

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
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Electronic Mail: Yaelru@bll.co.il

29 August 2012
Reference: 2012-01-222393

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

Immediate Report

Nature of the Event: An Interested Person's notice

Bank Leumi le-Israel ("the Bank") hereby announces that on 28 August 2012 the Bank received a notice from Shlomo Eliahu Holdings Ltd. and Eliahu Insurance Company Ltd. (referred to together as "Eliahu"), to the effect that Eliahu had on that day signed a letter of instructions directed to Mr. Uri Goren, District Court President (Emeritus), a copy of which is attached hereto.

See attached Annex.

Date and time at which the corporation first became aware of the matter being the subject of the report: 28 August 2012 Time: 17:00.

The report was signed on behalf of the corporation, in accordance with regulation 5 of the Securities (Periodic and Immediate Reports), 1970, by Attorney Yael (Ben Moshe) Rudnicki, Secretary of the Bank

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

Date: 28 August 2012

To:

Mr. Uri Goren, District Court President (Emeritus) (the “Trustee”)

Re: **Shlomo Eliahu Holdings Ltd. and Eliahu Insurance Co. Ltd. – Bank Leumi le-Israel Ltd. shares**

Given that we the undersigned, Shlomo Eliahu Holdings Ltd. (“**Eliahu Holdings**”), Private Company Number 51-046480-3, are the owners of 99,224,284 ordinary shares of NIS 1 nominal value each of the issued and paid-up share capital of Bank Leumi le-Israel Ltd., Public Company 52-0018017-8 (“**Bank Leumi**”), and that we the undersigned, Eliahu Insurance Company Ltd. (“**Eliahu Insurance**”), Public Company 52-002985-1, are the owners of 42,155,716 ordinary shares of NIS 1 nominal value each of the issued and paid up capital of Bank Leumi (together: “**the Eliahu Group’s Bank Leumi Shares**”);

And given that Mr. Shlomo Eliahu, who controls Eliahu Holdings and Eliahu Insurance, has entered into a contract through which he will, subject to the receipt of various regulatory approvals, purchase (himself and/or through companies under his control), the control of Migdal Insurance and Financial Holdings Ltd. (Public Company 52-002998-4), which, in turn, controls Migdal Insurance Company Ltd., Public Company 52-000489-6, which is an “insurer corporation” (the “**Migdal Transaction**”), which hold, direct and indirect holdings, through corporations they control, in Bank Leumi shares.

And in order to carry out the Migdal Transaction, the following instructions have been established:

1. We, the undersigned, Eliahu Holdings and Eliahu Insurance: (a) hereby appoint you as a trustee, and (b) irrevocably grant to you, in your status as a trustee, all the voting rights granted to us pursuant to and in accordance with the Eliahu Group’s Bank Leumi Shares, for so long as we still own all or part of them, provided that you make no use whatsoever of the voting rights that these shares confer at the general meetings of Bank Leumi, including regarding the proposal of candidates to serve as members of the Board of Directors of Bank Leumi, unless the Bank of Israel’s Supervisor of Banks (the “**Supervisor**”) instructs you otherwise in writing.
2. Nothing in Section 1 will detract from our rights to sell and/or pledge to an unrelated third party all or some of the Eliahu Group’s Bank Leumi Shares, provided that if such shares are pledged, the restriction described in section 1 will also apply to the holder of the pledge.
3. The provisions of this letter of undertaking will enter into effect when the two following conditions are met, cumulatively: (a) the Supervisor has not demanded the cancellation of this letter of undertaking and (b) the Migdal Transaction takes place.
4. We will compensate you for any claim or demand addressed to you (if any such is addressed to you) with respect to and consequent to your acts or omissions and/or actions pursuant to and in accordance with the provisions of this letter of undertaking, within ten (10) days from the date on which your first demand for such is received, provided that the defense against the claim or demand is made in your name by an attorney whom we choose and whose fees and expenses we will pay.
5. We hereby release you from any responsibility for any act or omission which you have committed in good faith in the course of and due to your actions as the trustee pursuant to and in accordance with the provisions of this letter of undertaking.
6. We will pay for (a) your reasonable expenses incurred in the framework of fulfilling your function as a trustee pursuant to and in accordance with the provisions of this letter of undertaking, and (b) for your fee, in installments as shall be determined as mutually agreed,

and in the absence of such agreement, in installments as shall be determined by Ram Caspi, Attorney, who will act as an expert and not as an arbitrator, and his determination will bind us and you, without there being any right to appeal or make reservations.

And in witness thereof we have signed, in TelAviv, on 28 August 2012

Shlomo Eliahu Holdings Ltd. - /s/ -
Shlomo Eliahu Holdings Ltd.

Eliahu Insurance Company Ltd. -/s/-
Eliahu Insurance Company Ltd.

Confirmation and Declaration of the Trustee

I the undersigned, Uri Goren, District Court President (Emeritus), (the Trustee), undertake to act as a trustee pursuant to and in accordance with the provisions of this letter of undertaking.

And in witness thereof I have signed, on 28 August 2012

-/s/-

The Trustee