

## **Translation of Immediate Report**

7 March 2018  
2018-01-021946

### **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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### **Supplementary report for the Report filed on 6 March 2018, Reference No. 2018-01-021436**

Main details added/supplemented: Update of the amount of the dividend per share (NIS 0.2240839 instead of NIS 0.2241571 per share, as previously reported) due to the vesting of the PSU units and the issuance of 497,781 new ordinary shares, as stated in the Immediate report dated 6 March 2018 (Reference No. 2018-01-021445).

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

### **Immediate Report on the Distribution of a Cash Dividend on Securities**

Regulation 37(a) (Periodic and Immediate Reports) Regulations, 1970

1. We hereby report that the distribution of a dividend on the company's shares was approved on 5 March 2018.
2. The total amount of the dividend that will be paid is NIS 341,508,600.
3. The balance of the corporation's profits as defined in section 302 of the Companies Law, 5749-1999, after the distribution which is the subject of this report, will be NIS 23,661,000,000.

4. Process of approval of the distribution of the dividend: The Bank's Board of Directors – Bank's Board of Directors approval given on 5 March 2018.

Was the above-mentioned distribution carried out with the approval of a court, in accordance with section 303 of the Companies Law - No.

5. The determinative date (cum date): 19 March 2018

Ex date: 19 March 2018

Payment date: 28 March 2018

6. Details of payment:

Dividend distributed by a company that is a resident of Israel (regarding the composition of the sources of the dividend and the tax rates, see section 7a)

Number of entitled security	Name of Security	Amount of dividend per single security	Currency of the dividend amount	Currency of payment	Exchange rate date for the payment	Tax rate: Individuals	Tax rate: corporate
604611	Leumi	0.2240839	NIS	NIS	—	16.07	13.39

The amount of the dividend to be paid should be indicated with accuracy of up to 7 digits after the decimal point for a payment in New Israeli Shekels, and up to 5 digits after the decimal point if the payment is made in a different currency.

The dividend amount per single security is final.

7. The following rates for withholding of tax at source are for the purpose of carrying out withholding at source by stock exchange members.

7a. Composition of sources of the dividend distributed by a company which is resident in Israel, from shares and financial instruments, excluding REITS.

	% of the dividend	Individuals	Companies	Foreign residents
Income subject to Companies Tax <sup>(1)</sup>	10.71	25%	0%	25%
Income from foreign sources <sup>(2)</sup>	0	25%	23%	25%
Income from an approved/benefitted enterprise <sup>(3)</sup>	77.64	15%	15%	15%
Income from an Approved Ireland Enterprise up to 2013 <sup>(4)</sup>	11.65	15%	15%	4%
Income from an Approved Ireland Enterprise from 2014 <sup>(5)</sup>	0	20%	20%	4%
Preferred income	0	20%	0%	20%
Income from a tourism/agriculture approved enterprise <sup>(6)</sup>	0	20%	20%	20%
Income from an approved/benefitted enterprise that has issued a waiver notice <sup>(7)</sup>	0	15%	0%	15%

Distribution classified as capital gains	0	25%	23%	0%
Distribution by an index participation unit	0	0	0	0
Others	0	000	000	000

Explanation:

(1) Income subject to Companies Tax: income received from distribution of profits or from a dividend, the source of which is income produced or generated in Israel, received directly or indirectly from another group of persons owing companies tax.

(2) Income from foreign sources is income produced or generated abroad that has not been taxed in Israel.

(3) Including income from a beneficiary tourism enterprise whose year of election/commencement of operations was any year through 2013.

(4) Income from an Approved Ireland Enterprise whose year of election was any year through 2013.

(5) Income from an Approved Ireland Enterprise whose year of election was any year from 2014 and onward.

(6) Includes income from a benefitted tourism enterprise whose year of election/commencement of operations was any year from 2014 and onward.

(7) Income from an approved or benefitted enterprise that issued a waiver notice at any time through 30 June 2015, after the deduction of company tax that it owed.

