

Translation of Immediate Report

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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

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

Complementary Report to a Report Filed on August 14 2019 with the Ref. No.: 2019-01-084262

Main details added or complemented:

Update of the dividend amount per share (NIS 0.2495236 per share in lieu of NIS 0.2491286 as previously reported), due to an increase in the amount of dormant shares in the corporation's issued share capital as part of the exercise of a buyback plan approved by the Bank's Board of Directors on May 26 2019. For more information, please see immediate report dated May 27 2019 (Ref. No. 2019-01-051052).

A comment was added regarding the adjustment of minimum prices of Subordinated Bonds (400-404).

IMMEDIATE REPORT ON DISTRIBUTION OF A CASH DIVIDEND IN CASH FOR SECURITIES

Regulation 37(a) to the Securities Regulations (Periodic and Immediate Reports) 5730 -1970

1. We hereby report that on *August 13 2019* it was resolved to pay a dividend for securities of the company.
2. The total dividend amount to be paid is: *NIS 369,246,815.6* _____.
3. The balance of the corporation's profits as defined in Section 302 to the Companies Law, 5759 -1999. Following the distribution subject matter of this report, a sum of *NIS 25,988,000,000* _____.
4. The dividend distribution approval process

The foregoing distribution was approved by the Board of Directors in a meeting held on August 13 2019.

Was the distribution sanctioned by the Court in accordance with Section 303 to the Companies Law *No*

5. The Record Date: August 28 2019
 The Ex-Dividend Date: August 28 2019
 The Payment Date: *September 8 2019*

6. The payment details:

- ☒ Dividend distributed by an Israeli resident company (for the composition of the dividends sources and tax rates see Section 7A)
☐ Dividend distributed by a Real Estate Investments Trust (for the composition of the dividends sources and tax rates see Section 7C)

Number of Eligible Securities	Securities Name	Dividend Amount for One Security	Dividend Amount Currency	Payment Currency	Representative Rate for Payment for Date	Individuals Tax %	Companies Tax %
604611	Leumi	0.2495236	NIS	NIS	_____	25	0

- ☐ Dividend distributed from non-resident company (for tax rates see Section 7B)

1	Number Of Securities	Securities Name	Gross Amount For One Security	Amount Currency	Tax Overseas %	Convention Tax %	Individuals Tax Balance to be deducted in Israel %	Companies tax balance to be deducted in Israel %
	_____	_____	_____	_____	_____	_____	_____	_____
			Payment Amount in Israel For One Security	Payment Currency	Representative Rate For Payment For Date		Actual Individuals Tax in Israel %	Actual Companies tax in Israel %
			_____	_____	_____	_____	_____	_____

State the exact dividend amount to be paid up to 7 digits after decimal point for payment in NIS and up to 5 digits after decimal point in the event of payment in other currency.

Is the dividend amount for one security final *Yes*

The dividend amount for one security is subject to changes due to _____

7. Deduction of tax at source rates detailed below are for the purpose of deducting tax at source by the Stock Exchange Members

7A. Composition of dividend sources distributed by an Israeli resident company from shares and financial instruments except REIT fund.

	Percentage Of Dividend	Individuals	Companies	Non-Residents
Revenues taxable under the Companies Law (1)	100	25%	0%	25%
Revenues originating overseas (2)	0	25%	23%	25%
Revenues of an approved / preferred enterprise (3)	0	15%	15%	15%
Revenues of a preferred enterprise in Ireland until 2013 (4)	0	15%	15%	4%
Revenues from a preferred enterprise in Ireland commencing from 2014 (5)	0	20%	20%	4%
Preferred Revenues	0	20%	0	20%
Revenues from approved tourism/agricultural enterprise (6)	0	20%	20%	20%
Revenues from approved/preferred enterprise which gave a waiver notice (7)	0	15%	0%	15%
Distribution classified as capital gain	0	25%	23%	0%
Distribution by RSUs	0	0	0	0
Other	0	0	0	0

Explanation:

- (1) Revenues taxable under the Companies Law – revenues from distribution of profits or dividend originating from revenues generated in Israel or received directly or indirectly from another person liable for corporate tax.
- (2) Revenues originating overseas are revenues which were generated overseas and not taxable in Israel.
- (3) Including but not limited to revenues from a tourism preferred enterprise and for which the designation/operation year was until 2013.
- (4) Preferred enterprise in Ireland in which the designation year was until 2013.
- (5) Preferred enterprise in Ireland in which the designation year was from 2014 onwards.
- (6) Including revenues from a tourism preferred enterprise whose designation/operation year was from 2014 onwards.
- (7) Approved or preferred enterprise which gave a waiver notice by June 30 2015, after deducting payable corporate tax.

7B. Dividend distributed by a non-resident company

	Individuals	Companies	Foreign Residents
Dividend distributed by a non-resident company	25%	23%	0%

7C. Dividend distributed by a REIT fund

	% of dividend	Individuals (1)	companies	Foreign Resident Companies	Exempted Trust Fund	Provident Fund (2)
From land betterment, capital gain and depreciation (3)	_____	25%	23%	23%	0%	0%
Other taxable income (such as: rent)	_____	47%	23%	23%	23%	0%
Income generating real estate for leased dwelling	_____	20%	20%	20%	0%	0%
Revenues taxed by the fund (4)	_____	25%	0%	25%	0%	0%
Exceptional revenue	_____	70%	70%	70%	60%	70%
Other	_____	_____	_____	_____	_____	_____
% deduction of tax at source, weighted	100%	_____	_____	_____	_____	_____

(1) Individuals – including revenue from taxable mutual fund, non-resident individuals.

