

24 January 2019

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: **Possible Offering of Bonds and Subordinated Debentures**

Bank Leumi le-Israel B.M. (the "**Bank**") is pleased to report as follows:

1. Pursuant to the reports of Bank Leumi le-Israel B.M. (the "**Bank**") dated 17 January 2019 regarding a possible offering of subordinated debentures and bonds (Reference Nos. 2019-01-007101, 2019-01-007320 and 2019-01-007347), and the ratings report for the above-mentioned two new series (Reference No. 2019-01-007302), in which it was clarified that the Bank was examining the possibility of making a public offering of the a new series of subordinated debentures with a mechanism for absorbing principal losses through coerced conversion into ordinary Bank shares, in accordance with the provisions of Proper Banking Directive 202 (hereafter: "the **Subordinated Debentures**") and their listing for trade on the Tel Aviv Stock Exchange Ltd. (hereafter: "the **TASE**"), and the possibility of making a public offering of a new series of regular Bank bonds and their listing for trade on the TASE (hereafter: "the **New Series**"), attached hereto are amended drafts of the trust deeds for the above-mentioned two New Series and a summary of the conditions of the offering.

It is clarified that the attached texts of the deeds are only drafts, and that the binding texts of the offering documents will be the text that is included in the shelf offering report, if one is published.

2. It is clarified that the Bank will issue the bonds and Subordinated Debentures – if it issues them at all – in accordance with a shelf offering report that the Bank will publish pursuant to the Bank's shelf prospectus.
3. It is also noted that no determination has yet been made that the offering will be carried out, or regarding its structure, scope, terms and timing – and all these are subject to the Bank's discretion.
4. Nothing stated in this report will serve to create any type of commitment whatsoever on the part of the Bank to carry out an issue of the bonds and/or of the Subordinated Debentures.
5. The publication of the shelf offering report and the execution of the offering of the bonds and/or of the Subordinated Debentures, if it is carried out, including the structure of the

offering, its timing and its scope, are subject to the receipt of all the approvals required by law, including a resolution by the Bank's Board of Directors, and the receipt of the TASE's approval for the listing for trade of the bonds and the subordinated debentures, and to the presence of appropriate market conditions. It is clarified that none of the above-mentioned approvals have been received.

6. Nothing stated in this report constitutes any public offering and/or order for the purchase of the Bank's securities.

Very respectfully,

Omer Ziv, Head of the Financial Division
Ronen Agassi, Head of the Capital Markets Division

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/>