

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

18 January 2018
Reference: 2018-01-007354

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

Immediate Report

Nature of Event: Response to the Stock Exchange Offer

See the attached annex – Immediate Report – Response to the Stock Exchange.pdf

Date and time at which the corporation first became aware of the event or matter: 18 January 2018, at 19:00.

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

18 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: **Response to the Stock Exchange offer to purchase the Bank's holdings of the Stock Exchange**

Bank Leumi Le-Israel Ltd. (hereafter: "the Bank") is pleased to announce as follows:

1. On 7 September 2017, the Tel Aviv District Court confirmed an arrangement providing for a structural change at the Stock Exchange, pursuant to Amendment 63 of the Israel Securities Law. Pursuant to the arrangement, the Bank was allotted approximately 9.3% of the shares in the Stock Exchange.
2. On 28 December 2017, the Stock Exchange sent its shareholders a proposal to sell and transfer their shares pursuant to the terms set out in the proposal, which included the following:
 - 2.1 The total consideration proposed for the purchase of all the Stock Exchange shares will be NIS 500 million;
 - 2.2 Any offer submitted by the shareholders to the Stock Exchange will be irrevocable and not subject to cancellation. Any such offer will remain in force until 18 April 2018;
 - 2.3 The Stock Exchange may give notice that it is purchasing either all or some of the shares that are being offered, based on its exclusive judgment. At the same time, the Stock Exchange announced that if the number of shares that are offered exceeds the number of shares that it wishes to purchase, the actual purchase will be carried out on a *pro rata* basis (according to the number of shares that each shareholder has offered, in relation to the number of all shares that are offered for sale by all of the shareholders).
 - 2.4 Each shareholder grants the Stock Exchange permission to assign its rights to sell the shares, to a third party to be chosen by the Stock Exchange (including the identity of such third party to be determined by the Stock Exchange);
 - 2.5 If a notice of acceptance is issued to the Bank in connection with an offer, the sale will be completed no later than 60 days from the date of the notice of acceptance.
 - 2.6 A shareholder may submit its offer to the Stock Exchange, including the number of shares that it wishes to sell in this framework, until the 18th of January 2018.
3. On 18 January 2018, the Bank's Board of Directors approved a positive response to the Stock Exchange's proposal, and resolved to offer to the Stock Exchange that it purchase

- all the Bank's holdings in the Stock Exchange. Accordingly, on 18 January 2018, the Bank notified the Stock Exchange that it had responded positively to the proposal.
4. It should be noted that the value of the Bank's holdings of shares in the Stock Exchange, as currently recorded in the Bank's books of account, is minimal. In the event that the shares are purchased, the Bank is expected to record a gain with respect to the shares in its relevant financial statements for the period during which the sale is completed.
 5. It is clarified that there is no certainty as to whether a notice of acceptance will be issued and/or whether the necessary regulatory approvals for the purchase will be obtained, and it is not certain that all or some of the holdings will be purchased in accordance with the offer.

Very respectfully,
Bank Leumi Ltd.

By:

Attorney Hanan Friedman,
Head of the Strategy and Regulation Division

Mr. Ronen Agassi,
Head of the Capital Markets Division