

**BANK LEUMI LE-ISRAEL B.M.**

Registrar Number: **520018078**

To: Israel Securities  
Authority  
[www.isa.gov.il](http://www.isa.gov.il)

To: Tel Aviv Stock  
Exchange Ltd.  
[www.tase.co.il](http://www.tase.co.il)

T081 (Public)

Magna Transmission  
Date: 04/06/2018  
Reference: 2018-01-  
047499

**Supplemental report to the report filed on 24/05/2018; reference number 2018-01-042012**

Main details added /  
supplemented:

Update of the dividend amount per share (NIS 0.1917705 instead of NIS 0.1915264 per share as reported earlier), due to the creation of dormant shares in the issued share capital of the corporation as part of a purchase plan that was approved by the board of directors of the Bank on 6.3.2018. For further information see the immediate report dated 4.6.2018 (reference: 2018-01-047445).

**IMMEDIATE REPORT ON THE DISTRIBUTION OF A CASH DIVIDEND FOR  
SECURITIES**

**Regulation 37(a) of the Securities Regulations (Periodic and Immediate Reports), 5730-1970**

1. We hereby report that on 23/05/2018 it was resolved to pay a dividend for the Company's securities.
2. The total amount of the dividend to be paid is: *NIS 291,890,348.40* \_\_\_\_\_.
3. The balance of the Corporation's profits as defined in Section 302 of the Companies Law, 5759-1999, subsequent to the subject distribution of this report is in the sum of *NIS 24,222,000,000* \_\_\_\_\_.
4. The dividend distribution approval proceeding

At the board of directors 23.5.2018

The aforementioned distribution is with court approval in accordance with Section 303 of the Companies Law *No*

5. The record date (cum-date): *05/06/2018*  
Ex-date: *05/06/2018*  
Payment date: *19/06/2018*

6. Payment details:

Ⓞ A dividend distributed from an Israeli resident company (for composition of the dividend sources and the tax rates, see Section 7a)

- A dividend distributed by a real estate investment fund (for composition of the dividend sources and the tax rates, see Section 7c)

Number of entitled security	Name of security	Dividend amount per single security	Currency of dividend amount	Payment currency	Exchange rate for payment as at	% individual tax rate	% corporate tax rate
604611	Leumi	0.1917705	NIS _____	NIS	_____	25	0

- A dividend distributed from a foreign resident company (for the tax rate, see Section 7b).

1	Number of security	Name of security	Gross amount per single security	Amount currency	% foreign tax	% convention tax	% individual tax balance deductible in Israel	% corporate tax balance deductible in Israel
	_____	_____	_____	_____	_____	_____	_____	_____
			Amount payable in Israel for single security	Payment currency	Exchange rate for payment as at	% Actual individual tax rate in Israel	% Actual corporate tax rate in Israel	
			_____	_____	_____	_____	_____	

The dividend amount that is to be paid should be indicated with an accuracy of up to 7 digits after the decimal point for payment in NIS and up to 5 digits after the decimal point in the case of payment in a different currency.

\_\_\_\_\_

\_\_\_\_\_

Is the dividend amount per single security final Yes

The dividend amount per single security is subject to changes due to

\_\_\_\_\_

\_\_\_\_\_

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

7a. Composition of the dividend sources distributed from an Israeli resident company, from shares and financial instruments, excluding REIT.

	<b>% of dividend</b>	<b>Individuals</b>	<b>Companies</b>	<b>Foreign residents</b>
Income subject to corporate tax (1)	100	25%	0%	25%
Income from foreign sources (2)	0	25%	23%	25%
Income from an approved enterprise / beneficiaries (3)	0	15%	15%	15%
Income from a beneficiary Ireland enterprise up to 2013 (4)	0	15%	15%	4%
Income from a beneficiary Ireland enterprise as of 2014 (5)	0	20%	20%	4%
Preferred income	0	20%	0%	20%
Income from a tourism / agriculture approved enterprise (6)	0	20%	20%	20%
Income from an approved / beneficiary enterprise that has delivered a notice of waiver (7)	0	15%	0%	15%
Distribution classified as capital gains	0	25%	23%	0%
Distribution by a participating unit	0	0	0	0
Other	0	0	0	0

**Explanation:**

(1) Income subject to corporate tax – Income from distribution of profits or from a dividend the source of which is income produced or accrued in Israel that was received, directly or indirectly, from another body of persons that is subject to corporate tax.

(2) Income from foreign sources is income produced or accrued abroad and that was not taxed in Israel.

(3) Including income from a beneficiary tourism enterprise with the year of election / operation being up to 2013.

(4) A beneficiary Ireland enterprise whose year of election is up to 2013.

(5) A beneficiary Ireland enterprise whose year of election is as of 2014 onward.

(6) Including income from a beneficiary tourism enterprise with the year of election / operation being as of 2014 onward.

(7) An approved or beneficiary enterprise that has delivered a notice of waiver by 30.6.2015, after deduction of the corporate tax that it owed.

