

MIZRAHI TEFAHOT BANK LTD

No. with the Registrar of Companies: 520000522
Securities of a Corporation Listed for Trading on the Tel Aviv Stock Exchange
Abbreviated Name: Mizrahi Tefahot
7 Jabotinsky Street, Ramat Gan, 52520, Israel
Tel: 972-3-7559207, 972-3-7559720, Fax: 972-3-7559913
e-mail: mangment@umtb.co.il

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To
Israel Securities Authority
www.isa.gov.il

To
Tel Aviv Stock Exchange Ltd
www.tase.co.il

Immediate Report

Explanation: This form may not be used when there is a specific form for the reported event
Issue results should be reported on T20 and not on this form
A report in respect of bond rating or corporate rating should be filed through Form T125
Nature of the event: Regulatory capital – additional information

Mizrahi Tefahot Bank Ltd. hereby announces information regarding the regulatory capital instruments issued by the Bank.

This information is accompanying information to the financial reports of December 31, 2015 included in the periodic report (see also the periodic report, ref. no. 2016-01-034402)

Attached file [isa.pdf](#) מכשירי הון פיקוחיים

The date on which the corporation first learned of the event: *February 25, 2016 at 18:00.*

The information regarding the regulatory capital instruments issued by the Bank was signed by:

- 1. Mr. Moshe Vidman, Chairman of the Board of Directors*
- 2. Mr. Eldad Fresher, President & CEO*
- 3. Mr. Doron Klauzner, Vice President, Chief Risk Officer, CRO*

Reference number of the previous documents regarding this matter (the reference does not constitute incorporation by reference):

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

Date of form update: January 31, 2016

Name of the person reporting electronically: Aviv Menachem; Position held: Chief Accountant; Name of Employing Company: .
7 Jabotinsky Street, Ramat Gan, 52520, Israel, Tel: 972-3-7559720, Fax: 972-3-7559923
e-mail: mangment@umtb.co.il

Description of key features of equity instruments included in the Bank's regulatory capital as of December 31, 2015


		Share capital	Mizrahi-Tefahot Bank - Subordinated capital notes (Series A)	Mizrahi-Tefahot Issuance company - Subordinated notes (Series 27)
	Overview			
1	Legal entity - issuer	Mizrahi Tefahot Bank Ltd.	Mizrahi Tefahot Bank Ltd.	Mizrahi Tefahot Issue Company Ltd.
2	Securities ID / Ticker symbol	695437	6950083	2310035
3	Legal frameworks applicable to the instrument	State of Israel	State of Israel	State of Israel
	Supervisory treatment			
4	Tier of which the instrument is part during the Basel III transitional period, which is gradually being eliminated	Not applicable	Tier II capital	Tier II capital
5	Tier of which the instrument is part during the Basel III transitional period, regardless of transitional provisions	Tier I capital	Does not qualify	Does not qualify
6	Does the instrument qualify as regulatory capital component on solo basis, for the banking group or both	Banking group	Banking group	Banking group
7	Instrument type	Ordinary share capital	Obligatory notes	Obligatory notes issued by a subsidiary of the banking corporation to third-party investors
8	Amount recognized in regulatory capital as of December 31, 2015	2,146,000,000	1,353,800,000	72,346,750
9	Instrument par value	23,438,032	1,701,984,302	200,000,000
10	Accounting classification	Shareholder equity	Liability - carried at amortized cost	Liability - carried at amortized cost
11	Original issue date	Variable	11/16/2006	11/30/2001
12	Perpetual or dated	Perpetual	Dated	Dated
13	Original maturity	Not applicable	1/1/2106	11/30/2016
14	Early redemption possible upon issuer demand with prior approval by the Supervisor?	Not applicable	Yes	No
15	Earliest date for exercising the option of early redemption upon issuer demand	Not applicable	1/1/2022	Not applicable
16	Existence and frequency of later early redemption dates	Not applicable	At the end of five-year terms after January 1, 2022 - i.e. on January 1 of 2027, 2032, 2037 etc.	Not applicable
	Interest coupons / dividends			
17	Fixed or variable interest coupon / dividend	See Note 24.C (Share capital and equity) on the financial statements as of December 31, 2015	Currently fixed interest, to become variable in future	Fixed interest
18	Coupon interest rate and linkage to specific index	Not applicable	4.5%, linked to the Consumer Price Index	5.5%, linked to the Consumer Price Index
19	Any dividend stopper to ordinary share holders?	Not applicable	Yes	No
20	Subject to full discretion, partial discretion or not subject to discretion	Not applicable	Partial discretion	No discretion
21	Interest step-up or other incentive for redemption?	Not applicable	Yes	No
22	Instrument accrues / does not accrue interest / dividends?	Not applicable	Accruing	Does not accrue
23	Instrument is or is not convertible?	Not applicable	Is convertible	Is not convertible
24	If convertible, what are the trigger points?	Not applicable	See note (1)	Not applicable
25	If convertible, is it fully / partially convertible?	Not applicable	Always fully convertible	Not applicable
26	If convertible, what is the conversion ratio?	Not applicable	See note (2)	Not applicable
27	If convertible, is conversion optional or mandatory?	Not applicable	Mandatory	Not applicable
28	If convertible, of what Tier is the resulting instrument after conversion?	Not applicable	Tier I capital	Not applicable
29	If convertible, indicate the issuer of the instrument converted into	Not applicable	Mizrahi Tefahot Bank Ltd.	Not applicable
30	Is there a mandatory write-down on the instrument?	Not applicable	No	No
31	If there is a mandatory write-down, what are the trigger points?	Not applicable	Not applicable	Not applicable
32	If there is a mandatory write-down, is it full or partial?	Not applicable	Not applicable	Not applicable
33	If there is a mandatory write-down, is it permanent or temporary?	Not applicable	Not applicable	Not applicable
34	If there is a temporary write-down, describe the write-down elimination mechanism	Not applicable	Not applicable	Not applicable
35	Creditor ranking upon dissolution - instrument type immediately preceding this instrument in creditor ranking	Subordinated capital notes (Series A), Bank Mizrahi-Tefahot	Subordinated notes, Tefahot Issuance (Series 27,30,31) and subordinated deposit notes, Bank Mizrahi-Tefahot	Deposits and debentures
36	Are there components which only comply with the definition of regulatory capital due to transitional provisions?	No	Yes	Yes
37	If Yes, indicate the components	-	Non-qualification as Tier 2 capital: Regulation 202, Appendix D, sections 4c and 9 and Appendix E	Non-qualification as Tier 2 capital: Regulation 202, Appendix D, section 9 and Appendix E
38	Link to prospectus	-	http://maya.tase.co.il/bursa/repot.asp?report_cd=265410	-

