

Translation of Immediate Report to Israel Securities Authority

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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15 March 2016

Reference: 2016-01-007095

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

Immediate Report on Grant of Rights to Purchase Shares (Securities Convertible into Share Capital)

Regulation 32 of the Securities Regulations (Periodic and Immediate Reports) 5730-1970

1. We hereby announce that on 15 March 2016, the corporation granted rights to purchase shares as follows

Type of securities allotted: Other
PSU 2014

Number of securities allotted: 938657

Total consideration for securities allotted: No consideration

Type of shares to result from exercise/conversion of securities: Ordinary, NIS 1.0 nominal value

Stock Exchange number of share to result from exercise: 604611

Number of shares to result from full exercise/conversion of the securities: 938,657

Total exercise supplement to be received from full exercise/conversion of the securities:

Exercise of the securities into shares will be without consideration

Period during which the securities can be exercised:

See note below

From 15 March 2017 through 15 April 2019

Allotcated securities will not be listed for trading

2. The allocation of the said securities is pursuant to the Private Offering Report published on 29 February 2016, Reference No. 2016-01-037192

Notes:

1) Pursuant to the Immediate Report submitted by the Bank on 29 February 2016 regarding the Substantial Private Offering Report approved by the Bank's Board of Directors on 29 February 2016 (Reference No. 2016-01-037192) (hereinafter: "the Private Offering Report"), the Bank hereby gives notice that on 15 March 2016, the Bank allotted 938,657 PSU units (hereinafter, together: "the PSU units") to the Trustee, Aesop Management and Trust Services Ltd., Private Company No. 51-369953-8, on behalf of the Offerrees, as described in the Private Offering Report (hereinafter: "the Offerrees")

2) The number of shares that will result from the maturity of the PSU units that have been allotted as described in section 1 above is based on the assumption that all the PSU units that have been allotted pursuant to the Private Offering Report are vested, and on the assumption that the maximum possible number of shares are allotted, such that each PSU unit matures into a single ordinary share of the Bank, with a nominal value of NIS 1.0 each.

The maturity of the PSU units is subject to the conditions set out in section 1.3.4 of the Private Offering Report. Additionally, on each vesting date, assuming that the said conditions set out in section 1.3.4 are fulfilled, the Offerrees will be entitled to receive the shares that result from the vesting of the relevant tranche as set out in section 1.3.5 of the Private Offering Report.

- 3) The dates for the exercise of the PSU units:

The PSU units that were allocated to the Trustee for the Offerrees will vest, subject to the fulfillment of the of the conditions for their vesting, into regular bank shares of NIS 1.0 nominal value each, in three equal tranches, as follows and as set out in section 1.3.5 of the Private Offering Report.

- One third (33.3%) of the number of units, soon after the reports of the banking system's financial results for the year 2016 (with such shares being locked-up for a period of an additional year).
- One third (33.3%) of the number of units, soon after the reports of the banking system's financial results for the year 2017.

- One third (33.3%) of the number of units, soon after the reports of the banking system's financial results for the year 2018.

The report was signed on behalf of the corporation, in accordance with regulation 5 of the Securities (Periodic and Immediate Reports), 1970, by Attorney Livnat Ein-Shay Wilder, Secretary of the Group and of the Bank and by Mr. Ron Fainaro, head of the Finance Division.

Reference numbers of previous documents in this regard (does not constitute incorporation by reference):

2016-01-037192

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/>

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