

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.EinShay@bll.co.il

Date: 22 January 2018
Reference: 2018-01-008101

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

**Immediate Report regarding an Event or Matter falling outside the
Ordinary Course of Business of the Corporation**

Regulation 36(a) of the Securities (Periodic and Immediate Reports) Regulations, 1970

Report on: Delayed Filing of Report
Nature of Event: Bank Leumi USA

1. See the attached annex – isa__22.pdf
2. Date and time at which the corporation first became aware of the event or matter: 20 November 2017, at 18:00.

Report delayed pursuant to Regulation 36(b):

3. If the report has been delayed - the reason for which the filing was delayed:
 1. On 12 July 2017, a decision was made to delay the reporting of the matter that the sale of the shares of Leumi USA was being examined, and about future negotiations to be held regarding the matter, because its publication at that stage was likely to prevent the transaction or have a severely adverse impact on its terms.
 2. On 20 November 2017, a decision was made to continue to delay the report, until the approval of the contractual relationship with Endicott, because the publication of a report regarding the negotiations at that stage could have harmed the possibility of completing the transaction or had a severely adverse impact on its terms.

4. The ban on publication was removed on 22 January 2018, at 03:00.

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>.

Name of Electronic Reporter: David Raoul Sackstein, Position: Advocate, General Secretary
Yehuda Halevi Street 34, Tel Aviv 6513616, Phone: 076-8857984, Facsimile: 076-8859732
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To

Tel Aviv Stock Exchange
Ahuzat Bayit Street 2
Tel Aviv 6525216

To

Israel Securities Authority
Kanfei Nesharim Street 22
Jerusalem 95464

Dear Sir or Madam:

Re: Bank Leumi USA (“BLUSA”)

Bank Leumi le-Israel B.M. (“the Bank”) respectfully reports as follows:

1. On January 22nd 2018, the Bank entered into an agreement to bring strategic partners into BLUSA. The strategic partners will purchase 15% of the shares of Bank Leumi le-Israel Corporation (“BLC”), a US Corporation, through which the Bank controls BLUSA.
2. The strategic partners with whom the agreement was signed are Endicott Capital Management (“Endicott”) and MSD Capital L.P. (“MSD”).
3. Endicott, Wayne Goldstein being one of its founders, was founded in 1996, and its main field of expertise is investment in financial institutions, mainly banks. Endicott will be given the right to appoint two directors in BLUSA and one director in BLC. Wayne Goldstein is expected to be appointed as a director on both boards of directors.
4. MSD is a private investment firm which manages the assets of Michel Dell and his family.
5. The aggregate consideration expected to be paid for the shares to be sold is anticipated to amount to approximately USD 141 million.
6. During the period of 4 to 5 years after completion of the transaction, if the purchased shares shall not be listed by such date, and subject to certain conditions, the strategic partners shall have a Put Option towards the Bank, pursuant to which they shall be entitled to request that the Bank repurchase all of their shares, and the Bank may respond to such option by, at the choice of the Bank, either purchasing the shares or issuing with the strategic partners shares in the Bank.

7. The decision to contract with these strategic partners was carried out after a process whereby the Bank evaluated other potential candidates and received several proposals from such candidates.
8. Completion of the transaction is subject to a number of conditions, including obtaining regulatory approval, if required.
9. In accordance with the accounting principles governing the financial reporting of the Bank, upon completion of the transaction, if completed after the fulfillment of the conditions precedent, the transaction with the strategic investors will be treated as an equity transaction, and the difference between the consideration and the minority share in the equity will be attributed directly to equity. The transaction is not expected to have a material effect on the business of the Group.
10. The publication of this report was withheld during the negotiation period, since its publication at an early stage could have impaired the possibility of finalizing the transaction.

Very respectfully,

Bank Leumi le-Israel B.M.

By:

Hanan Friedman,

Head of Strategy and Regulation Division.