

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: August 7, 2018
	www.isa.gov.il		www.tase.co.il		Ref: 2018-01-073969

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

Regulation 36 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: Investigation by the US Department of Justice

1. Immediate_report782018_isa.pdf
2. Date and time at which the corporation first learned of the event:
 August 7, 2018 at 08:30.
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 Ms. Racheli Friedman, Adv., Chief Legal Advisor and Ms. Maya Feller, Bank Secretary

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: July 31, 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: 03-7559923
		E-mail: mangment@umtb.co.il

7 August 2018

To:
Israel Securities Authority
Via MAGNA

To:
Tel-Aviv Stock Exchange Ltd
Via MAGNA

Dear Sir or Madam,

Re: Investigation by the US Department of Justice

Further to the contents of Section 12 to Note 26 of the bank's annual financial reports for 2017 (published on February 27th, 2018; reference no. 2018-01-019303) and Section 4 to Note 10b. of the bank's interim reports for the first quarter of 2018 (published on May 8th, 2018; reference no. 2018-01-045631) regarding the US Department of Justice's investigation regarding the banking group's business with its American customers, the bank hereby reports that on August 7th, 2018, the bank received a notice from the US Department of Justice to the bank's counsel, according to which the Department of Justice is prepared to offer a settlement with the bank based on the payment of USD 342 million, to end the above investigation.

The letter of the US Department of Justice's representative stipulates the above sum without any details or calculation principles which would establish it. The above letter was also attached, for the first time, with the draft of a factual document that may be used as the basis of a possible Deferred Prosecution Agreement (DPA) (although the draft of the DPA itself was not sent), while expressing expectations to hold negotiations in order to reach an acceptable agreement as soon as possible.

In its meeting on the evening of August 7th, 2018, the bank's Board of Directors instructed the bank's counsel to immediately notify the US Department of Justice that the proposal was not acceptable to the bank. In its letter to the US Department of Justice, the bank's US counsel stated that he and the bank were of the opinion that any reasonable calculation based on the alleged conduct of the banking group, via its employees, as described by the US Department of Justice itself, would lead to a sum significantly lower than the sum proposed to the bank. The bank is examining the meaning of the proposal and its implications, as well as the impact on the bank's financial results for the second quarter of 2018.

Respectfully,

Mizrahi Tefahot Bank Ltd

By:

Racheli Friedman, Chief Legal Advisor

Maya Feller, Bank Secretary