7b. Dividend distributed by a foreign resident company

	Individuals	Companies	Foreign residents
Dividend distributed by a foreign resident company	25%	23%	0%

7c. Dividend distributed by a Real Estate Investment Trust

	% of the dividend	Individuals <sup>(1)</sup>	Companies	Foreign resident companies	Exempt mutual fund	Provident fund <sup>(2)</sup>
From real property appreciation, capital gains and depreciation <sup>(3)</sup>	_____	25%	23%	23%	0%	0%
Other taxable income (such as rental income)	_____	47%	23%	23%	23%	0%
From productive real estate – residential rentals	_____	20%	20%	20%	0%	0%
Income that has been taxed at the fund level <sup>(4)</sup>	_____	25%	0%	25%	0%	0%
Exceptional income	_____	70%	70%	70%	60%	70%

Other	_____	_____	_____	_____	_____	_____
Weighted % of tax withheld at source	100%	_____	_____	_____	_____	_____

- (1) Individuals - includes a taxable mutual fund, individuals, and foreign residents.
  - (2) Provident funds – either for pensions or benefits or severance pay, as defined in the Income Tax Ordinance, and foreign provident funds or pension funds which are residents of a reciprocating country.
  - (3) From appreciation of real property or from capital gains, excluding income from the sale of real estate held for the short term, and from income in the amount of the depreciation expenses.
  - (4) Distribution from income that was taxed at the fund level, in accordance with section 64x4(e).
8. Number of dormant securities of the corporation that are not entitled to the payment of the dividend, for which a letter of waiver of the receipt of the dividend must be provided:
  9. Impact of the distribution of the dividend on convertible securities: The distribution of the dividend does not have any impact on the convertible securities.
  10. Board of Directors recommendations and resolutions regarding the distribution of a dividend pursuant to section 37(a)(1) of the Securities (Periodic and Immediate Reports) Regulations, 5730-1970 - [isa.pdf Appendix to 311217 report](#)

Notes regarding sections 6 and 8:

The calculation of the dividend per share was based on the assumption that the Bank's 8,084 dormant shares, which are held within the Bank's equity as of the date of the report, will become ordinary (non-dormant) shares before the determinative date for the payment of the dividend.

The report was signed on behalf of the corporation, in accordance with Regulation 5 of the Securities (Periodic and Immediate Reports), 1970, by Mr. Omer Ziv, Head of the Finance 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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## **Appendix to the Immediate Report – Regulation 37(A)(1)**

### **of the Securities (Periodic and Immediate Reports) Regulations Board of Directors Recommendations and Resolutions Regarding the Distribution of the Dividend**

The Bank's Board of Directors approved the distribution of the dividend after the following data were presented:

- The proposed dividend distribution does not have a significant impact on the Bank's financial condition. See the description of the profits below.
- The profits balance, as defined in Section 302 of the Companies Law, amounts to NIS 24,003 million prior to the proposed distribution (after the deduction of NIS 3,338 million which is not available for distribution.)
- The profits balance, as defined in Section 302 of the Companies Law, will amount to NIS 23,661 million after the proposed distribution (after the deduction of NIS 3,338 million which is not available for distribution.)
- The impact of the proposed distribution on the capital structure, capital adequacy and leverage and liquidity ratios – based on the forecast for the coming year, the Bank's results in the coming year after the distribution of the dividend will be such that the capital adequacy ratio and the leverage and liquidity ratios will not fall below the required percentages.

Further to and in addition to the above:

- There is no concern that the distribution of the dividend will prevent the Bank from being able to meet its existing and anticipated liabilities.
- The proposed distribution will be made out of profits, as profits are defined in the Companies Law.
- The Bank is in compliance with the additional regulatory restrictions established by the Supervision of Banks Department, including the provisions of Proper Banking Directive 331 concerning "Distribution of a Dividend by Banking Corporations" and the capital adequacy and leverage restrictions, and other restrictions.

The Board of Directors examined the Bank's compliance with the profits and the solvency tests established in section 302(a) of the Companies Law and in light of the above, the Board confirmed that the Bank has satisfied the tests for making a distribution.

In light of the above, the Bank's Board of Directors was shown that there is no impediment preventing the distribution of a dividend in the amount of NIS 341.5 million, which is 40% of the net profit for the fourth quarter of 2017.

The dividend is, prior to its distribution, classified as follows: 11.65% of the amount of the dividend is from a benefitted Ireland enterprise from 2015 profits, 77.64% of the dividend is classified as a dividend from an approved/benefitted enterprise from profits for the years 2008-2015, and 10.71% is classified as a dividend from income which is subject to Companies Tax, out of profits for the year 2017.

The information presented above includes forward looking information as defined in the Securities Law, 5728-1968. The Company's assessments, as described above **in this paragraph**, are based on an analysis of the bank's cash flows, of the Bank's existing liabilities and of scenarios that could harm **its ability to meet its** existing and anticipated liabilities. It is possible that all or some of these assessments will not be realized, or that they will be realized in a manner which is significantly different than what was expected – due to, *inter alia*, changes in market conditions, or the realization of one of the risks mentioned in the Bank's reports, in the Directors' Report as of 31 December 2017 and in its annual periodic report for 2017.