

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>	T081 (Public)	Date of transmission: March 21, 2017
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Ref: 2017-01-026355

Immediate Report on the Distribution of a Cash Dividend to Securities
Regulation 37(a) of the Securities Regulations (Immediate and Periodic Reports), 5730-1970.

1. We hereby report that on *March 20, 2017*, the payment of a dividend for the company's securities was decided.
☒ To shares
☐ Financial instruments such as ETFs
2. The total amount of the dividend which will be paid is: *ILS 39,750,000*
3. The balance of the corporation's profits as defined in Section 302 of the Companies Law, 5759-1999, after the distribution proposed herein, is a total of *ILS 10,770,250,000*
4. The dividend distribution approval procedure
At the Board of Directors meeting dated March 20, 2017 at 15:00.
 The above distribution is with the court's approval, according to Section 303 of the Companies Law *No*
5. The effective day (the cum-day): *April 9, 2017*
 The ex-day: *April 9, 2017*
 Date of payment: *April 26, 2017*
6. Payment details:
☒ Dividend in respect of which no tax was deducted abroad

No. of entitled security	Name of security	Dividend sum per one security	Currency of dividend amount	Payment currency	Exchange rate for repayment in respect of date	% tax on private individuals'	% companies tax
695437	Ordinary shares of ILS 0.1 par value each	0.1711617	ILS	ILS		25	0

- ☐ Dividend the source of which is foreign

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No. of entitled security	Name of security	Gross sum per one security	Sum currency	% foreign tax	% convention tax	% private individuals' tax balance to deduct in the country	% companies tax balance to deduct in the country
		Payment sum in the country per one	Payment currency	Exchange rate for payment in respect of date		% de facto private individuals' tax	% de facto companies tax

		security					

The dividend amount to be paid must be indicated with an accuracy of up to 7 digits after the decimal point in respect of payment in ILS and up to 5 digits after the decimal point in case of payment in another currency

Is the dividend amount per security final *No*

The amount of dividend per security is subject to changes due to *exercise of options, to the extent there will be*

7. Composition of the sources of dividend (to be filled out with regard to a dividend in respect of which no tax was deducted abroad):

Distribution from securities and financial instruments, except for REIT

	% of the dividend	Private individuals	Companies	Foreign residents
Income subject to corporate tax (1)	100	25%	0%	25%
Income which originated abroad (2)	0	25%	24%	25%
Income from approved enterprise/beneficiaries	0	15%	15%	15%
Income from approved enterprise Ireland	0	15%	15%	4%
Preferred income	0	20%	0%	20%
Income from approved enterprise touristic/agricultural (3)	0	20%	20%	20%
Distribution classified as capital gain	0	25%	24%	0%
Other	0	0	0	0

Explanation:

(1) Income subject to corporate tax: income due to revenue distribution or a dividend, the source of which is income produced or generated in Israel, received directly or indirectly from another group of persons owing companies tax.

(2) Income which originated abroad is income produced or generated abroad that have not been taxed in Israel, as well as foreign dividend for which no tax was deducted abroad.

(3) Including revenue from a beneficiary touristic enterprise

8. The number of the corporation's dormant shares which are not entitled to payment of dividend, and in respect of which a waiver must be produced with regard to the receipt of the dividend payment 2,500,000
9. Effect of the dividend distribution on the convertible securities:
- ☐ The company has no convertible securities
 - ☐ The dividend's distribution has no effect on convertible securities
 - ☒ The effect of the dividend distribution on convertible securities is as follows:

Name of security	No. of security	Comments
	00000000	Other The bank has a number of option plans, and the exercise price of the options which were granted will be reduced by the full dividend amount per share, as provided in Section 6 above.

10. Directors' recommendations and decisions in connection with the dividend distribution in accordance with Regulation 37(a)(1) of the Securities Regulations (Immediate and Periodic Reports), 5730-1970: *dividend_210317_isa.pdf*

The above report was signed by Mr. Menahem Aviv, Member of the Board of Management and Chief Accountant and Mr. Moshe Lari, Member of the Board of Management and CFO.

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

Securities of a Corporation Listed for Trading
on the Tel Aviv Stock Exchange

Form structure revision date: March 6, 2017

Abbreviated Name: Mizrahi Tefahot

Address: 7 Jabotinsky Street
Ramat Gan, 52520, Israel

Tel: 03-7559207 Fax: 03-7559913
03-7559720

E-mail: mangment@umtb.co.il

Previous name of the reporting entity: United Mizrahi Bank Ltd.

Name of the person reporting electronically: Menahem Aviv Position: Chief Accountant Name of
Employing Company:

Address: 7 Jabotinsky Street, Ramat Gan, 52520, Israel Tel: 03-7559321 Fax: 03-7559148 E-mail:
meno@umtb.co.il

Regulation 37(a)(1)

Below are the directors' decisions in accordance with Regulation 37(a)(1) of the Securities Regulations (Immediate and Periodic Reports), 5730-1970:

- The proposed dividend distribution does not have a material impact on the bank's financial position. See below details of the profit balance.
- The balance of the corporation's profits as defined in Section 302 of the Companies Law, prior to the proposed distribution, amounts to a total of ILS 10,810.0 million.
- The balance of the corporation's profits as defined in Section 302 of the Companies Law, after the proposed distribution, amounts to a total of ILS 10,770.25 million.
- The effect of the proposed distribution on the equity structure, was examined and it was found that the results of the bank's activity in the year following the dividend distribution shall be such that the capital adequacy ratio and the leverage ratios shall be no less than required.

Furthermore and in addition to the aforesaid:

- There is no concern that the dividend distribution shall prevent the bank from complying with its current and expected commitments.
- The proposed distribution is out of the profits, as defined in the Companies Law.
- The bank complies with additional regulatory limitations set by the Supervisors of Banks, including the provisions of the Proper Conduct of Banking no. 331 regarding "dividend distribution by banking corporations", as well as capital adequacy limitations, leverage limitations and other limitations.

In view of the aforesaid, it is evident to the board of directors that there is no impediment to distribute a dividend in the sum of ILS 39.75 Million, which constitute 15% of the net profit for the fourth quarter of 2016, and has resolved to approve the aforesaid distribution.