

Appendix to Immediate Report - Regulation 37(A)(1) to the Securities (Periodic and Immediate Reports) Regulations, 1970:

Recommendations and Resolutions of the Board of Directors regarding Dividend Distribution

On May 26 2019, the Board of Directors approved a dividend distribution totaling NIS 436.7 million, after having reviewed the following data:

- The proposed dividend distribution has no material effect on the Bank's financial position.
For a breakdown of the profit balance, see below.
- The profit balance within its meaning in Section 302 of the Companies Law, according to the proposed distribution, totals NIS 27,591 million (after deducting a total of NIS 2,464 million which may not be distributed).
- The profit balance within its meaning in Section 302 of the Companies Law, according to the proposed distribution, totals NIS 27,154 million (after deducting a total of NIS 2,464 million which may not be distributed).
- The effect of the proposed distribution on the capital structure, capital adequacy and the leverage and liquidity ratios is based on the forecast for the coming year, according to which the results of the Bank's operations in the year after the dividend distribution shall be such that the capital adequacy ratio and the leverage and liquidity ratio shall not fall below the required level.
- There is no concern that the dividend distribution will prevent the Bank from meeting its current and expected commitments.
- The proposed distribution is out of the profits, as defined by the Companies Law.
- The Bank meets additional regulatory restrictions established by the Banking Supervision Department, including Proper Conduct of Banking Business Directive No. 331, "Dividend Distribution by Banking Corporations" as well as capital adequacy, leverage and other restrictions.

The Board of Directors has examined whether the Bank meets the Profit Test and Solvency Test prescribed by Section 302(a) to the Companies Law, following which it approved that the Bank meets the distribution tests.

In light of the above, the Board of Directors was convinced that there is nothing preventing the distribution of a dividend totaling NIS 436.7 million, which constitutes 40 percent of the net income in respect of the first quarter of 2019.

The dividend to be distributed originates from income taxable by corporate tax out of the profits accumulated up to the first quarter of 2019.

The above information includes forward-looking information as defined by the Securities Law, 1968. The Company's assessments in the above paragraph are based on an analysis of the Bank's cash flows, the Bank's current liabilities and scenarios which may compromise its existing and expected indebtedness. Such assessments may not materialize, in whole or in part, or may materialize in a materially different manner than expected, inter alia due to changes in market conditions, and the materialization of one of the risks outlined in the Bank's Report of the Board of Directors and Management as at December 31 2018, in the Bank's annual periodic report and in the Financial Statements as at March 31 2019.