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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

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27 March 2011

Reference: 2011-01-092760

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

Immediate Report

Nature of Event: Agreement

See Annex attached hereto.

Date and time at which the corporation first became aware of the matter being the subject of the report: 24 March 2011 Time: 19:00.

Name of Electronic Reporter: Yael Rudnicki, Position: Group Secretary
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Yaelru@bll.co.il

27 March 2011

Bank Leumi Le-Israel B.M.

(the “Bank”)

Israel Securities Authority
www.isa.gov.il

Tel Aviv Stock Exchange Ltd.
www.tase.co.il

Re: **Immediate Report**

The Bank is pleased to announce that on 24 March 2011 a settlement agreement (the “**Agreement**”) was signed with the Company for Location and Restitution of Holocaust Victims’ Assets Ltd. (“the **Assets Location Company**”). The Agreement was given the effect of an arbitration ruling pursuant to which, although the Bank does not admit to any of the Assets Location Company’s claims or any of its allegations, and without derogating from the Bank’s allegations vis-à-vis the Assets Location Company, the Bank – by taking a step which is beyond the requirements of the law, and doing so out of a desire to enable assistance for Holocaust victims who are still alive – will pay NIS 105 million to the Assets Location Company (in addition to the NIS 20 million that the Bank transferred to the Assets Location Company in 2007). This payment is (a) a final and absolute discharge of all the Assets Location Company’s claims of all types and categories whatsoever against the Bank, the Bank Leumi Le-Israel Trust Company Ltd., Leumi Mortgage Bank Ltd, or any subsidiary or affiliated company of any of these – including against the shareholders, directors, corporate officers, employees and advisers of any of these, and (b) is subject to the indemnification arrangements and additional arrangements set out in the Agreement (“the Payment”). The Agreement provides that the amounts of the Payment are intended (a) for the entitled heirs of Holocaust victims and (b) for assistance to Holocaust survivors.

Very respectfully,

Bank Leumi Le-Israel B.M.