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		Mizrahi-Tefahot Issuance company - Subordinated notes (Series 30)	Mizrahi-Tefahot Issuance company - Subordinated notes (Series 3)	Mizrahi-Tefahot Bank Subordinated deposit notes*	Bank Mizrahi Tefahot – Contingent Subordinated notes
	Overview				
1	Legal entity - issuer	Mizrahi Tefahot Issue Company Ltd.	Mizrahi Tefahot Issue Company Ltd.	Mizrahi Tefahot Bank Ltd.	Mizrahi Tefahot Bank Ltd.
2	Securities ID / Ticker symbol	2310068	2310076	Non-negotiable / multiple	Non-negotiable / multiple
3	Legal frameworks applicable to the instrument	State of Israel	State of Israel	State of Israel	State of Israel
	Supervisory treatment				
4	Tier of which the instrument is part during the Basel III transitional period, which is gradually being eliminated	Tier II capital	Tier II capital	Tier II capital	Not applicable
5	Tier of which the instrument is part during the Basel III transitional period, regardless of transitional provisions	Does not qualify	Does not qualify	Does not qualify	Tier II capital
6	Does the instrument qualify as regulatory capital component on solo basis, for the banking group or both	Banking group	Banking group	Banking group	Banking group
7	Instrument type	Obligatory notes issued by a subsidiary of the banking corporation to third-party investors	Obligatory notes issued by a subsidiary of the banking corporation to third-party investors	Subordinated notes	Contingent subordinated notes
8	Amount recognized in regulatory capital as of December 31, 2015	731,015,250	357,539,875	611,984,100	417,400,000
9	Instrument par value	1,451,144,100	480,000,000	1,582,767,716	417,400,000
10	Accounting classification	Liability - carried at amortized cost	Liability - carried at amortized cost	Liability - carried at amortized cost	Liability - carried at amortized cost
11	Original issue date	5/28/2007	9/19/2010	Multiple	12/30/2015
12	Perpetual or dated	Dated	Dated	Dated	Dated
13	Original maturity	5/28/2017	9/19/2019	Multiple	Multiple
14	Early redemption possible upon issuer demand with prior approval by the Supervisor?	No	No	No	No
15	Earliest date for exercising the option of early redemption upon issuer demand	Not applicable	Not applicable	Not applicable	Not applicable
16	Existence and frequency of later early redemption dates	Not applicable	Not applicable	Not applicable	Not applicable
	Interest coupons / dividends				
17	Fixed or variable interest coupon / dividend	Fixed interest	Fixed interest	Fixed interest	Multiple (fixed interest and variable interest)
18	Coupon interest rate and linkage to specific index	3.9%, linked to the Consumer Price Index	3%, linked to the Consumer Price Index	Multiple, CPI-linked	Multiple Linked to Consumer Price Index and non-linked to Consumer Price Index
19	Any dividend stopper to ordinary share holders?	No	No	No	No
20	Subject to full discretion, partial discretion or not subject to discretion	No discretion	No discretion	No discretion	No discretion
21	Interest step-up or other incentive for redemption?	No	No	No	No
22	Instrument accrues / does not accrue interest / dividends?	Does not accrue	Does not accrue	Does not accrue	Does not accrue
23	Instrument is or is not convertible?	Is not convertible	Is not convertible	Is not convertible	Is not convertible
24	If convertible, what are the trigger points?	Not applicable	Not applicable	Not applicable	Not applicable
25	If convertible, is it fully / partially convertible?	Not applicable	Not applicable	Not applicable	Not applicable
26	If convertible, what is the conversion ratio?	Not applicable	Not applicable	Not applicable	Not applicable
27	If convertible, is conversion optional or mandatory?	Not applicable	Not applicable	Not applicable	Not applicable
28	If convertible, of what Tier is the resulting instrument after conversion?	Not applicable	Not applicable	Not applicable	Not applicable
29	If convertible, indicate the issuer of the instrument converted into	Not applicable	Not applicable	Not applicable	Not applicable
30	Is there a mandatory write-down on the instrument?	No	No	No	Yes
31	If there is a mandatory write-down, what are the trigger points?	Not applicable	Not applicable	Not applicable	Supervisor of Banks announces an event leading to dissolution and/or Tier I equity lower than 5% (Regulation 202, Addendum IV)
32	If there is a mandatory write-down, is it full or partial?	Not applicable	Not applicable	Not applicable	Full or partial
33	If there is a mandatory write-down, is it permanent or temporary?	Not applicable	Not applicable	Not applicable	Temporary
34	If there is a temporary write-down, describe the write-down elimination mechanism	Not applicable	Not applicable	Not applicable	At Bank discretion, after the Bank's Tier I equity ratio rises above the minimum ratio specified by the Supervisor of Banks
35	Creditor ranking upon dissolution - instrument type immediately preceding this instrument in creditor ranking	Deposits and debentures	Deposits and debentures	Deposits and debentures	Not applicable, unless the instrument was not deleted upon dissolution according to its terms and conditions - Tefahot Issuance subordinated notes (Series 27,30,31) and Bank Mizrahi Tefahot subordinated deposit notes
36	Are there components which only comply with the definition of regulatory capital due to transitional provisions?	Yes	Yes	Yes	No
37	If Yes, indicate the components	Non-qualification as Tier 2 capital: Regulation 202, Appendix D, section 9 and Appendix E	Non-qualification as Tier 2 capital: Regulation 202, Appendix D, section 9 and Appendix E	Non-qualification as Tier 2 capital: Regulation 202, Appendix D, section 9 and Appendix E	Not applicable
38	Link to prospectus	http://maya.tase.co.il/bursa/report.asp?report_cd=226414-00&CompCd=231&Type=Pdf	http://maya.tase.co.il/bursa/report.asp?report_cd=427836-00&CompCd=231&Type=Pdf	* 556 deposits which are essentially Subordinated notes	-

