

**APPENDIX TO IMMEDIATE REPORT – REGULATION 37 (A) (1) TO THE  
SECURITIES REGULATIONS**

**(Periodic and Immediate Reports) 5730 – 1970:**

**THE BOARD OF DIRECTORS RECOMMENDATIONS AND DECISIONS IN  
CONNECTION WITH DISTRIBUTING DIVIDEND**

The Bank's Board of Directors approved the distribution of dividend after the following data was brought to its attention:

- The proposed distribution of dividend has no material effect on the Bank's financial situation. See the profits balance details below.
- The profits balance within the meaning thereof in Section 302 to the Companies Law, before the proposed distribution, amounts to NIS 24,514 million (after deducting a sum of NIS 3,196 million that cannot be distributed).
- The profits balance within the meaning thereof in Section 302 to the Companies Law, after the proposed distribution, amounts to NIS 24,222 million (after deducting a sum of NIS 3,196 million that cannot be distributed).
- The effect of the proposed distribution on the capital structure, capital adequacy ratio, and the leveraging and liquidity ratios, are based upon the forecast for the coming year, pursuant to which the Bank's activity result in the year following the distribution of the dividend will be such that the capital adequacy ratio and the leveraging and liquidity ratios will not fall below that which is required.

Further and in addition to the provisions above:

- There is no concern that the distribution of dividend will prevent the Bank from meeting its existing and expected undertakings.
- The proposed distribution is from the profits as defined in the Companies Law.
- The Bank complies with additional regulatory restrictions determined by the Supervisor of the Banks, including but not limited to the Proper Banking Management Directive Number 331 pertaining to "distribution of dividend by Banking corporations" and the capital adequacy ratio, leveraging and other restrictions.

The Board of Directors examined the Bank's compliance with the profit test and the payment ability test determined in Section 302 (a) to the Companies Law and in light of the above confirmed that the Bank meets the distribution tests.

In light of the above, the Bank's Board of Directors are satisfied that there is no hindrance preventing the distribution of dividend of an amount of NIS 291.9 million, constituting 40% of the net profit for the first quarter of 2018.

The dividend to be distributed originates from revenues subject to companies tax from the profits accrued up to the first quarter of 2018.

The aforementioned information includes forward looking information as defined in the Securities Law, 5728 – 1968. The company's estimations stated in this paragraph above is based on an analysis of the Bank's cash flows, the Bank's existing undertakings and scenarios that may prejudice the existing and expected liabilities. These estimations may not be realized in whole or in art or may be realized in a manner that is materially different from that expected, *inter alia* due to changes in the market conditions, realization of one of the risks detailed in the Bank's reports in the Board of Directors report as on December 31, 2017, in the Bank's annual periodic report for 2017 and in the financial statement as on March 31, 2018.