

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

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* _____.

[illegible]

			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 *NO*

The dividend amount for one security is subject to changes due to *buyback of the Bank's shares*

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 i 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 42,373,670 _____.

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:

Appendix to Report 300619 isa.pdf

Comment on Sections 6 and 8:

The Dividend amount per security is based on issued capital of 1,524, 527,267 ordinary shares of NIS 1 p.v. each less 42,373,670 dormant shares of the Bank's capital, following the buyback plan implemented in 2018 (please see the 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, for up to NIS 700 million, from May 28 2019 to May 27 2020 (please see the immediate report dated May 27 2019, Ref. No. 2019-01-051052 and the immediate report dated August 1 2019, Ref. No. 2019-01-0080278.

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 :

Address: 34 Yehuda Halevi, Street, Tel Aviv 6513616, Telephone: 076-8857984, Fax: 076-8859732 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.