

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

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6 March 2018

Reference: 2018-01-021448

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

**Immediate Report Regarding the Creation Of Dormant Shares in
the Corporation's Issued Share Capital, or a Change in the Number Thereof
or of the Identity of the Holder Thereof**

Regulation 31(b) of the Securities Regulations (Periodic and Immediate Reports),
5730 – 1970

Regulation 33(a) of the Securities Regulations (Periodic and Immediate Reports),
5730 – 1970

Reference numbers of earlier reports concerning the matter: 2016-01-066943

We hereby report that on 5 March 2018 a change occurred in the number of dormant shares in the corporation's capital.

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Name of Holder of Dormant Shares: Bank Leumi le-Israel Ltd.

Type of Identity Number: Israel Companies Registrar Number

Identity Number: 520018078

Type of Holder: The reporting corporation

Citizenship/ Country of Incorporation or Registration: Incorporated in Israel

Name of Security: Leumi Securities No. on Stock Exchange: 604611

Nature of Change: Reduction _____ Other

Transfer of 8,084 dormant shares of the Bank to holders of PSU 2017 units that have vested, as described in the Immediate Report dated 6 March 2018, Reference No. 2018-01-021445, and as described below in this report.

Date upon which transaction was executed: 5 March 2018

Transaction Rate: 0.00 Currency: Agurot

Number of dormant shares held by holder before change was: 8,084

Number of shares subject matter of the change: - 8,084

Number of dormant shares held by the holder after change was: 0

Percentage of issued share capital in the corporation held after the change, by the holder of the dormant shares: 0.00%

Were the shares purchased in accordance with a purchase plan approved by the company:

No

Status of the Corporation's Dormant Shares

1

Name of Share: Leumi Securities No.: 604611

Number of shares in registered capital: 3,215,000,000

Number of shares in the issued and paid-up capital: 1,524,021,394

Number of dormant shares pursuant to Section 308

or for the purpose of an ATM plan: 0

Number of shares with no rights attached, pursuant to Section 333(a): 0

Number of shares with no rights attached, pursuant to Section 340: 0

Number of shares with no rights attached, pursuant to Section 181: 0

Total shares without rights in capital and without voting rights: 0

% of shares without rights, out of issued and paid-up capital: 0.00

Number of dormant shares pursuant to Section 309(b)	
("dormant subsidiary")	0
(does not include shares held by subsidiary company pursuant to Section 369, purchased prior to February 2000, which have full voting rights and rights in the capital)	
No. of shares without voting rights pursuant to Section 333(b):	0
% of shares without voting rights but which do have rights with respect to the capital out of all issued capital of this security:	0.00
Number of shares for purpose of calculating the voting rights:	1,524,021,394
Number of shares for purpose of calculating the rights in capital:	1,524,021,394

Comment: The section numbers below are from the Companies Law, 5759 – 1999.

On 20 March 2016, the Bank's board of directors resolved to issue 48,938,037 shares according to an outline published by the Bank on 18 February 2016 (Reference No. 2016-01-030628), as amended on 23 February 2016 (Reference No. 2016-01-033361). An inquiry indicated that 8,084 shares were accidentally allocated shares to an employee. On 27 June 2017, in order to correct this, the Bank forfeited the shares and upon their forfeitures, they became dormant shares.

On 5 March 2018, the Bank's board of directors confirmed, *inter alia*, that the condition for the vesting of 19,981 PSU 2017 units had been satisfied, and the Board accordingly approved the issuance of ordinary shares of the Bank and the transfer of 8,084 dormant Bank shares (in accordance with the Private Offering Report published on 30 March 2017 in the framework of the issuance of the PSU 2017 units, Reference No. 2017-01-033966) to the holders of the PSU units that had vested, as stated (the "Offerees"). With the transfer of the dormant shares to the Offerees, as stated, the Bank's dormant shares will become ordinary (not dormant) shares, as described in this report. For additional details see the Immediate Report dated 6 March 2018 (Reference No. 2018-01-021445).

The report was signed in accordance with Regulation 5 of the Securities Regulations (Periodic and Immediate Reports), 5730 - 1970, by Adv. Livnat Ein-Shay Wilder, Secretary of the Bank and the Group.

Name of Electronic Reporter: David Raoul Sackstein, Position: Advocate, General Secretary
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