(2) Pension or compensation provident fund as defined by the Income Tax Ordinance and provident fund or foreign pension fund which is a resident of country which is party to a tax treaty with Israel.

(3) From land betterment or from capital gain, to the exclusion of the sale of land held for a short period and from revenue in the amount of the depreciation expenses.

(4) Distribution from revenues charged by the Fund in accordance with Section 63A4 (e).

8. Number of dormant securities of the corporation not eligible for payment of dividend and for which a waiver letter must be furnished to receive payment of the dividend 44,720,302

9. The effect of distributing dividend for convertible securities:

- ☐ The company has no convertible securities
- ☒ The dividend distribution has no effect on convertible securities
- ☐ The effect of the distribution of dividend on the convertible securities is as follows:

Security Name	Security Number	Comments
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10. The directors' recommendations and decisions in connection with distributing dividend in accordance with Regulation 37(a)(1) to the Securities Regulations (Periodic and Immediate Reports), 1970:

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Comment on Sections 3, 6 and 8:

- Following a share buyback plan exercised during 2018 (please see immediate report dated November 22 2018, Ref. No. 2018-01-112947), and following an additional buyback plan, which was approved by the Bank's Board of Directors on May 26 2019 in the amount of up to NIS 700 million, from May 28 2019 to May 27 2020 (please see immediate report dated May 27 2019, Ref. No. 2019-01-051052, immediate report dated August 1 2019, Ref. No. 2019-01-080278 and immediate report dated August 27 2019, Ref. No. 2019-01-089227), the Dividend amount per security was updated (NIS 0.2495236 per share, in lieu of NIS 0.2491286 per share as previously reported), also updated was the balance of the corporation's profits (from a total of NIS 26.047 billion, as previously reported, to a total of NIS 25.988 billion).

- Following the dividend distribution which is the subject of this report, as of the ex-dividend date on August 28 2019, the minimum prices for converting the subordinated Notes (Series 400-404) of the Bank, in accordance with the terms and conditions of the Subordinated Notes, as detailed below:

Series No.	Adjusted minimum price
400	NIS 6.1961
401	NIS 10.3766
402	NIS 10.3766
403	NIS 11.1971
404	NIS 12.4145

For the avoidance of doubt, it is hereby clarified that the adjusted minimum prices detailed above for the Subordinated Notes (Series 401, 402, 403, 404) do not include linkage differences in respect of the Consumer Price Index in accordance with the terms of these series.

The report was signed on the corporation's behalf in accordance with Regulation 5 to the Securities Regulations (Periodic and Immediate Reports) 5730-1970, by Mr. Omer Ziv, Head of Finance Division.

The reference numbers of earlier documents pertaining to the matter (the mention thereof does not constitute incorporation by way of reference):

The corporation securities listed for trading on the Tel Aviv Stock Exchange

**Name of Electronic Reporter: Sackstein David Raul, Position: Adv., General Secretary,
Name of Employing Company :**

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Email: David.sackstein@Bankleumi.co.il

1. Immediate Report Appendix - Regulation 37(a)(1) of the Securities (Periodic and Immediate Reports), 1970 Regulations:

1. Recommendations and resolutions of the Board of Directors in regarding the dividend distribution:

On August 13, 2019, the Bank's Board of Directors approved a dividend distribution of NIS 369.2 million, after being presented with the following figures:

- The proposed dividend distribution will have no material effect on the Bank's financial position.
Following is a breakdown of the balance of earnings:
- The balance of earnings as defined by Section 302 of the Companies Law, prior to the proposed distribution, totals NIS 26,416 million (after deducting NIS 4,125 million in non-distributable amounts).
- The balance of earnings as defined by Section 302 of the Companies Law, following the proposed distribution, totals NIS 26,047 million (after deducting NIS 4,125 million in non-distributable amounts).
- The effect of the proposed distribution on the capital structure, capital adequacy, and on the leverage and liquidity ratios is based on the forecast for the coming year, whereby the Bank's results in the year following the dividend distribution will be such that the capital adequacy ratio and leverage and liquidity ratios will not decrease below the mandated levels.
- There is no concern that the dividend distribution will prevent the Bank from meeting its existing or expected commitments.
- The proposed distribution shall be made out of the profits, as defined by the Companies Law.
- The Bank complies with additional regulatory restrictions set by the Banking Supervision Department, including Proper Conduct of Banking Business Directive No. 331, "Dividend Distributions by Banking Corporations" as well as capital adequacy, leverage and other restrictions.

The Board of Directors examined the Bank's compliance with the profit test and the solvency test set out in 302 (a) to the Companies Law, and as a result, confirmed the Bank's compliance with the distribution tests.

In light of the above, the Board of Directors of the Bank found that there was no impediment to executing a dividend distribution in the amount of NIS 369.2 million, which is 40% of the Bank's net income for the second quarter of 2019.

The dividend to be distributed comes from income taxable by corporate tax out of the profit accumulated through Q2 2019.

The above information includes forward-looking information as defined by the Securities Law, 1968. The Company's estimates as stated in the above paragraph are based on an analysis of the Bank's cash flow, current liabilities and on scenarios that could impair its existing and expected indebtedness. The estimates may not materialize, in whole or in part, or may materialize in a materially different manner than anticipated, in part due to changes in market conditions, and the materialization of one of the risks set forth in the Bank's reports outlined in the Board of Directors' report as at December 31 2018, in the Bank's Annual Financial Statements for 2018 and in the Financial Statements as at June 30 2019.