

MIZRAHI TEFAHOT BANK LTD
No. with the Registrar of Companies: 520000522

To	<u>Israel Securities Authority</u>	To	<u>Tel Aviv Stock Exchange Ltd</u>	T053 (Public)	Date of transmission: February 27, 2018
	www.isa.gov.il		www.tase.co.il		Ref: 2018-01-015753

Immediate Report of an Event or Matter which Deviates from the Corporation's Ordinary Course of Business

Regulation 36(a) of the Securities Regulations (Immediate and Periodic Reports), 5730-1970.

Issue results must be reported under T20 and not under this form.

Bond rating or corporation rating reports must be submitted through Form T125

Report on: A report whose submission was delayed

Nature of the Event: Update of Dividend Distribution Policy

1. Immediate_report_dividend_policy_isa.pdf
2. Date and time at which the corporation first learned of the event:
☉ February 26, 2018 at 18:00.
Report delayed per Regulation 36(b):
3. If the report was delayed, the reason due to which its submission was delayed:
4. On _____ at _____ the report embargo was removed
5. The company is a shell company, as defined in the TASE Rules and Regulations.

The above report was signed by Mr. Moshe Lari, CFO, and Mr. Nissan Levi, Head of the Planning, Operations and Customer Assets Division

The reference numbers of previous documents on the subject (reference does not constitute incorporation by reference):

2016-01-080628

Securities of a Corporation Listed for Trading on the Tel Aviv Stock Exchange	Form structure revision date: February 20, 2018
Abbreviated Name: Mizrahi Tefahot	
Address: 7 Jabotinsky Street, Ramat Gan, 52520	Tel:03-7559720 Fax:03-7559923
E-mail: mangment@umtb.co.il	Company website: https://www.mizrahi-tefahot.co.il

Previous name of the reporting entity: United Mizrahi Bank Ltd

Name of the person reporting electronically: Feller Maya	Position: Bank Secretary	Name of Employing Company:
Address: 7 Jabotinsky Street, Ramat Gan, 52520	Tel: 03-7559720	Fax: 03-7559723
		E-mail: mangment@umtb.co.il

To:
Israel Securities Authority

To:
Tel-Aviv Stock Exchange Ltd

Dear Sir or Madam,

Re: Update of the Dividend Distribution Policy as of 2018

Further to the immediate report published by the bank on November 22, 2016 (reference no.: 2016-01-080628) (hereinafter: “**the Previous Immediate Report**”) regarding the new strategic plan for the years 2017-2021, the Bank hereby reports the following:

1. In Section 4 of the Previous Immediate Report, it was noted, *inter alia*, that the bank’s dividend policy for the years 2017-2021 is to distribute a dividend of 30% of the net profit attributed to the bank's shareholders, for the quarterly profit; it was further noted that the Board of Directors will monitor the execution of the new strategic plan, in order to examine the possibility of increasing the dividend rate mentioned above by another step, as of 2018, subject to receiving the approval of the Supervisor of Banks.
2. On February 26, 2018, the bank’s Board of Directors resolved to approve an update of the bank’s dividend policy for the years 2018-2021, as specified below:
 - 2.1. The bank’s updated dividend policy is to distribute a dividend of up to 40% of the net profit attributed to the bank's shareholders as of 2018, for the quarterly profit; The bank has received the approval of the Supervisor of Banks for the outline of the above dividend policy.
 - 2.2. The updated dividend policy, as aforesaid in Section 2.1, is subject to the bank’s compliance with the ratio of the tier 1 capital to risk elements, as required by the directives of the Supervisor of Banks and subject to the maintenance of proper safety buffers.
 - 2.3. It should be noted that under the updated dividend distribution policy, as above, the bank may (subject to the aforesaid in Section 2.2) buy back the bank’s shares, in accordance with the resolutions of the Board of Directors in this matter, as they shall be made from time to time, and subject to the provisions of the law. It is clarified that the bank’s buyback of the bank’s shares, as above, shall be considered “distribution”, per the definition in the Companies Law, 5759-1999, and as such will respectively reduce the dividend sum that will be distributed (if distributed at all) by the bank under the updated dividend distribution policy, all in

accordance with the resolutions of the Board of Directors in this matter, as they shall be made from time to time.

- 2.4. It is clarified that the “distribution” according to the updated dividend policy (both the dividend distribution and the buyback), as aforesaid, is subject to the provisions of the law and to the limitations established by the Supervisor of Banks.
3. It is hereby clarified that the updated dividend policy, as aforesaid, does not constitute a resolution or undertaking to distribute a dividend; it is further expressed that any “distribution” shall be subject to the receipt of the approvals required by law, including the Board of Directors’ approval of such distribution, per the Board of Directors’ discretion and subject to the provisions of any law.
4. The Board of Directors will monitor the execution of the updated dividend policy, and it may change it, from time to time, insofar as it may be necessary, at its discretion.
5. Except for the aforesaid, no changes will be made to the new strategic plan detailed in the Previous Immediate Report.

Respectfully,

Mizrahi Tefahot Bank Ltd

By:

Moshe Lari, Chief Financial Officer

Nissan Levi, Head of the Planning, Operation and Customer Assets Division