

Translation of Immediate Report

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Public

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: Yaelru@bll.co.il

27 October 2014
Reference: 2015-01-142998

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

Immediate Report on an Event or Matter Outside of the Company's Ordinary Regular Business, the Reporting of which was Delayed in Accordance with Regulation 36(b) of the Securities (Periodic and Immediate Reports) Regulations, - 5730-1970

Regulation 36(b)(c) of the Securities (Periodic and Immediate Reports) Regulations, 5730-1970
Substance of the Event: Leumi Capital Market Services, Ltd.

1. See attached Annex.
2. Reason for delay in submission of report:
See the attachment
3. On 27 October 2015, at 10:20 a.m., the reason preventing the submission of the report was removed.

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
Electronic Mail: david.sackstein@bankleumi.co.il

27 October 2015

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: **Leumi Capital Market Services, Ltd.**

Bank Leumi Le-Israel Ltd. ("the Bank") is pleased to report the following:

1. Following the matters publicized in the media, the Bank reports that it is conducting preliminary and non-binding talks in connection with the possibility of selling its subsidiary - Leumi Capital Market Services, Ltd. - ("**Leumi CMS**"), or the subsidiary's operations, either in whole or in part. Leumi CMS provides, *inter alia*, operational services for provident fund management companies.
4. The said contacts are at a very preliminary stage. The talks are being conducted against a background of proposals of a regulatory arrangement that will prevent the Bank from continuing to provide operational services to provident funds. At this stage, we cannot assess the chances that this arrangement will indeed be approved and in any event we cannot assess whether the Bank will be forced to sell its holdings in Leumi CMS or its activity. In light of the above, we cannot at this stage assess whether the contacts will ripen into transactions, or, if they do ripen into transactions, what consideration will be received in the context thereof.
5. Leumi CMS' income and its earnings are not significant in relation to the Bank Group's activity or earnings. In light of this, and in light of the scope of Leumi CMS' activity, the amounts being discussed are not significant amounts for the Bank, and thus, any transaction that takes place - if any transaction does take place - will not have any significant effect on the Bank's financial results.
5. An immediate report regarding the said contacts was delayed at the start, because of a concern that publication of their occurrence could adversely affect the possibility of the transaction being carried out or have a substantially negative impact on the consideration to be received if and when the transaction is carried out. As stated, this immediate report is being submitted due to the items published in the media.

Very sincerely,

Bank Leumi Le-Israel Ltd.
By:
Prof. Daniel Tsiddon, Deputy Chief Executive Officer
Hanan Friedman, Legal Adviser