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Gov't exit from Leumi underway

UBS bought 5% of Bank Leumi shares, which it will distribute to investors.

Yael Gruntman — 19 Jan 11 10:41

Sources inform "Globes" that UBS AG (NYSE; SWX: UBS) bought 5% of [Bank Leumi](#) (TASE: [LUMI](#)) from the government for NIS 1.3 billion. UBS will resell the shares to mostly foreign investors in off-floor transactions.

UBS paid NIS 16.95 per share, a 0.9% discount on Bank Leumi's closing price yesterday. Bank Leumi's share price fell 0.4% in early trading today to NIS 17.70, giving a market cap of NIS 26.18 billion.

UBS won the Ministry of Finance tender, beating eight other foreign banks.

A capital market source told "Globes" today, "In contrast to the privatization tenders for [Israel Discount Bank](#) (TASE: [DSCT](#)), in the case of Bank Leumi, the competition for the bloc that was distributed was fierce and aggressive. The banks were prepared to buy the shares at even higher prices, risking losses."

A source added that UBS aims to resell the bloc of shares by noon today, and plans to sell 90% of the shares to foreign investors.

Following the completion of the sale of MI Holdings' (State of Israel Holdings) stake in Discount Bank, the government offered a bloc of 3.5-5% of Bank Leumi out of MI Holdings' 11.46% stake in the bank.

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