

בנק לאומי לישראל בע"מ
Bank Leumi le-Israel B.M.
Registration No. 520018078

To: Israel Securities Authority
www.isa.gov.il

To: The Tel Aviv Stock Exchange T125 (Public)
www.tase.co.il

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Immediate Report on the Approval of a Purchase Plan

Regulation 31L (a) of the Securities Regulations (Periodic and Immediate Reports),
1970

1. Purchaser type: The Company

Name of the corporation controlled by the Company: _____

Name of the corporation controlled by the Company in English: _____

The Company controls the Corporation by virtue of: _____

The rate at which the corporation is held by the Company: % _____

Type of identification number: *Registrar of Companies*

Holder's ID number: 520018078

Country of incorporation or registration: Israel

1 Type of security that is the subject of the acquisition plan: *Ordinary shares*

Stock exchange Securities No.: 604611

The planned date for the beginning of the purchase plan: May 28, 2019

Estimated timing of future acquisitions:

On any trading day on the Stock Exchange, during the period determined for the execution of the Plan and according to its terms, as detailed below.

The period set for the execution of the plan: from May 28, 2019 until May 27, 2020

Purchase plan approval date by the board of directors: May 26, 2019

The Board's reasons for executing the acquisition plan:

1. The acquisition plan will enable the Bank to manage the Bank's capital more efficiently, and its adoption will not have a material negative effect on the Bank's capital or on the Bank's ability to continue acting towards realizing its business strategy.
2. The purchase plan will be terminated immediately if during the period of the plan it becomes clear that according to the latest financial reports to be published, the Bank does not meet Tier I capital ratio of 10.9%.
3. The acquisition plan complies with the distribution tests prescribed in Section 302 of the Companies Law and the Proper Conduct of Banking Business Directives, that their main points are:
 - A. The Bank has a balance of distributable surpluses (Before deduction of the dividend amount approved on May 26, 2019) in the amount of 27,591 million NIS;
 - B. The Bank's equity extent as of March 31, 2019 is 35,940 million NIS and the liquidity coverage ratio is 129%, compared with a regulatory target of 100%. The self-purchase execution will not damage the Bank's ability to meet its existing obligations expected when their time is due, nor materially change this ratio.
 - C. The Bank complies with the limitations of related persons, a single borrower and groups of borrowers, and making such a self-purchase shall not prejudice compliance with these limitations;
 - D. The purchase plan meets the requirements of the Safe Harbor Protection Mechanism for the purchase of securities by the corporation Pursuant to legal position 199-8 of the Securities Authority.
 - E. The purchase plan extent does not exceed 3% of the issued and repaid share capital of the Bank on the date of approval of the plan.

Estimated total cost of the purchase plan: Up to 700 million NIS.

Or the quantity of securities that may be purchased as part of the acquisition plan: _____

The tax implications of the purchase plan's execution on the company and on its securities holders:

The purchase of the shares according to the acquisition plan does not create a tax event for the Bank or for the Bank's shareholders who do not sell their shares. For the avoidance of doubt, the aforesaid does not relate to the tax effects that may apply to shareholders who sold shares to the Bank under this plan, which are determined according to the specific data of each transaction for the sale of such shares as stated, and according to the tax provisions applicable as stated to each shareholder, and each shareholder must examine the tax implications that will apply to him in a specific manner.

Financing sources for the execution of the purchase plan:

The financing sources for the execution of the plan will be from sources available to the Company during its ordinary course of business and will constitute a "permitted distribution" as stated in Section 302 of the Companies Law, 1999, out of "distributable profits" as stated in Section 3 of Proper Conduct of Banking Business Directive No. 331.

Purchase plan execution manner: Other

Specify: the purchase plan will be executed in the framework of trading on the stock exchange and / or in off-exchange transactions through an external and independent stock exchange member that will act according to a non-recurring power of attorney, pursuant to the Safe Harbor Protection Mechanism published by the Securities Authority (hereinafter: "Stock Exchange Member").

The purchase plan will be executed in two separate stages, each of which will be non-recurring, in accordance with the terms of the Safe Harbor mechanism (hereinafter: "Stage A" and "Stage B"). The execution of Stage A will commence on May 28, 2019 and end on the earlier of: (a) August 2, 2019; Or (b) completion of the Bank's shares acquisition in the amount of 350 million NIS. After the completion of Stage A, if the Bank decides to carry out Stage B, the Bank will give the Stock Exchange member a non-recurring order to begin execution of Stage B, one trading day after publication of the first financial report after the date of the decision regarding the execution of Stage B. In such a case, Stage B will end with the earlier of: (a) May 27, 2020; Or (b) completion of the purchase of the Bank's shares in the amount of 700 million NIS, deducting the total purchases actually made as part of Stage A. If, after the completion of Stage A, a decision is made not to carry out Stage B, the Bank will publish an immediate report regarding it.

Details of the purchase plans that were decided upon in the three years preceding the date of this report:

On March 5, 2018, the Bank's Board of Directors approved a plan to buy back Bank shares, which ended on November 22, 2018, within it shares were purchased in the amount of 700 million NIS.

The purchase plan is for shares or securities convertible into shares: Yes

1 The profits of the corporation as defined in Section 302 of the Companies Law: 27,591

Will the acquisition according to the plan be expected to have a material impact on the equity holdings rate and interested parties voting rights: No

Specify: _____

The corporation's profits mentioned above are par millions NIS (i.e. 27,591,000,000 NIS).

Pursuant to the Proper Conduct of Banking Business Directive No. 332, a self-purchase plan for Bank shares is subject to the approval of the Supervisor of Banks. The bank of Israel has approved the purchase plan, subject to compliance with the capital limits and targets, including the condition under which the plan will be terminated immediately if during the plan period it becomes clear that according to the most recent financial report published, the Bank does not meet Tier 1 capital ratios of at least 10.9%.

The Bank will report on the purchase of shares to be executed in accordance with the plan as required by law.

The report was signed on behalf of the corporation, pursuant to Regulation 5 of the Securities (Periodic and Immediate Reports), 1970, by Mr. Omer Ziv, Head of the Finance Division.

Reference numbers of previous documents on the subject (the reference does not constitute inclusion by way of reference):

The corporation's securities are listed for trade on the Tel Aviv Stock Exchange

Date of the form's structure update: April 30, 2019

Abbreviated name: Leumi

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