



29 October 2014

The Tel Aviv Stock Exchange  
2 Ahuzat Bayit Street  
Tel Aviv 6525216

Israel Securities Authority  
22 Kanfei Nesharim Street  
Jerusalem 95464

Dear Madam/Sir,

Re: Discussions with the US Authorities

With regard to the publications in the press relating to the discussion with the US authorities, Bank Leumi le-Israel B.M. (the "Bank") reports as follows:

In Note 6(E)(2) to the Quarterly Financial Statements as at 30 June 2014, which Bank Leumi le-Israel B.M. (the "Bank") published on 21 August 2014 (Ref: 2014-01-138822), a report was made regarding the investigations being carried out by the US authorities: The DOJ (United States Department of Justice), the US Securities and Exchange Commission (the "SEC") and the New York Department of Financial Services (the "DFS"), regarding activities of US customers of the Bank's Group, and regarding an update of the provision made in respect of the DOJ's investigation, aimed at finalizing the investigation.

The Bank updates that, further to meetings held in the past, preliminary discussions are currently being held with the DFS regarding a possible settlement. It is not currently possible to evaluate whether these discussions will lead to an agreement.

As detailed in the Financial Statements, it is not possible at this stage to estimate the amount of the expense expected for the Group, and the possibility exists that the final amount of the expense in respect of finalizing the investigations of all the said US authorities will be significantly higher than the amount provisioned in the Financial Statements.

Yours faithfully,

Bank Leumi le-Israel B.M.

By:

Prof. Daniel Tsiddon, Deputy CEO

Hanan Friedman, Chief Legal Advisor