration No. 520018078  
Securities of the Corporation are listed on The Tel Aviv Stock Exchange  
Abbreviated Name: Leumi  
34 Yehuda Halevi Street, Tel Aviv 651316  
Phone: 076-8858111, 076-889419; Facsimile: 076-8859732  
Electronic Mail: Livnat.Ein-Shay@bll.co.il

26 January 2017  
Reference: 2017-01- 010311

To: Israel Securities Authority ([www.isa.gov.il](http://www.isa.gov.il))  
The Tel Aviv Stock Exchange ([www.tase.co.il](http://www.tase.co.il))

**Immediate Report**

Nature of Event: Early Redemption of Subordinated Capital Notes

See attached Annex [261117 isa.pdf](#)

**Note: English translations of Immediate Reports of Bank Leumi are for convenience purposes only. In the case of any discrepancy between the English translation and the Hebrew original, the Hebrew will prevail. The original Hebrew version is available on the distribution website of the Israel Securities Authority: <http://www.magna.isa.gov.il/>**

Date and time at which the corporation first became aware of the matter being the subject of the report: 26 January 2017 Time: 14:00.

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Name of Electronic Reporter: David Raoul Sackstein, Position: Advocate, General Secretary  
Yehuda Halevi Street 34, Tel Aviv 6513616, Phone: 076-8857984, Facsimile: 076-8859732  
Electronic Mail: [david.sackstein@bankleumi.co.il](mailto:david.sackstein@bankleumi.co.il)

26 January 2017

To:

Tel Aviv Securities Exchange  
2 Ahuzat Bayit Street  
Tel Aviv 652516

Israel Securities Authority  
22 Kanfei Nesharim Street  
Jerusalem 95464

Dear Sir or Madam:

re: **Early Redemption of Deposits/Subordinated Capital Notes**

Bank Leumi le-Israel Ltd. (hereinafter: "the Bank") is pleased to report as follows:

1. On 26 January 2017 the Bank's Board of Directors resolved to carry out a full early redemption of CPI Linked Deposits/Subordinated Capital Notes (non-negotiable) of NIS 400,000,000 nominal value (Securities Stock Exchange Number 6040091) (hereafter: "the Capital Notes"), over the course of June -July 2017. These Capital Notes were issued in 2002 pursuant to an Immediate Report published on May 2002 in accordance with the Securities Regulations (Private Offering of Securitees in a Registered company) 5760-2000. The estimated amount of the redemption of the Capital Notes (including linkage increments) is some NIS 500 million. The full early redemption will be carried out in accordance with a right that the Bank holds to carry out a full early redemption, in accordance with the terms of the Capital Notes.
2. The Bank will send a notice to the holders of the Capital Notes regarding the date on which the early redemption will be carried out, the determinative date and the exact amount of the total redemption (including the interest rate and the linkage increments), as is relevant for each holder.
3. After the publication of the Consumer Price Index for June 2017, the Bank will publish an Immediate Report in which it will specify the amount of the exact total redemption and the interest rate to be paid in the context of the early redemption.
4. The execution of the early redemption will be subject to the receipt of approval from the Supervisor of Banks.

Sincerely,

Bank Leumi le-Israel Ltd.

by

Omer Ziv, Head of the Finance Division

Hanan Friedman, Legal Adviser