

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: David_S@bll.co.il

May 23, 2023
Reference: 2023-01-054705

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

Immediate Report regarding Approval of Buyback Plan

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

1. Type of purchaser: *The Company*

Name of the corporation controlled by the Company: _____

The Company controls the corporation by virtue of: _____

Percentage by which the corporation is held by the Company %: _____

Type of identity number: *Registrar of Companies*

I.D. number of the holder: *520018078*

Country of incorporation or registration: *Israel*

1. Type of securities purchased as part of the buyback plan: *Ordinary shares*
Security no. with the Stock Exchange: *604611*

Date on which the buyback plan's execution is scheduled to begin: *May 24, 2023*

Estimated date for executing future buybacks: *On each trading date on the Tel Aviv Stock Exchange, during the period scheduled for executing the plan and in accordance with its terms, as described below.*

The period set for execution of the plan: *May 24, 2023 through May 15, 2024*

Date of approval of the buyback plan by the Board of Directors: May 22, 2023

Board of Directors reasons for executing the buyback plan:

1. *The buyback plan will allow the Bank to maintain optimal management of capital, with maximum flexibility; the adoption of the plan will not have a material adverse effect on the Bank's capital or its ability to continue working to implement its business strategy.*
2. *The buyback plan shall be discontinued, with immediate effect, if during the plan's period it transpires that as per the latest financial statements published by the Bank it fails to meet a Tier 1 equity ratio of 10.9%.*
3. *The buyback plan was approved by the Banking Supervision Department, and it meets the distribution tests set in Section 302 of the Companies Law and in the Proper Conduct of Banking Business Directives, which mainly include:*
 - a. *The Bank has distributable retained earnings before deducting the dividend amount approved on May 22, 2023, amounting to NIS 37,712 million, and after deducting the dividend amount approved on May 22, 2023 amounting to NIS 37,418 million.*
 - b. *The Bank's shareholder's equity as of March 31, 2023 amounts to NIS 49,791 million, and its liquidity coverage ratio is 128% compared with a regulatory target of 100%. The execution of the buyback plan will not impair the Bank's ability to meet its current and expected obligations upon maturity thereof, and will not change the said ratio materially.*
 - c. *The Bank meets the restrictions in connection with related persons, individual borrowers and borrower groups, and the said buyback plan shall not impair compliance with these restrictions;*
 - d. *The buyback plan meets the terms of the Safe Harbor protection mechanism in respect of the corporation buying back its own securities, in accordance with Legal Position 199-8 of the Israel Securities Authority.*
 - e. *The scope of the buyback plan does not exceed 3% of the Bank's issued and paid-up share capital as of the date on which the plan was approved.*

The estimated total cost of the buyback plan: Up to NIS 800 million.

Or the number of securities expected to be purchased under the buyback plan: _____

Tax effects of the buyback plan on the Company and securities holders:

The purchase of shares in accordance with the share buyback plan does not give rise to a tax event for the Bank or the Bank's shareholders who retain their shares. For the avoidance of doubt, the above does not pertain to the tax effects which may be applicable to shareholders who sold shares to the Bank under this plan. Such effects are determined according to the specific data of each share buyback transaction as aforesaid and in accordance with the tax provisions applicable to each shareholder as aforesaid, and each shareholder must assess the specific tax effects that will apply to it.

The buyback plan is financed by a loan:

1. Total amount of the loan taken: _____ Outstanding loan balance: _____

The interest rate %: _____ Loan currency: _____

Loan repayment dates: _____

Funding sources for executing the buyback plan:

The funding sources for executing the buyback plan will be sources available to the Company in its ordinary course of business, and shall constitute "permitted distribution" as defined in Section 302 of the Companies Law, 1999 "out of distributable earnings" as defined in Section 3 to Proper Conduct of Banking Business Directive No. 331.

Manner of executing the buyback plan: *Other*

Details: The share buyback plan will be executed as part of trading on the Tel Aviv Stock Exchange (TASE) and/or as part of off-exchange dealing, through an external, independent member of the TASE, which will act under an irrevocable power of attorney, in accordance with the Safe Harbor mechanism published by the Israel Securities Authority (hereinafter: "TASE Member").

See below additional details regarding the stages of the buyback plan.

Details of buyback plans approved in the three years preceding the date of the immediate report:

On February 26, 2020, the Bank's Board of Directors approved a share buyback plan for the purchase of Bank shares at a total amount that will not exceed NIS 700 million.

In view of the Covid-19 crisis and Temporary Order No. 250 of March 31, 2020, on April 16, 2020 the Bank's Board of Directors decided to discontinue the execution of its buyback plan after the execution of phase A, as part of which shares at the total amount of NIS 250 million were purchased.

The buyback plan is for the purchase of shares or securities convertible into shares: *Yes*

1. The corporation's earnings as defined in Section 302 to the Companies Law: *37,712*

Is the purchase under the buyback plan expected to materially impact the shareholders' holding rates and voting rights: *No*

Details: _____

Details of signatories authorized to sign on behalf of the corporation:

Name of signatory	Title	other
Hagit Argov	Head of Finance and Accounting Division	

In accordance with Regulation 5 of the Securities Regulations (Periodic and Immediate Reports), 1970, a report filed pursuant to these regulations shall be signed by the corporation's authorized signatories. For a staff position of this matter, see the Authority's website: [click here](#).

The corporation's earnings as noted above are denominated in millions of NIS (i.e., NIS 37,712,000,000).

Pursuant to Proper Conduct of Banking Business Directive No. 332, the share buyback plan is subject to approval by the Banking Supervision Department. On May 17, 2023, the Bank received the approval of the Bank of Israel for the execution of the buyback plan, subject to compliance with the restrictions and capital requirements, including the condition whereby the plan shall be discontinued immediately if during the term of the plan it transpires that as per the latest published financial statements the Bank fails to meet a Tier 1 equity ratio of at least 10.9%.

The Bank shall report share buybacks executed pursuant to the plan as required by law.

Manner of executing the buyback plan – continued:

The buyback plan will be executed in three separate stages, each of which shall be irrevocable, in accordance with the Safe Harbor mechanism (hereinafter: "Stage A", "Stage B" and "Stage C"). The execution of Stage A will commence on May 24, 2023 and will end at the earlier of: (a) August 2, 2023; or (b) The completion of the purchase of Bank's shares at the total amount of NIS 300 million. After the completion of Stage A, should the Bank decide to execute Stage B, the Bank will give the TASE Member an irrevocable instruction to commence with the execution of Stage B on the second trading day following the publication of the first financial statements after the date of the decision to execute Stage B. In such a case, Stage B shall end at the earlier of (a) November 2, 2023; or (b) The completion of the purchase of Bank's shares at the total amount of NIS 300 million. After the completion of Stage B, should the Bank decide to execute Stage C, the Bank will give the TASE Member an irrevocable instruction to commence with the execution of Stage C on the second trading day following the publication of the first financial statements after the date of the decision to execute Stage C. In such a case, Stage C will end at the earlier of: (a) May 15, 2024; or (b) Purchase of the Bank's shares in the amount of NIS 800 million, net of the total amount in shares purchased as part of Stage A and Stage B. If, following the completion of Stage A or Stage B, a decision will be made not to execute Stage B or Stage C, as the case may be, the Bank will publish an immediate report to that effect.

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

The securities of the corporation are listed for trading on the Tel Aviv Stock Exchange

Ticker: Leumi

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company's website: www.leumi.co.il

Previous names of the reporting entity:

*Name of Electronic Reporter: David Raoul Sackstein, Position: Advocate, General Secretary
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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/>