

Translation of Immediate Report

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Public

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

1 July 2018

Reference: 2018-01-058476

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

Immediate Report

Nature of Event: Possible Issue of Debentures

Reference Numbers of earlier reports concerning the same matter: 2018-01-046119, 2018-01-051141, 2018-01-052008

See Annex attached hereto [1 July 2018 isa.pdf](#)

The company is not an envelope company as that term is defined in the Stock Exchange bylaws.

Date and time at which the corporation first became aware of the event or matter: 1 July 2018, at 16:09.

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

1 July 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: **Immediate Report on Possible Issue of Subordinated Debentures**

Bank Leumi Le-Israel BM (the "**Bank**") is pleased to report as follows:

1. Pursuant to the Immediate Reports dated 31 May 2018, 13 June 2018 and 14 June 2018 concerning the possible issue of subordinated debentures (Reference Nos. 2018-01-046119, 2018-01-051141, and 2018-01-052008, respectively) and the ratings reports for the subordinated debentures (Reference Nos.: 2018-01-046269 and 2018-01-046206) in which it was clarified that the Bank is examining the possibility of carrying out a public issue of subordinated debentures with a mechanism for absorbing losses of principal through a coerced conversion to ordinary shares of the Bank, in accordance with the provisions of Proper Banking Ordinance 202 (hereafter: "the **Subordinated Debentures**"), and their listing for trade on the Tel Aviv Stock Exchange Ltd. (hereafter: "the **TASE**"). Attached hereto are amended drafts of the deeds of trust for the Subordinated Debentures and a summary of the conditions for the issue. It is clarified that the attached texts of the deeds are only drafts, and that the binding text of the issue documents will be the text that is included in the shelf offering report, if one is published.
2. The issue of the Subordinated Debentures by the Bank, as stated, will be carried out, if it is carried out, pursuant to the shelf offering report that the Bank will publish pursuant to the Bank's shelf prospectus dated 25 May 2018.
3. It is also noted that the execution of the issue, the structure of the issue and its scope, terms and timing, have not yet been determined and that they 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 Subordinated Debentures.
5. The publication of the shelf offering report and the execution of the issue of the Subordinated Debentures, if it is carried out, including the structure of the issue, 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 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>