

## **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  
POB 2 Tel Aviv 61000  
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4 March 2013  
Reference: 2013-01-052737

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

### **Immediate Report regarding an Event or Matter falling outside the Ordinary Course of Business of the Corporation**

Pursuant to Regulation 36(a) of the Securities (Periodic and Immediate Reports)  
Regulations, 1970

Nature of the Event: Reduction in profit for the fourth quarter of 2012

According to preliminary estimates and assessments concerning the financial results of the Leumi Group for the fourth quarter of 2012, the Bank estimates that this quarter will end in a loss of approximately NIS 100 million. Accordingly, it is estimated that the year 2012 will end with a net profit for the Group of approximately NIS 1,090 million. These figures do not include the financial results of 'Israel Corporation Ltd', which are not known to the Bank at this stage and are yet to be published.

In continuance to the disclosure given by the Bank in the financial reports of previous months, and following further examinations conducted by the Bank's initiation, the Bank decided to make a provision of approximately NIS 340 million in the fourth quarter of 2012. The provision was made to cover the expense that might be caused to the Group due to the investigations that are being conducted by the US authorities with regard to customers who are US tax payers. It is emphasized that the investigations are related to the years 2002 – 2010. This provision also includes expenses for advisors and other external service providers which the Bank hired with respect to the investigations.

In light of the fact that there is no certainty regarding the level of expense that might be caused to the Group in the context of the investigations, it is entirely possible that the related expense will be significantly higher. It should be noted that the provision does not constitute an acknowledgement to any claim that might be raised against the Group by the US authorities.

The loss in the fourth quarter is mainly due to this provision, and from an additional provision which was made due to the on-going efficiency plan in the Bank.

The Bank's estimate regarding the possible loss in the fourth quarter of 2012 constitutes forward-looking information and is based on preliminary data and assessments which are not final. In light of this fact, the financial results of the Leumi Group might be different than the estimations mentioned in this report.

The report was signed on behalf of the corporation, in accordance with Regulation 5 of the Securities (Periodic and Immediate Reports), 1970, by Menachem Schwartz, Chief Accounting Officer and Head of Accounting Division.

Date and time at which the corporation first became aware of the matter being the subject of the report: Date: 3 March 2013 Time: 19:00.

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The English translation is prepared for convenience purposes only.  
In the case of any discrepancy between the English and Hebrew versions, the Hebrew will prevail.***