

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

July 16 2019

Reference: 2019-01-073177

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

Immediate Report

Nature of Event: Sale of Bank Leumi Romania

Reference Number of previous reports on the matter: 2019-01-071548

See Annex attached hereto: [ISA ImmediateReport2.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: July 16 2019, at 17:30.

Name of Electronic Reporter: David Raoul Sackstein, Position: Advocate, General Secretary
Yehuda Halevi Street 34, Tel Aviv 6513616, Phone: 076-8857984, Facsimile: 076-8859732
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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/>



July 16, 2019

To
The Tel Aviv Stock Exchange Ltd.
Via Magna

To
The Israel Securities Authority
Via Magna

Dear Madam/Sir,

**Re: Exchange Tender Offers Pursuant to Shelf Offering Report
(which also Constitutes Tender Offers' Specification) – Additional Details**

Further to the Bank's immediate report of July 14 2019 (reference number: 2019-01-071548) regarding the results of the exchange tender offers that were addressed to holders of Series 201 Subordinated Capital Notes (hereinafter – the “**Series 201 Capital Notes**”) and holders of Series N Subordinated Bonds (hereinafter – the “**Series N Bonds**”), pursuant to the Bank's shelf offering report (that also constitutes a tender offers' specification), as amended, published on 9.7.2019 (reference number: 2019-01-070048) (hereinafter: the “**Tender Offers**” and the “**Shelf Offering Report**”, respectively). All of the following terms shall have the meaning set forth in the Shelf Offering Report. The Bank hereby announces as follows:

1. As part of the Tender Offers, NIS 139,854,818 par value of Series 201 Capital Notes were exchanged in consideration for NIS 141,950,000 par value of the Bank's Series 404 Subordinated Bonds (hereinafter – the “**Series 404 Bonds**”); and NIS 976,901,100 par value of Series N Bonds were exchanged in consideration for NIS 1,099,000,000 par value of the Bank's Series 404 Bonds.
2. The actual exchange date, i.e., the date on which the Series 201 Capital Notes were purchased and Series 404 Bonds were allocated in consideration thereof and on which Series N Bonds were purchased and Series 404 Bonds were allocated in consideration thereof, as set out in the Shelf Offering Report, is July 15, 2019 (hereinafter – the “**Actual Exchange Date**”).
3. The total consideration for purposes of calculating tax withholding from capital gain on the sale of the Series 201 Capital Notes is NIS 143,199,160; this amount was calculated based on the product of (a) the number of Series 404 Bonds allocated to holders of Series 201 Capital Notes pursuant to the terms of the Tender Offer multiplied by (b) the closing price of the Series 404 Bonds as of the end of the first trading day after the Actual Exchange Date (5,044,000 Agorot per one unit of Series 404 Bonds comprising of NIS 50,000 par value).
4. The total consideration for purposes of calculating tax withholding from capital gain on the sale of the Series N Bonds is NIS 1,108,671,200; this amount was calculated based on the product of (a) the number of Series 404 Bonds allocated to holders of Series N Bonds pursuant to the terms of the Tender Offer multiplied by (b) the closing price of the Series 404 Bonds as of the end of the first trading day after the Actual Exchange Date (5,044,000 Agorot per one unit of Series 404 Bonds comprising of NIS 50,000 par value).
5. The Series 404 Bonds that were allocated as part of the Exchange Tender Offers were issued at no discount.



6. The total amount of interest accrued on the exchanged Series 201 Capital Notes as from the last payment date (May 4, 2019) through the Actual Exchange Date is NIS 486,003, and the interest rate payable on the Capital Notes, i.e., variable interest equal to the interest of a one-year treasury bill plus a 1.4% margin, is 1.762% (the principal and interest of the Series 201 Capital Notes are not linked to any index), all in accordance with the terms of the Series 201 Capital Notes. The Series 201 Capital Notes were issued at no discount and the total consideration payable upon maturity thereof for tax purposes as per Section 3 above, is NIS 143,199,160.
7. The total amount of interest accrued on the exchanged Series N Bonds as from the last payment date (November 10, 2018) through the Actual Exchange Date is NIS 23,692,685 (including linkage to the consumer price index), and the annual interest rate is 3.40% (linked to the consumer price index), all in accordance with the terms of the Series N Bonds. The Series N Bonds were issued at no discount and the total consideration payable upon maturity thereof for tax purposes as per Section 4 above is NIS 1,108,671,200.
8. For further taxation provisions in connection with the Series 201 Capital Notes, the Series N Bonds and the Series 404 Bonds, which are the subject matter of the Exchange Tender Offers, see Section 13 of the Offering Report.

Sincerely,

Bank Leumi of Israel Ltd.

Omer Ziv, Head of Finance Division