

T121
Public

Translation of Immediate Report

Bank Leumi le-Israel B.M.

Registration No. 520018078

Securities of the Corporation are listed on The Tel Aviv Stock Exchange

Abbreviated Name: Leumi

Leumi House, 34 Yehuda Halevi Street, Tel Aviv 65546

Phone: + 972 3 5148111, + 972 3 5149419; Facsimile: + 972 3 5149732

Electronic Mail: Yaelru@bll.co.il

12 April 2010
2010-01-446913

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

Immediate Report

Nature of Event: Letter from the Shares Committee

Attached hereto is a letter from the Bank's Shares Committee, which was received today.

Date and time at which the corporation first became aware of the matter being the subject of the report: 12 April 2010 Time: 16:00.

Name of Electronic Reporter: Yael Rudnicki, Position: Group Secretary
POB 2 Tel Aviv 61000, Phone: + 972 3 5149419, Facsimile: + 972 3 5149732, Electronic Mail:
Yaelru@bll.co.il

The Bank Leumi Shares Committee

12 April 2010

To

Ms. Yael (Ben-Moshe) Rudnicki
Company Secretary
Bank Leumi le-Israel B.M.

Dear Adv. Yael Rudnicki,

Re: Election of Directors

The following is a summary from the meeting of the Bank Leumi Shares Committee, held today, 12 April 2010, regarding the election of directors to replace the five directors who are concluding their terms of office in the middle of 2010, including the Chairman of the Board of Directors:

Introduction

The Committee, during the previous selection process which took place at the end of January of this year, chose to extend the terms of office of four serving directors for an additional term. The Committee also resolved to elect Mrs. Galia Maor, who serves as the President and CEO of the Bank, to serve as a fifth director in the place of Mr. Eitan Raff, Chairman of the Board of Directors, who had announced that he is not offering himself for another term of office. The reasons for such have been specified in detail in the Committee's notice to Bank Leumi in its letter dated 31 March 2010.

Circumstances have changed since then due to the impact of events that occurred following the Committee's decision, and as a result of the intervention of the various regulatory bodies and by the Court. Also, Mrs. Galia Maor has withdrawn her candidacy. The Committee's resolutions were effectively revoked. It is important to note that the resolutions at the time were adopted as necessary in accordance with an urgent timetable that had been dictated by law in response to events (Mr. Shlomo Eliahu's request that a General Meeting be convened for the election of Mr. David Klein) and the resolutions were appropriate at that time.

The current situation, to the extent it relates to the appointment of directors of Bank Leumi, is different, and in light of developments since that time, the circumstances require – for the benefit of the Bank and of the public – a re-examination of the composition of the Board of Directors.

The Committee has therefore resolved to choose four new directors and to approve the continuance in office for another term of one serving director, Mr. Moshe Dovrat, who has completed a first term of office.

The Committee's Work and Guiding Principles

The Committee was presented with a list including some 70 candidates who had been approved by the Public Committee.

The Committee carefully examined all the candidates' questionnaires and CVs and drew up a short list of 25 candidates, who appeared to the Committee to be most suitable for the position of a director of the Bank, and the Committee decided to invite these candidates for interviews. In the end, the Committee interviewed 22 candidates after three did not appear before the Committee due to various technical reasons.

For the purpose of making the choice, the Committee established a list of criteria derived from the questionnaires filled out by the candidates, from the legal requirements and from the requirements of the position, and used these in order to make its decisions.

The Committee also referred to the fact that the Board of Directors must represent a broad range of opinions and knowledge in the area of its occupation. It is important that as many views and positions as possible are represented, primarily from the fields of economics, business administration, accounting, banking, law, and capital markets.

It is important to have the necessary combination of individuals with years of experience in the above-mentioned disciplines, or in some of them, and it is important that they have personal qualifications, education, and proven experience in these fields.

In considering its choices, the Committee gave weight to, *inter alia*, the existing composition of the Board of Directors and the need to choose individuals with knowledge and experience in the field that supplements what is already present on the Board of Directors. This is out of a desire to have all the possible disciplines in the field represented, in order to reach a proper mix in the composition of the Board of Directors.

The Committee also examined, in addition to the candidates' qualifications, education and experience, their suitability in terms of the personal composition of the Board of Directors. The Committee also considered the interview with each candidate, and took note of and considered information it received regarding the candidate's personality, ability to function and suitability.

