

**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

6 March 2018  
Reference: 2018-01- 021433

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

**Immediate Report Regarding Approval of Purchase Plan**

Regulation 31L(a) of the Securities (Periodic and Immediate Reports) Regulations 5730-1970

1. Name of purchaser: The Company

Type of Identification Number: Companies Registrar Number

Holder's Identification Number: 520018078

Country of incorporation or registration: Israel

1. Type of security which is the subject of the Purchase Plan: Ordinary shares  
Security's number on the stock exchange: 604611

The planned date for the commencement of the execution of the purchase plan: 1 April 2018

The estimated timing for the execution of future purchases: The purchases will be executed from time to time, in the framework of trading on the Tel Aviv Stock Exchange and/or in the framework of non-stock exchange transactions

The time period set for the execution of the program: 1 April 2018 until 31 March 2019

Date of the Board of Directors' approval of the purchase plan: 5 March 2018

Board of Directors' reasons for execution of the purchase program:

The Bank satisfies the tests for a distribution established in section 302 of the Companies Law and/or the Proper Banking Directives, the main part of which are:

1. The Bank has a proper surplus for a distribution of NIS 24,003 million.
2. The Bank's independent equity as of 31 December 2017 is some NIS 33 billion and its liquidity cover ratio is 122% as compared to a regulatory target of 100%. The execution of the self-purchase will not adversely affect the Bank's ability to meet its existing and anticipated liabilities at the time for repayment, and will not change this ratio substantially;
3. The Bank has complied with restrictions regarding related persons, sole lenders and groups of lenders, and the execution of the self-purchase as stated will not adversely impact the compliance with these restrictions;
4. Such a purchase will enable the Bank to manage its capital more efficiently, such that the Bank will have the ability to carry out a self-purchase of its shares if its Tier 1 capital ratio is not less than 10.9%, subject to the approval of the Bank of Israel as described below;
5. The adoption of the program will not have any significant adverse impact on the Bank's capital, or on its ability to continue to act to realize its business strategy.

The total estimated cost of the purchase plan: up to NIS 700 million.

Tax consequences of the execution of the purchase plan, for the company and for the holders of the securities:

Regarding the Bank, the purchase of the shares does not constitute a tax event for the Bank and/or for the Bank's shareholders who are not selling their shares. To remove doubt, the above does not relate to the tax consequences which could arise for shareholders who do sell their shares to the bank in the framework of this program. Those consequences are determined on the basis of the specific details of each transaction involving the sale of the shares as stated, and on the basis of the tax provisions that apply to each such shareholder, and each shareholder must examine the tax consequences that will arise specifically for that particular shareholder.

Sources of financing for the execution of the purchase program: Sources available to the Bank in the ordinary course of business.

Manner in which the purchase program will be carried out: Other

The purchases of the shares will be executed from time to time, in the framework of trading on the Tel Aviv Stock Exchange and/or in the framework of non-stock exchange transactions. The shares will be purchased by the Bank either directly and/or on the basis of the safe harbor mechanism published by the Israel Securities Authority (Legal Position Number 199-8) and/or through a trustee operating through a blind trust format (as defined in section 52g(a)(7) of the Securities Law, 5728-1968), in a manner which ensures that the Bank complies with the existing restrictions concerning the use of inside information, and subject to the restrictions concerning the scope of purchases on a specific day and to other restrictions (if there are such) that may be established later on.

Shortly before any purchase which is carried out directly by the Bank or when an instruction is given to the blind trust trustee or to the stock exchange member in accordance with the safe harbor mechanism (whichever is relevant), the Bank's management will determine whether any significant changes have occurred which could impact on the Bank's ability to satisfy the tests for the **distribution**, and if any significant changes have taken place, the purchase will be submitted to the Board of Directors for a new approval, in order for it to determine that the purchase satisfies the tests for the **distribution**.

It is clarified that the decision to adopt this program does not obligate the Bank to actually carry out the purchase of the shares in any particular quantity, scope or amount whatsoever. If shares are purchased pursuant to this program, the Bank will report such as required by law.

Description of purchase plans which were decided upon during the three years preceding the date of this report:

-----

The purchase plan concerns shares, or securities that are convertible into shares.

1. The corporation's profits as defined in section 302 of the Companies Law: 24,003

Is the purchase pursuant to the program expected to significantly impact the percentage of the holdings of capital and voting rights that are held by interested parties? No.

The corporation's profits indicated above are noted in NIS millions (meaning that the amount is NIS 24,003,000,000).

On 27 February 2018 the Bank of Israel gave its approval **for the Bank's** execution of the self-purchase, valid from 1 April 2018 through 31 March 2019, subject to the satisfaction of the following conditions:

1. The amount of the self-purchase will not exceed NIS 700 million.
2. The Bank must make certain that in the capital planning for the coming three years, the Bank is not expected to fall below the differential capital adequacy ratio established, **within the added required planning margin**.
3. The purchase of the shares will be offered to all the shareholders and not only to a specific group of shareholders.
4. The Bank acts on the basis of the safe harbor mechanism published by the Israel Securities Authority (Legal Position Number 199-8, 26 July 2010) and/or through a different **reasonable** mechanism which ensures the Bank legal protection against a claim concerning the use of inside information.
5. The Board of Directors has approved the purchase program.
6. At the time of each purchase, the Tier 1 capital ratio, according to the most recently published financial statements, has not fallen below 10.9%, even after taking the self-purchase into consideration.

The report was signed on behalf of the corporation, in accordance with Regulation 5 of the Securities (Periodic and Immediate Reports), 1970, by Mr. Omer Ziv, Head of the Finance Division.

---

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)