7b. A dividend distributed from a foreign resident company

	<b>Individuals</b>	<b>Companies</b>	<b>Foreign residents</b>
A dividend distributed from a foreign resident company	25%	23%	0%

7c. A dividend distributed by a real estate investment fund

	<b>% of dividend</b>	<b>Individuals (1)</b>	<b>Companies</b>	<b>Foreign resident companies</b>	<b>Exempt mutual fund</b>	<b>Provident fund (2)</b>
From real estate appreciation, capital gains and depreciation (3)	_____	25%	23%	23%	0%	0%
Other taxable income (such as: rental income)	_____	47%	23%	23%	23%	0%
Income producing real estate for purposes of rental housing	_____	20%	20%	20%	0%	0%
Income that has been taxed by the fund (4)	_____	25%	0%	25%	0%	0%

Exceptional income	_____	70%	70%	70%	60%	70%
Other	_____	_____	_____	_____	_____	_____
Weighted % of withholding tax	100%	_____	_____	_____	_____	_____

(1) Individuals – including income of a taxable mutual fund, foreign resident individuals.

(2) A provident fund – either for pensions or benefits or severance pay as defined in the Income Tax Ordinance, as well as a foreign provident fund or pension fund that is a resident of a reciprocating country.

(3) From real estate appreciation, or from capital gains, excluding from the sale of real estate held short term and from income in the amount of the depreciation expenses.

(4) Distribution from income that was taxed by the fund in accordance with Section 64a4 (e).

8. The number of dormant securities of the corporation that are not entitled to payment of a dividend and for which a letter of waiver must be furnished for the receipt of the dividend payment \_\_\_\_\_

9. The effect of the dividend distribution on the convertible securities:

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

Name of security	Number of security	Comments
_____	_____	_____
_____	_____	_____

1. Recommendations and resolutions of the board of directors in connection with the dividend distribution in accordance with Regulation 37(a) (1) of the Securities Regulations (Periodic and Immediate Reports), 5730-1970:

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

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Reference numbers of previous documents pertaining to the matter (the citation does not constitute incorporation by way of reference):

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The corporation's securities are listed for trade on the Tel Aviv Stock Exchange

Form structure revision date: 01/05/2018

Abbreviated name: Leumi

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**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 IMMEDIATE REPORT – REGULATION 37 (a) (1) OF THE  
SECURITIES REGULATIONS**

**(PERIODIC AND IMMEDIATE REPORTS) 5730-1970:**

**RECOMMENDATIONS AND RESOLUTIONS OF THE BOARD OF DIRECTORS IN  
CONNECTION WITH THE DIVIDEND DISTRIBUTION**

The Bank's board of directors approved the distribution of the dividend after being presented with the following data:

- The proposed dividend distribution has no material effect on the financial condition of the Bank. See the description of the balance of profits below.
- The balance of profits as construed under Section 302 of the Companies Law, prior to the proposed distribution, amounts to NIS 24,514 million (after deducting a sum of NIS 3,196 million, which is not available for distribution).
- The effect of the proposed distribution on the capital structure, the capital adequacy and the leverage and liquidity ratios is based on the forecast for the coming year, whereby the results of the Bank's activity in the year immediately after the dividend distribution will be such that the capital adequacy ratio and the leverage and liquidity ratios will not be less than required.

Further to and in addition to the aforesaid:

- There is no concern that the dividend distribution will prevent the Bank from meeting its existing and expected liabilities.
- The proposed distribution is out of the profits, as defined in the Companies Law.
- The Bank is in compliance with additional regulatory restrictions prescribed by the Supervision of Banks, including Proper Conduct of Banking Business Directive 331 with regard to " Distribution of Dividends by Banking Corporations", as well as restrictions related to the capital adequacy, leverage and other restrictions.

The board of directors reviewed the Bank's compliance with the profit test and the solvency test prescribed in Section 302 (a) of the Companies Law and in light of the aforesaid the board confirmed the Bank's compliance with the distribution tests.

In light of the aforesaid, the Bank's board of directors was convinced that there is no hindrance to distributing a dividend in the amount of NIS 291.9 million, which is at a level of 40% of the net profit in respect of the first quarter of 2018.

The source of the dividend that is to be distributed is income subject to corporate tax from profits accumulated up to the first quarter of 2018.

The aforesaid information includes forward looking information as defined in the Securities Law, 5728-1968. The Company's assessments as set forth in this paragraph above are based on an analysis of the Bank's cash flows, the Bank's existing liabilities and scenarios that could prejudice its existing and expected obligations. These assessments may not be realized, in whole or in part, or may be realized in a manner materially different than predicted, *inter alia* as a result of changes in the market conditions and the realization of one of the risks detailed in the Bank's reports, in the board of directors' report as at December 31, 2017, in the annual periodic report of the Bank for 2017, as well as in the financial statement as at March 31, 2018.