

Translation of Immediate Report

T053
Public

Bank Leumi le-Israel B.M.

Registration No. 520018078

Securities of the Corporation are listed on The Tel Aviv Stock Exchange

Abbreviated Name: Leumi

POB 2 Tel Aviv 61000

Phone: + 972 3 5148111, + 972 3 5149419; Facsimile: + 972 3 5149732

Electronic Mail: yaelru@bll.co.il

8 June 2014

Reference: 2013-01-084771

To: Israel Securities Authority (www.isa.gov.il)

The Tel Aviv Stock Exchange (www.tase.co.il)

Immediate Report regarding an Event or Matter falling outside the Ordinary Course of Business of the Corporation

Pursuant to Regulation 36(a) of the Securities (Periodic and Immediate Reports)
Regulations, 1970

Nature of the Event: US customers

Further to Bank Leumi le-Israel B.M's financial statements as of March 31, 2014, in which it was reported that intensive discussions are underway between the Leumi Group and its representatives (the "**Bank**") and the U.S. authorities, regarding issues related to the US customers matter, the Bank hereby updates that it is working towards formalizing a resolution with the US Department of Justice ("**DOJ**") according to the outline and resolution amount offered to it by the DOJ. In view of an updated evaluation regarding the expected final resolution amount with the DOJ, the Bank is expected to raise its reserve relating to this issue by approximately NIS 460 million, such that the total reserve balance in this regard will be approximately NIS 950 million (including expenses)

This reserve will be included in the financial statements of the Bank for the second quarter of 2014, which will materially affect the results of the Bank in this quarter.

In order to settle all the issues related to the US customers matter, the Bank continues to hold discussions with additional relevant US authorities.

The report was signed on behalf of the corporation, in accordance with regulation 5 of the Securities (Periodic and Immediate Reports), 1970, by Professor Danny Tsiddon, Deputy Chief Executive Officer, Head of the Capital Markets, Private Banking and Strategy Division.

Date and time at which the corporation first became aware of the matter being the subject of the report: Date: 7 June 2014 Time: 23:30.

Name of Electronic Reporter: Yael Rudnicki, Position: Group Secretary
#POB 2 Tel Aviv 61000, Phone: + 972 3 5149419, Facsimile: + 972 3 5149732,
Electronic Mail: Yaelru@bll.co.il

***Bank Leumi's Immediate Reports are published in Hebrew on the Website of the Israel Securities Authority and the Tel Aviv Stock Exchange.
The English translation is prepared for convenience purposes only.
In the case of any discrepancy between the English and Hebrew versions, the Hebrew will prevail.***