

Translation of Immediate Report to Israel Securities Authority

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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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

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

Nature of the Event: Cooperation Agreement

1. Bank Leumi Le-Israel Ltd. (hereinafter: "the Bank") hereby announces that the Bank's Board of Directors yesterday approved a strategic cooperation arrangement between the Bank and Julius Baer & Co. Ltd. (hereinafter: "JB").

In the context of this cooperation, the Board of Directors approved entering into a transaction with JB, in which Leumi Private Bank SA (a Swiss subsidiary controlled by the Bank) ("LPB") will sell its assets, as those assets are defined in the agreement, to JB in exchange for 10 million Swiss Francs (above equity) - subject to adjustments and subject to the receipt of the relevant regulatory approvals, as required pursuant to the relevant laws. At the same time that the transaction is completed, and according to the processes required by law and in coordination with the relevant authorities, LPB will act to close down its banking activity and to distribute its equity as a dividend to the Bank.

At the same time, the parties agreed regarding their intention to enter into a transaction, in a form to be agreed upon by the parties, for the sale of Bank Leumi (Luxembourg) S.A. (a Luxembourg subsidiary controlled by the Bank – BLUX) to JB, in exchange for the equity of BLUX.

The agreement between LPB and JB includes commitments to various indemnifications. For a period of two years (subject to various exclusions), the amount of the indemnification is limited to an amount derived from the equity of the Bank's branches in Switzerland and Luxembourg, as of 31 March 2014 (300 million Swiss Francs). The commitment to indemnify is backed by the Bank's guarantee, in the event that LPB is unable to comply with its commitments to indemnify.

The transaction is subject to the approval of the General Meeting of LPB.

In addition, the Board of Directors approved a cooperation agreement between the Bank and JB, for a period of five years.

The said arrangement reflects the Bank's operations strategy and the Bank Group's risk appetite.

At this stage, the Bank estimates that this transaction should not have any substantial influence on the Group's results.

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2. Date and time at which the corporation first became aware of the matter being the subject of the report: Date: 20 July 2014 Time: 20:00.

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

Note: English translations of Immediate Reports of Bank Leumi are for convenience purposes only. In the case of any discrepancy between the English translation and the Hebrew original, the Hebrew will prevail. The original Hebrew version is available on the distribution website of the Israel Securities Authority: <http://www.magna.isa.gov.il/>

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