

## 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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30 March 2011

Reference: 2011-01-098937

To: Israel Securities Authority  
The Tel Aviv Stock Exchange

### **Immediate Report on Distribution of Cash Dividend for Securities**

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

1. We hereby give notice that on 29 March 2011, it was resolved to distribute a dividend for the shares of the Company.
2. The amount of the dividend to be distributed is NIS 400,000,000.
3. The balance of the Corporation's profits, as defined in Section 302 of the Companies Law, 1999, following the distribution detailed in this report, is NIS 14,450,000,000.
4. Procedure for approval of distribution of the dividend: Subject to the approval of the General Meeting.
5. Dividend record date: 12 June 2011  
Date of payment: 28 June 2011
6. Details of payment:

Tax will be deducted from the dividend in Israel only.

Registration Number of Eligible Security	Name of security	Dividend Amount Per Single Share	Currency of the Dividend Amount	Currency of the Payment	Representative Exchange Rate Date for Payment	% Individual Tax Rate	% Corporate Tax Rate
604611	Leumi	0.2714531	NIS	NIS	_____	20	0

The exact amount of the dividend to be paid, up to seven digits after the decimal point for payment in NIS, and up to five points of the decimal point for payment in a different currency: 0.2714531

7. Composition of the sources for payment of the dividend:

	% of the dividend
Ordinary income	100
Approved enterprise	
Foreign sourced income	
Income from land appreciation, capital gains and depreciation	
Extraordinary income	

8. The Corporation does not have any dormant shares that are not entitled to payment of the dividend and therefore no waivers are required.
9. The distribution of the dividend will not have any impact on convertible securities.
10. For additional details regarding the distribution of the dividend in accordance with the Israel Securities Authority's instruction pursuant to section 36A of the Law, concerning "Disclosure at the time of a dividend distribution," see Annex 1.

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**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/>**

## Immediate Report – Dividend Distribution

Bank Leumi le-Israel B.M. (“the **Bank**”) hereby gives notice that the Bank’s Board of Directors resolved yesterday, on 29 March 2011, to make a recommendation to the Bank’s General Meeting regarding the distribution of an additional dividend to the Bank’s shareholders, in the amount of NIS 400 million. The distribution of the additional dividend constitutes some 17% of the Bank’s net profit for year 2010, and the total dividend distributed in respect of the year 2010, NIS 1.4 billion, constitutes some 59% of the Bank’s net profit for the year 2010 (“the **Distribution**”).

Subject to the approval of the Bank’s General Meeting, a dividend in the amount of some 27 *agurot* per share will be paid on 28 June 2011 to shareholders holding shares in the Bank on 12 June 2011 (the record date). The shares will be traded “ex-dividend” on 13 June 2011.

The Bank intends to convene the Annual General Meeting of the Bank’s shareholders, the agenda of which will include, *inter alia*, the approval of the distribution, and the Bank will publish appropriate reports regarding this matter.

The Board of Directors’ resolution to make a recommendation to the General Meeting regarding the distribution of a dividend as described above was adopted in light of, *inter alia*, the following background information and details provided to the Board of Directors:

1. The Bank’s audited Financial Statements as at 31 December 2010.
2. An opinion from the Accounting Department (which was reviewed by the auditors) according to which the Distribution meets the tests specified by law, including compliance with the profit test and the Bank’s solvency test, and is in compliance with the Supervisor of Banks’ Proper Banking Management directives regarding the matter. The opinion included details and information regarding the Bank’s compliance with the liquidity directives and regarding the Distribution’s impact on the Bank’s capital and on its compliance with the ratio of capital to risk assets – all taking note of the Bank’s capital adequacy policy.
3. An opinion from the Bank’s Chief Legal Adviser regarding pending claims against the Bank.
4. An opinion from the Head of the Bank’s Finance and Economics Division regarding the impact of the dividend distribution on the Bank’s capital planning.
5. Details of the distribution of a dividend in respect of the year 2010.
6. The Distribution is in compliance with the legal provisions regarding the distribution of a dividend, including with respect to the profit test and the solvency test, and is in compliance with the Proper Banking Management directives dealing with this issue, and with the Bank’s interim period capital policy.
7. As a result of the distribution, the Bank’s capital adequacy ratio has decreased by 0.15% from 15.10% to 14.95%, and its core capital has decreased from 8.57% to 8.43%, and these ratios are in excess of those required by the Supervisor of Banks.

8. The Board of Directors believes that the Distribution will not affect the operations of the Bank in its current form, the Bank's ability to achieve its objectives for the coming year or the Bank's strategic plans, and it wishes that the Bank's shareholders share in the Bank's ample profitability, as described above.