

Bank Leumi Le-Israel B.M.

To: The Tel Aviv Stock Exchange www.maya.tase.co.il To: Israel Securities Authority www.magna.isa.gov.il
Re: Possible Issuance of Covered Bonds to Institutional Investors outside Israel

1.

Bank Leumi Le-Israel B.M. (the "Bank") is honored to announce that it is considering the possibility of executing an initial issuance of covered bonds ("Covered Bonds") to institutional investors outside Israel pursuant to Section 15A(b)(2) of the Securities Law, 1968 (the "Issuance").

2.

Covered bonds are bonds issued by the Bank, which are secured against a designated pool of housing loans (mortgages), which, if the issuance is executed, will be transferred to a special purpose subsidiary (the Guarantor Company). According to the terms of the covered bonds, the Guarantor Company will guarantee the Bank's obligations to the holders of the covered bonds.

3.

The covered bonds, if issued, are expected to be listed on TASE UP (the institutional system) of the Tel Aviv Stock Exchange Ltd. (the "TASE"), subject to receiving approval from the TASE.

4.

The issuance, if executed, will be arranged by Barclays Bank PLC as arranger and distributor, alongside Goldman Sachs International, J.P. Morgan Securities plc, and UBS AG as distributors.

5.

It is hereby clarified that as of the date of this immediate report, no date for the issuance has been set, and there is no certainty regarding the execution of the issuance, its scope or terms. The execution of the issuance, if and to the extent executed, is subject, inter alia, to the Bank's discretion, suitable market conditions, receipt of all necessary legal approvals, and other factors.

6.

Nothing in this report shall constitute any obligation of the Bank to execute the issuance, nor shall it constitute an offer to the public or an invitation to purchase securities of the Bank in Israel or abroad.

7.

It is clarified that, in the framework of the issuance, the covered bonds will not be offered, sold, or initially delivered in Israel, or to Israeli individuals or entities.

Yours sincerely,

Bank Leumi Le-Israel B.M.

By: Mr. A. Ziv,

Deputy CEO, Head of Capital Markets Division

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Warnings Pursuant to Securities Laws Outside Israel

.1

This report is not being published and copies thereof are not being distributed in the US, UK, EU, Canada, Australia, Japan, or any other jurisdiction where such distribution is unlawful. In addition, this report is not meant for distribution to U.S. Persons.

.2

Nothing in this report shall constitute an offer to the public or invitation to purchase securities of the Bank in Israel or abroad.

.3

It is clarified that the Covered Bonds shall not be offered, sold, delivered or listed in any jurisdiction outside of Israel – except as set forth in sections 4 to 7 below.

.4

The Covered Bonds have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) or any securities laws of any state of the United States and the securities may not be offered or sold, directly or indirectly, within the United States or to, or for the account or the benefit of, U.S. persons as defined in Regulation S under the Securities Act except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws of any state of the United States and any other jurisdiction.

.5

The Covered Bonds shall not be offered to the public in the UK. No prospectus has or will be approved in the UK, for the purposes of Section 21 of the Financial Services and Markets Act 2000 (the FSMA) by an authorised person under FSMA, with respect to the Covered Bonds.

The Covered Bonds shall not be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (1) (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law in the UK by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law in the UK by virtue of the EUWA. Consequently, no key information document required by the UK by virtue of the EUWA.

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Regulation (EU) No 1286/2014 as it forms part of domestic law in the UK by virtue of the or Covered Bonds the selling or offering for **UK PRIIPs Regulation** (the EUWA) otherwise making them available to retail investors in the UK has been prepared and therefore otherwise making them available or selling or offering the Covered Bonds to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

The Covered Bonds shall be offered and distributed only to the following entities:

(i) Persons who are outside the UK or (ii) inside the UK, "Qualified Investors" (as such term is defined in Article 2(e) of Regulation (EU) 2017/1129, as it forms part of domestic law in the UK by virtue of the European Union (Withdrawal) Act 2018, who are: (1) persons having professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); (2) high net worth entities falling within Article 49(2)(a) to (d) of the Order; or (3) persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any Covered Bonds may all such persons (to whom it may otherwise be lawfully communicated or caused to be communicated) are collectively referred to as "Relevant Persons".

Any person not included among the Relevant Persons shall not act or rely upon this report. Any investment or investment activity to which this report relates shall only be available to Relevant Persons.

Any person who is not a Relevant Person shall not act or rely upon this report or its contents.

The Covered Bonds shall not be offered, sold, or otherwise made available to any retail investor in the European Economic Area ("EEA") or in the UK.

For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II") or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Covered Bonds and making them available to retail investors in the EEA has been prepared.

Therefore, offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

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retail investor in the EEA may be unlawful under the PRIIPs Regulation.

With respect to the Covered Bonds, stabilization actions are possible. It is noted that FCA/ICMA.

In the EEA and UK, only eligible counterparties and professional clients (as such terms are defined in the relevant legislation) may participate in the Issue (through all distribution channels).

It is clarified that any rating report to be published in connection with the Covered Bonds (if any) shall not constitute a recommendation to purchase, sell or hold securities and may be subject to updates, suspension or repeal at any time by the rating company.

It is emphasized that similar rating reports, prepared for different issuers and different securities, do not necessarily have the same meaning, and therefore each rating report must be examined independent of any other rating report.
