בנק הפועלים בע"מ

Bank Hapoalim B.M.

Number with the Registrar: 520000118

Securities Authority www.isa.gov.il | Tel Aviv Stock Exchange Ltd. www.tase.co.il | Tav 081 (Public) | Transmitted via Magna 26/03/2018 Reference: 2018-01-023715

Immediate Report on the Distribution of a Cash Dividend on Securities

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

1. We hereby report that on *25/03/2018* it was resolved to pay a dividend on securities of the company:

2. The total amount of the dividend to be paid is: *NIS 244,772,838* __________.

3. The balance of the profits of the corporation, as defined in Section 302 of the Companies Law, 5759-1999, after the distribution which is the subject of this report, amount to *NIS 24,191,000,000* __________

4. Approval process for distribution of the dividend *By the Board of Directors 25/03/2018*

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

5. The record date (cum date): *03/04/2018*
   Ex date: _________
   Payment date: *11/04/2018*

6. Payment details:
   ◙ Dividend distributed from a company resident in Israel (composition of the sources of the dividend and the tax rates see section 7a)

No. of entitled security	Name of the security	Dividend amount payable per security	Currency of dividend amount	Currency of payment	Representative Rate for date of payment	Individuals' tax %	Companies' tax %
662577	*Bank Hapoalim*	*0.18345*	*NIS* ________	*NIS*	_____	25	0

○ Dividend the source of which is outside Israel (tax rates see section 7b)

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Security Number	Name of the Security	Gross Amount for One Security	Currency of Amount	Tax Outside Israel %	Tax by Treaty %	Balance of Tax on Individuals for Deduction in Israel %	Balance of Tax on Companies for Deduction in Israel %
		Amount Payable in Israel for One Security	Currency of Payment	Representative Rate for Date of Payment		Actual Tax on Individuals in Israel %	Actual Tax on Companies in Israel %

The amount of the dividend to be paid should be specified with the precision of up to 7 digits after the decimal point for payment in NIS and up to 5 digits after the decimal point in case of payment in another currency.

Is the amount of the dividend on one security final *Yes*

The amount of the dividend on one security is subject to changes due to

7. The rates of withholding tax listed below are for the purpose of withholding tax by the stock exchange members.

7a. Composition of the sources of the dividend distributed from a company resident in Israel from shares and financial instruments except for a RIT fund.

	% of the Dividend	Individuals	Companies	Foreign Residents
Income liable to company tax (1)	100	25%	0%	25%
Income the source of which is outside Israel (2)	0	25%	24%	25%
Income of an approved enterprise/ Benefitted income (3)	0	15%	15%	15%
Income of an approved enterprise Ireland till 2013 (4)	0	15%	15%	4%
Income of an approved enterprise Ireland beginning from 2014 (5)	0	20%	20%	4%
Preferred income	0	20%	0%	20%
Income of a tourist / agricultural enterprise (6)	0	20%	20%	20%
Income of approved enterprise / Benefitted income who gave a disclaimer (7)	0	15%	0%	15%

Distribution classified as capital gain	0	25%	24%	0%
Distribution by Participation Units	0	0	0	0
Other	0	0	0	0

Explanation:

(1) Income liable to company tax – Income from the distribution of profits or from dividends the source of which is income derived or generated in Israel which was received directly or indirectly from another body of persons that is liable to company tax.

(2) Income the source of which is outside Israel is income derived or generated outside Israel and was not charged in Israel.

(3) Including income from a beneficial tourist enterprise and the year of choice/activation is until the year 2013.

(4) A beneficial enterprise Ireland year of choice which is until the year 2013.

(5) A beneficial enterprise Ireland year of choice beginning in the year 2014 and onward.

(6) Including income from a beneficial tourist enterprise and the year of choice/activation beginning in the year 2014 and onward.

(7) An approved enterprise or benefit which has given a disclaimer until 30/06/2015, after company tax of which liable has been deducted.

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8. Number of dormant securities of the corporation which are not eligible for the payment of dividend and in respect of which a letter of waiver needs to be provided for the receipt of payment of the dividend*: 4,269,339*

9. Effect of the distribution of the dividend on convertible securities:

○ The company has no convertible securities

◙ The distribution of the dividend has no effect on the convertible securities

○ The effect of the distribution of the dividend on the convertible securities is as follows:

Name of the Security	Security Number	Remarks
________	____________	______________ ______________

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

Appendix_Immediate Report Distribution Dividend_isa.pdf

Note to Clause 2 - the final amount will be determined according to the number of shares actually allotted on the record date, taking into account the conversion into shares of convertible option warrants and RSUs and the purchase by the Bank of its own shares.

Note to Clause 8 – the number of shares, as at 15/03/2018 in the morning, may change by the payment date, as stated in the note to Clause 2.

Name of the Signatories on behalf of the Corporation:
Yadin Antebi, His Job Title: Chief Financial Officer
Ofer Levy, His Job Title: Chief Accountant
Signed on 25/03/2018

The reference numbers of the previous documents on the subject (any citation made does not constitute inclusion by way of reference):

Previous names of reporting entity:

Name of Electronic Reporter: Ronit Shapira, His Job Title: Secretary of the Bank, Name of Employing Company:.
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Annex to Immediate Report – Regulation 37(a) (1) of the Securities Regulations

Statement Regarding the Resolution of the Board of Directors Pursuant to Regulation 37(a) (1) of the Securities (Periodic and Immediate Reports) Regulations, 5730-1970:

1. The Board of Directors of the Bank examined the compliance of the distribution of dividend with the profit criterion and with the criterion of the ability to pay which are prescribed in Section 302 of the Companies Law and its compliance with the regulatory provisions applicable to banking corporations in Israel (see Section 2.3.2 of the Report of the Board of Directors of the Bank for the year 2017).

2. As for compliance with the profit criterion – the balance of the profits within their meaning in Section 302 of the Companies Law, before the distribution, is higher than the amount to be distributed and totals NIS 24,436 million (after the reduction of the sum of NIS 2,734 million, which are undistributable without the approval of the Supervisor of Banks, as set forth in Section 2.3.2 of the Report of the Board of Directors for the year 2017).

3. As for compliance with the criterion of the ability to pay and the regulatory provisions applicable to banking corporations, the Board of Directors examined the effect of the distribution on the capital structure, capital adequacy and the leverage and liquidity ratios, based on, *inter alia*, the forecast for the coming year and according to which the results of the Bank's activity for the year next following the distribution of the dividend will be such that the capital adequacy ratio and the leverage and liquidity ratios will not fall short of what is required. The Board of Directors determined that the distribution meets the conditions prescribed by the Proper Conduct of Banking Business Regulations 331 (Distribution of Dividend to Banking Corporations), that the distribution of dividend has no material effect on the financial condition of the Bank and there is no concern that the distribution of dividend will prevent the Bank from meeting its existing and prospective obligations.

4. In the light of the foregoing, the Board of Directors of the Bank concluded that there is no impediment to the distribution of dividend amounting to approximately NIS 245 million which constitutes about 40% of the net profit for the fourth quarter of the year 2017 and resolved to approve the distribution as aforesaid.