

**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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March 24, 2010  
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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))**

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Nature of Event: Subordinated Capital Notes

According to Section 4.7 of the Shelf Offering Report of Bank Leumi le-Israel B.M. (“the Bank”), dated 2 February 2010, the Bank is pleased to announce that in accordance with the approval from the Supervisor of Banks (“the Supervisor”) which the Bank received on 23 March 2010, the subordinated capital notes (series 200 and 201) that the Bank issued in February 2010 pursuant to the said Shelf Offering Report, in a total amount of some NIS 2.3 billion, will be considered to be complex capital instruments, and will be recognized as a part of the Bank’s Tier 2 capital, as defined in Annex A of Proper Banking Management Directive no. 311 regarding “The Minimal Capital Ratio” and as defined in Annex 1A of the “Work Framework for Capital Adequacy and Measurement.”

The said approval was conditioned as follows:

1. The possibility of an early redemption of the subordinated capital notes, for any reason whatsoever, will be subject to the Supervisor’s prior written approval, provided that the instrument is replaced with other capital of identical or preferred quality, unless the Supervisor establishes that the Bank’s capital adequacy is appropriate in relation to its risks.

2. Any modification of the subordinated capital notes will be subject to the Supervisor's prior written approval.
3. The subordinated capital notes are not and will not be pledged to the Bank or to its subsidiaries.
4. The subordinated capital notes are not secured by any guaranties whatsoever.

Date and time at which the corporation first became aware of the matter being the subject of the report: 23 March 2010 Time: 11:00.

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