

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: May 24, 2018
www.isa.gov.il	www.tase.co.il		Ref: 2018-01-042264

Supplemental report to the report submitted on May 8, 2018 with reference number 2018-01-045667

Main details added/supplemented: *Following an exercise of the bank's convertible securities, the dividend per share sum in Section 6 of the below report has been updated.
The updated dividend sum is 0.5891009 (0.5891284 in the previous report).*

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 *May 7, 2018*, the payment of a dividend for the company's securities was decided.
2. The total amount of the dividend which will be paid is: *ILS 137,200,000*
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 11,918,800,000*
4. The dividend distribution approval procedure
At the Board of Directors meeting dated May 7, 2018 at 16:00.

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): *May 22, 2018*
The ex-day: *May 22, 2018*
Date of payment: *June 5, 2018*
6. Payment details:
 - A dividend distributed by a company residing in Israel (for the composition of the dividend's sources and tax rates, see section 7a).
 - A dividend distributed by a real estate investment fund (for the composition of the dividend's sources and tax rates, see section 7c).

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	0.5891009	ILS	ILS		25	0

- A dividend distributed by a company residing abroad (for tax rates, see section 7b).

1	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	Payment currency	Exchange rate for payment in respect of date		% de facto private individuals' tax	% de facto companies tax

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 *an exercise of convertible securities, insofar as they may be.*

7. The TDS rates specified below are for TASE members for tax deduction at the source.

7a. Composition of the sources of a dividend distributed by a company residing in Israel from equity and financial instruments except for REITs.

	% 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%	23%	25%
Income from approved enterprise/beneficiaries (3)	0	15%	15%	15%
Income from approved enterprise Ireland, up to 2013 (4)	0	15%	15%	4%
Income from approved enterprise Ireland, since 2014 (5)	0	20%	20%	4%
Preferred income	0	20%	0%	20%
Income from approved enterprise touristic/agricultural (6)	0	20%	20%	20%
Income from approved enterprise/beneficiaries which delivered a waiver notice (7)	0	15%	0%	15%

Distribution classified as capital gain	0	25%	23%	0%
Distribution by participating unit	0	0	0	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.
- (3) Including revenue from a beneficiary touristic enterprise with the selection/operation year being 2013 or prior.
- (4) A beneficiary enterprise in Ireland, for which the selection year is 2013 or prior.
- (5) A beneficiary enterprise in Ireland, for which the selection year is 2014 or after.
- (6) Including revenue from a beneficiary touristic enterprise with the selection/operation year being 2014 or after.
- (7) An approved enterprise or beneficiary which had delivered a notice of waiver until June 30, 2015, after the companies tax which it owed was deducted.

7b. Dividend distributed by a company residing abroad

	Private individuals	Companies	Foreign residents
Dividend distributed by a company residing abroad	25%	23%	0%

7c. Dividend distributed by a real estate investment fund

	% of dividend	Private individuals (1)	Companies	Foreign companies	Exempt mutual fund	Provident fund (2)
From land appreciation, capital gains and depreciation (3)		25%	23%	23%	0%	0%
Other taxable income (e.g. rent)		47%	23%	23%	23%	0%
From income-producing land for the purpose of accommodation rental		20%	20%	20%	0%	0%
Income charged by the fund (4)		25%	0%	25%	0%	0%
Extraordinary income		70%	70%	70%	60%	70%
Other						
% of TDS - weighted	100%					

- (1) Private individuals – including taxable income from a mutual fund, private individuals who are foreign residents.
- (2) A provident fund for annuity or remuneration or compensation, as defined in the Income

Tax Ordinance, as well as a provident fund or a foreign pension fund which resides in a reciprocating state.

- (3) From land appreciation or capital gains, except for the sale of land held for a short period. As well as income in the sum of the depreciation expenses.
- (4) Distribution out of income taxed by the fund in accordance with Article 64a4 (e).

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 0
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: [Regulation_37a1_isa.pdf](#)

Section 6 note:

The dividend sum per one security was calculated based on the Bank's issued capital as of May 21, 2018, as recently reported by the Bank through the Securities Authority's publication website (report dated May 21, 2018, reference no. 2018-01-049978).

The above report was signed by Mr. Menahem Aviv, Deputy CEO and Chief Accountant and Mr. Moshe Lari, Deputy CEO and CFO.

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

2018-01-045667

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

Form structure revision date: May 1, 2018

Abbreviated Name: Mizrahi Tefahot

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Fax:03-7559923

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Company website:

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<https://www.mizrahi-tefahot.co.il>

Previous name of the reporting entity: United Mizrahi Bank Ltd

Name of the person reporting electronically:
Aviv Menahem

Position:
Chief
Accountant

Name of Employing
Company:

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52520

Tel:
03-7559321

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03-7559148

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meno@umtb.co.il

Regulation 37(a)(1)

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

- The proposed dividend distribution does not have a material impact on the bank's financial situation. See below for details of the revenue balance.
- The balance of the corporation's revenues as defined in Section 302 of the Companies Law, prior to the proposed distribution, amounts to a total of ILS 12,056.0 million.
- The balance of the corporation's revenues as defined in Section 302 of the Companies Law, after the proposed distribution, amounts to a total of ILS 11,918.8 million.
- The impact 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 might prevent the bank from complying with its current and expected commitments.
- The proposed distribution is out of the revenues, as defined in the Companies Law.
- The bank complies with additional regulatory limitations set by the Supervision of Banks, including the provisions of the Proper Conduct of Banking Directive 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 137.2 Million, which constitute 40% of the net profit for the first quarter of 2018, and it has resolved to approve the aforesaid distribution.