

Translation of Immediate Report to Israel Securities Authority

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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22 August 2013

Reference: 2013-01-123378

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

Immediate Report

Nature of Event: Clarification – Compensation Policy

Pursuant to the Immediate Report dated August 7, 2013 (Reference No. 2013-01-112284) concerning the convening of a special General Meeting of the Bank on September 12, 2013, on the agenda of which is, *inter alia*, the approval of a compensation policy for corporate officers of the Bank (Annex A to the Invitation to the Meeting – “Compensation Policy”) and the Bonus Program (Annex B to the Invitation to the Meeting – “Bonus Program”), pursuant to the private offering report dated August 14, 2013 (Reference No. 2013-01-117687) and following questions asked of the Compensation Committee and of the Board of Directors, the Compensation Committee and the Board of Directors, hereby clarifies the following:

A threshold requirement for each of the years of the bonus program, and for the granting of the performance dependent annual bonus and special personal bonus is that the return on equity, pursuant to the Leumi Group’s annual financial statements (non-standardized return) (the “return on equity”) is 7.5% or higher.

This threshold requirement is derived from the fact that one of the conditions precedent for receipt of the above-mentioned bonus (as stated in the Compensation Policy and the Bonus Program” is that the Bank employees who are entitled pursuant to the collective

agreement to a bonus for that bonus year are entitled to the bonus if the return on equity is 7.5% or higher.

Date and time at which the corporation first became aware of the matter being the subject of the report: Date: 21 August 2013 Time: 19:00.

The report was signed on behalf of the corporation, in accordance with regulation 5 of the Securities (Periodic and Immediate Reports), 1970, by the Board of Directors of the Bank.

Reference numbers of previous documents in this regard (does not constitute incorporation by reference): **2013-01-112284 2013-01-117687**.

Note: English translations of Immediate Reports of Bank Leumi are for convenience purposes only. In the case of any discrepancy between the English translation and the Hebrew original, the Hebrew will prevail.

The original Hebrew version is available on the distribution website of the Israel Securities Authority: <http://www.magna.isa.gov.il/>

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