The Committee is aware of the public responsibility it bears regarding the current election of directors, taking into consideration that it will be necessary to elect a new Chairman of the Board of Directors from among the Board's members, and taking into consideration the fact that the State has resolved to sell its remaining holdings in the Bank, possibly by the end of this year.

The Committee considered the good of the Bank and of the public, while paying attention to the need to protect the Bank's stability and to provide continuity of proper management for the Bank,

which in recent years has become the largest and leading bank in the country, in terms of its achievements and its business results.

Resolutions:

Taking all of the above into consideration as well as the candidates' compliance with the established criteria and the guiding principles that directed the Committee, the Committee resolved to choose the following individuals to serve on Bank Leumi Board of Directors:

Mr. David Brodet: An economist by training and profession, who in the past served as the General Director of the Ministry of Finance and as the director of the Ministry's Budgets Department, and served in additional senior positions in the Civil Service. He served as the Chairman of the Board of Directors of Bank Mizrahi and as chairman of the managing boards of key entities within the economy. He has substantial management, business and financial experience, and served in many management positions in public entities and has chaired several public and governmental committees. He lectures in institutions of higher education on economics, business administration and governance.

Dr. Ehud Shapira: A banker, a graduate in economics and business administration, concentrating in finance and operations research. He has substantial banking experience at all levels, in a variety of positions. He worked at Bank Leumi for 36 years and when retired, he held the position of Senior Deputy Chief Executive Officer and Acting CEO in the absence of the CEO. He went on to serve as the Chairman of the Board of Directors of Phoenix Holdings Ltd. He held positions abroad in the framework of work at the Bank. He served as chairman of the boards of directors of the Bank subsidiaries. He lectures in institutions of higher education on economics and business administration.

Mr. Yehuda Drori: A graduate in economics and business administration, concentrating in finance. In the past, he served as deputy CEO of the Government Companies Authority, Deputy to the Accountant General at the Ministry of Finance, and Director of the Capital Markets, Savings and Insurance Division. He served as a director Bank Mizrahi and of Bank Tefahot. He served on the boards of directors of the provident funds of Israel Discount Bank, Leumi Gemel, and Poalim Capital Markets, and as a member of the board of directors of many public companies.

Mr. Yoav Nardi: A banker, a graduate in economics and business administration, concentrating in finance. He has thirty seven years of banking experience. He served as deputy to the CEO and Director of the Risk Management Division at the Bank of Jerusalem Ltd. He was the Chief Economist of the First International Bank of Israel, and held a variety of positions in the Banks Supervision Department. He also served as a member of the boards of directors of various subsidiaries of Bank of Jerusalem. He served as an economist in Washington, D.C., in the entity supervising federally licensed banks. He has significant banking experience, and experience in capital market activity.

Mr. Moshe Dovrat: A currently serving director who has completed a first term of office.

The Committee considered the good of the Bank and of the public. The Committee sees fit to note that most of the candidates had the required qualifications and experience, and the decision was a difficult one. After considering and applying all the conditions and requirements, and the candidates' compliance with the set criteria, the Committee decided to choose the individuals listed above as being the most suitable for the Bank Leumi Board of Directors, in terms of their education, qualifications, experience, personalities and expected contribution to the work of the Board of Directors.

The election is subject to the approval of the shareholders general meeting and the fit and proper examination of the Bank of Israel.

The Committee wishes to note that it is not indicating or choosing a chairman to the Bank's Board of Directors. It is the Board of Directors that has the power to choose its chairman out of all of its members. This choice, pursuant to the Banking Shares in the Arrangement Law, requires the approval of the Shares Committee, after it consults with the Supervisor of Banks and the Minister of Finance.

Very respectfully,

 /s/

Margalit Nof, Advocate
Chairman of the Committee

cc:

1. The Honorable Judge (emeritus) Ms. S. Wallenstein, Chairman of the Public Committee for Shares of Banks in the Arrangement
2. Mr. Roni Hizkiyahu, Supervisor of Banks
3. Mr. Shuki Oren, Accountant General – Chairman of MI Holdings, Ltd.
4. Advocate Michal Shishanski, MI Holdings, Ltd.