

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

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14 September 2011

Reference: 2011-01-273765

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

Immediate Report

Nature of Event: Amendment of Letter of Indemnification

See the attached Annex.

Date and time at which the corporation first became aware of the matter being the subject of the report: 13 September 2011 Time: 15:30.

Name of Electronic Reporter: Yael Rudnicki, Position: Group Secretary
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Bank Leumi le-Israel B.M. ("the Bank") hereby announces that:

1. On 6 September 2011, the Board of Directors' Audit Committee, and thereafter on 13 September 2011, the Board of Directors, resolved as follows:

- 1.1 To recommend to the Bank's General Meeting to amend the Bank's Articles of Association in order to enable the Bank to indemnify and/or insure the Bank's Officers in accordance with the provisions of the Increased Efficiency of the Israel Securities Authority Enforcement Procedures (Legislative Amendments) Law - 2011 (the "Increased Efficiency of Enforcement Procedures Law").

- 1.2 Regarding the indemnification of the Bank's Directors:

- 1.2.1 Subject to the approval by the Bank's General Meeting of the amendment of the Articles of Association as described in section 1.1 above, to approve and to recommend to the Bank's General Meeting the amendment of the letter of indemnification given to the Directors, such that the commitment given in advance to indemnify will also be given with respect to expenses and/or with respect to payment to a party injured by a violation, pursuant to and subject to the provisions of the Increased Efficiency of Enforcement Procedures Law.

- 1.2.2 Additionally – to approve and recommend to the Bank's General Meeting the updating the text of the letter of indemnification of Directors, including pursuant to Amendment No. 14 of the Companies Law -1999, and including updating the annex detailing the events that, in the opinion of the Audit Committee and of the Board of Directors, can be expected in light of the Bank's actual activity, given the changes and developments in the nature and scope of the legal risks faced by the Bank and the Group.

The text of the letter of indemnification, amended as described above, will be published in the context of the convening of the General Meeting, as described in section 1.4 below.

- 1.3 Regarding the indemnification of Officers who are not Bank Directors, and of holders of personal management contracts who are not Officers of the Bank:

- 1.3.1 Subject to the approval by the Bank's General Meeting of the amendment of the Articles of Association as described in section 1.1 above, to approve the amendment of the letter of indemnification given to the above-mentioned employees such that the commitment given in advance to indemnify will also be given with respect to expenses and/or with respect to payment to a party injured by a

violation, pursuant to and subject to the provisions of the Increased Efficiency of Enforcement Procedures Law.

- 1.3.2 To approve the updating of the text of the letter of indemnification of the President and Chief Executive Officer of the Bank, including pursuant to Amendment No. 14 of the Companies Law -1999, and including updating the annex detailing the events that, in the opinion of the Audit Committee and of the Board of Directors, can be expected in light of the Bank's actual activity, given the changes and developments in the nature and scope of the legal risks faced by the Bank and the Group.

The text of the letter of indemnification of the other Officers who are not Bank Directors, and of holders of personal management contracts who are not Officers, was amended in the same manner as the letter of indemnification of the President and Chief Executive Officer, pursuant to the resolution of the Board of Directors' Audit Committee, and thereafter by the resolution of the Bank's Board of Directors, approved on 6 September 2011.

- 1.4 To convene a Special Meeting of the Bank's shareholders, the agenda of which will include be the amendment of the Bank's Articles of Association, as described in section 1.1 above, and the amendment of the letter of indemnification of the Directors as described in section 1.2 above, and to empower the Chairman of the Board of Directors to determine the date for convening the above-mentioned Special Meeting. The Bank will publish appropriate reports regarding this matter, pursuant to the Securities Regulations (Periodic and Immediate Reports) – 1970.
2. The undertaking to indemnify, in advance, with respect to expenses and/or with respect to payment to a party injured by a violation, pursuant to and subject to the Increased Efficiency of Enforcement Procedures Law and in accordance with the standard terms of the letters of indemnification given by the Bank, was given, simultaneously, to all other employees of the Bank.