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- (1) The Bank would be required to convert the outstanding principal and interest balance of these capital notes into Bank ordinary shares upon certain occurrences as follows:
 - (a) The Bank's Tier I capital ratio to risk elements, as reported on the Bank's financial statements, has dropped below 6% and has not returned to the aforementioned value or higher within 90 days from the issue date of said financial statements;
 - (b) According to the Bank's financial statements, the Bank' retained earnings balance has turned negative;
 - (c) The Bank's Independent Auditor, in an opinion or review report attached to the Bank's financial statements or interim financial statements, has drawn attention to Notes to the financial statements with regard to significant doubt as to continued existence of the Bank as a going concern.
- (2) The conversion rate for conversion of capital notes into Bank ordinary shares will be determined by the Trustee after 14 consecutive trading days, the first of which is the first trading day following the date on which the Bank's notice was delivered. The conversion rate will be determined based on the lowest conversion rate as follows, with the value of capital notes for conversion purposes calculated including principal, linkage differentials and accrued interest as of the the date on which the Bank's notice was delivered:
 - (a) Shareholder equity per Bank share, less a 20% discount. Shareholder equity per share will be calculated based on the Bank's most recent financial statements issued prior to calculation of the conversion rate;
 - (b) The average closing price per Bank ordinary share on the Tel Aviv Stock Exchange on 14 consecutive trading days, the first of which is the first trading day following the date on which the Bank's notice was delivered.Notwithstanding the foregoing, the calculated conversion rate shall not exceed a closing price of NIS 37.00 per share nor be less than a closing price of NIS 18.00 per share, with both these prices linked to the Consumer Price Index issued for September 2006 and adjusted to reflect price changes with respect to bonus share distribution, share split or reverse split, capital reduction and the benefit component with respect to each rights issuance made during the term of the capital notes.


Moshe Vidman
Chairman of the
Board of Directors


Eldad Fresher
President & CEO


Doron Klauzner
Vice-president,
Chief Risk Officer (CRO)

Approval date:
Ramat Gan, February 24, 2016