

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:
Reference:

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: Sale of Leumi Romania

1. See the attached annex – isa__118.pdf
2. Date and time at which the corporation first became aware of the event or matter: 28 December 2017, at 15:25.

Report delayed pursuant to Regulation 36(b):

3. If the report has been delayed - the reason for which the filing was delayed:
 1. On 4 June 2017, a decision was made to delay the reporting of the fact that a possible sale of Bank Leumi Romania was being examined, because its publication at that stage was likely to have a severely adverse impact on the possibility of such a sale.

2. On 28 December 2017, a decision was made to continue to delay the report, until the end of the New Year's vacation in Romania, regarding the sale of Leumi Romania, including with regard to the Board of Directors' decision that day to approve the memorandum of understandings with the Argo fund concerning the sale of Bank Leumi Romania – because the publication of a report regarding these matters at that stage would have prevented the completion of the transaction or substantially worsened its terms.

4. The prevention on publication was removed on 3 January 2018, at 14:30.

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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3 January 2018

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: **Sale of Leumi Romania**

Bank Leumi le-Israel B.M. (hereafter: "the Bank") hereby reports that the Bank's Board of Directors has approved the signing of a principles agreement with the British investment fund Argo Capital Management Limited (hereafter: "Argo"), for the sale of all the Bank's holdings in Bank Leumi Romania S.A. (hereafter: "Leumi Romania"), a subsidiary of the Bank in which the Bank holds 99.91% of its shares.

The decision to sell the Bank's holdings of Leumi Romania is a continuation of the implementation of the Bank's strategy to concentrate its international activity in the main financial centers through its subsidiaries in the United States and in England.

The Bank's signing of a binding agreement with Argo is subject to, *inter alia*, the completion of the due diligence process and the conclusion of detailed negotiations.

At this stage, it is not possible to assess whether a binding agreement will be signed and what its final terms will be. Additionally, the completion of the transaction, after the signing of the binding agreement, will also be subject to receipt of the required regulatory approvals in Romania and in Israel.

The execution of the transaction is not expected to have a substantial impact on Bank Leumi's financial results for the year.

Very respectfully,

Bank Leumi le-Israel B.M.

By:

Hanan Friedman, Adv.
Head of the Strategy and Regulation Division

Irit Roth, Adv.
Chief Legal Advisor

