

**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  
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16 March 2016  
Reference: 2016-01-007473

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

**Immediate Report**

**Nature of Event: Outline results**

See the attached annex –Outline results 16032016.pdf

Date and time at which the corporation first became aware of the matter being the subject of the report: 16 March 2016 Time: 09:00.

**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/>

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Name of Electronic Reporter: David Raoul Sackstein, Position: Advocate, General Secretary  
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16 March 2016

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: **Results of the Outline of the Offer to Employees and Corporate Officers. and the Expected Impact on the Bank's Capital Adequacy**

Bank Leumi Le-Israel Ltd. (hereafter: "**the Bank**") is pleased to report the results of the offer to employees and corporate officers, pursuant to the outline that the Bank published on 18 February 2016 (Reference No. 2016-01-030790), as amended on 23 February 2016 (Reference No. 2016-01-033361) (hereafter: "the **Outline**"), as follows:

1. The expected increase in the bank's regulatory capital, due to the conversion of the employees' rights into the Bank's shares in accordance with the Outline, after including the tax effects, amounts to NIS 780 million. This amount is based on the data in the Bank's financial statements as at 31 December 2015, published on 29 February 2016 (Reference No. 2016-01-036667) (hereafter: "the **2015 Statements**").
2. As a result of the conversion of the rights pursuant to the Outline as described above, and the purchase of insurance for the Sales Law guarantees issued by the Bank,<sup>1</sup> the estimated capital adequacy ratio for the Bank's Tier 1 capital is 10.1%<sup>2</sup> (based on the data in the 2015 Statements, *pro forma*, as of the date of those Statements).
3. The total amount of employees' rights and the rights of the corporate officers that will be converted into Bank shares (subject to the approval of the Bank's board of directors for the issuance of the shares pursuant to the Outline), amounts to NIS 641 million. The value of a Bank share, for the purpose of the conversion of rights, is NIS 13 (the closing price for the Bank's shares on 6 March 2016).

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<sup>1</sup> As described in the Immediate Report published by the Bank on 9 March 2016 (Reference No. 2016-01-002637), regarding the contracting for the purchase of insurance for the Sales Law guarantees issued by the Bank - the **signing of** the insurance agreement is expected to bring about a 0.28% improvement in the capital adequacy for the Bank's Tier 1 capital.

<sup>2</sup> As compared to the Tier 1 capital adequacy **ratio** of 9.58%, presented in the 2015 Statements.

Accordingly, the Bank will issue shares in an amount that constitutes some 3.24% of the Bank's issued and paid-up capital (after the issue). In accordance with the Outline, the shares will be allocated to the Trustee, who will hold the shares in trust for the employees, in accordance with the provisions of section 102 of the Income Tax Ordinance. In accordance with the provisions of the Outline (which includes a discussion of the special collective agreement signed on 17 February 2016), the conversion of the Bank's rights is as follows with respect to each of the components:

- 3.1 The employees' rights to receive jubilee bonuses - a total amount of some NIS 262 million.
  - 3.2 The rights of employees and corporate officers to receive their 2015 bonus - a total amount of some NIS 294 million.
  - 3.3 According to the Outline and as described therein, the more senior Bank employees were offered an opportunity to convert a certain portion of the value of their social security rights as of 31 December 2015, at the discretion of each employee, into Bank shares. By the end of the period for responding to the offer, which occurred yesterday, 15 March 2016, the requests received from all the offerees for conversion of social security rights as described are for an amount that will lead to the allocation of shares worth a total of some NIS 85 million.
4. It is clarified that the above-mentioned data are preliminary, and final data will be published subject to and after the approval of the Bank's board of directors regarding the issuance of the shares pursuant to the Outline Plan. The board of directors is expected to give its approval on 20 March 2016.

Very sincerely,

Bank Leumi Le-Israel, Ltd.

Professor Danny Tsiddon, Deputy CEO

Hanan Friedman, Legal Adviser