

10 March 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 Issue of Subordinated Debentures (Series 403) through an expansion**

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

1. The Bank is examining the possibility of carrying out a public issue of its subordinated debentures **(Series 403)** 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**"), through an expansion of the series.
2. The issue of the Subordinated Debentures by the Bank, as stated, will be carried out, if it is carried out, pursuant to shelf offering report that the Bank will publish pursuant to the Bank's shelf prospectus.
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

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.

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