

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
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To
Israel Securities Authority
www.isa.gov.il

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

Immediate Report on Distribution of Dividend in Cash for Securities

Regulation 37(a) of the Securities Regulations (Immediate and Periodic Reports), 5730-1970

1. We hereby report that on *May 18, 2015*, it was resolved to distribute a dividend for the company's shares.
 Into securities
 Financial instruments such as ETFs.
2. The total amount of the dividend which will be paid is: *ILS 36,600,000* _____.
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 8,986,400,000* _____.
4. The dividend distribution approval procedure

At the Board of Directors meeting dated May 18, 2015 at 11:45.

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): *June 1, 2015*

The ex-day: _____

Date of payment: *June 14, 2015*

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	Currency of payment	Exchange rate for payment in respect of date	% tax on private individuals	% companies tax
695437	Ordinary shares of ILS 0.1 par value each	0.1585057	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 security	Currency of payment	Exchange rate for payment in respect of date		% de facto private individuals' tax	% de facto companies tax

The sum of dividend 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 options*

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%	26.5%	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	0	20%	20%	20%
Distribution classified as capital gain	0	25%	26.5%	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 are 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:

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The above report was signed by Mr. Menachem Aviv – Chief Accountant and Ms. Racheli Friedman, Adv. - Chief Legal Advisor.

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

Previous names of the reporting entity: United Mizrahi Bank Ltd

Form structure revision date: April 15, 2015

Name of the person reporting electronically: Feller Maya; Position held: Bank Secretary; Name of Employing Company:

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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 9,023.0 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 8,986.4 million.
- The effect of the proposed distribution over the equity structure, capital adequacy and leverage ratios is detailed in the written outlook for the coming year, according to which 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.

Therefore, there is no limitation on the distribution of a dividend according to the Companies Law, 5759-1999 (Section 302).

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 36.6 Million, which constitute 15% of the net profit from the first quarter of 2015, and has resolved to approve the aforesaid distribution.