

**MIZRAHI TEFAHOT BANK LTD**  
No. with the Registrar of Companies: 520000522

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<b>To</b> <u><b>Israel Securities Authority</b></u>	<b>To</b> <u><b>Tel Aviv Stock Exchange Ltd</b></u>	T121 (Public)	Date of transmission: January 28, 2019
<a href="http://www.isa.gov.il">www.isa.gov.il</a>	<a href="http://www.tase.co.il">www.tase.co.il</a>		Ref: 2019-01-010473

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**Immediate Report**

**Explanation: This form may not be used if an appropriate form exists for the reported event.**

*Issue results must be reported under T20 and not under this form.*

*Bond rating or corporation rating reports must be submitted through Form T125.*

**Nature of the Event: Economic Arbitration Award - Employees**

Reference numbers of previous reports on the matter: \_\_\_\_\_ 2017-01-113226

File attached: immediate\_report\_arbitration\_isa.pdf

The company *is not* a shell company, as defined in the TASE Rules and Regulations.

Date on which the corporation first learned of the event: *January 28, 2019 at 10:00.*

*The above report was signed by Rita Rubinstein, Human Resources and Administration Division Manager, and Meno Aviv, Chief Accountant.*

The reference numbers of previous documents on the subject (reference does not constitute incorporation by reference): **2017-01-113226**

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Securities of a Corporation Listed for Trading on the Tel Aviv Stock Exchange Form structure revision date: December 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](mailto: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: <b>Feller Maya</b>	Position: <b>Bank Secretary</b>	Name of Employing Company:
Address: 7 Jabotinsky Street, Ramat Gan, 52520	Tel: 03-7559720	Fax: 03-7559923
		E-mail: <a href="mailto:mangment@umtb.co.il">mangment@umtb.co.il</a>

January 28, 2019

**To:**  
**Israel Securities Authority**

**To:**  
**Tel Aviv Stock Exchange Ltd.**

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Dear Sir/Madam,

**Re: Economic Arbitration Award – the Employees' Union**

Further to Note 22 A.6 to the Financial Statements of Mizrahi Tefahot Bank Ltd. (the “**Bank**”) as of December 31, 2017 (page 181) and Note 8(3) to the Bank’s Financial Statements as of March 31, 2018 (page 112), Note 8(3) to the Bank’s Financial Statements as of June 30, 2018 (page 130) and Note 8(3) to the Bank’s Financial Statements as of September 30, 2018 (page 122), the Bank hereby respectfully reports as follows:

On January 28, 2019, an arbitration award (in an economic arbitration) was issued by Messrs. Hon. Chief Justice (Ret.) Dr. Grunis, Prof. Zviran and Prof. Zelekha in a claim filed by the employees' union of Mizrahi Tefahot Bank Ltd. (the “**Employees' Union**”) against the Bank regarding a demand for the payment of a one-time monetary compensation for the years 2005-2015 (“**One-Time Compensation**”) in which no salary agreements were signed between the parties, as well as demands for various benefits, in respect of some of which the Bank and the Employees' Union reached an agreement within a special collective bargaining agreement signed on December 3, 2017 and decision on which in the arbitration became redundant (see immediate report dated December 3, 2017, reference 2017-01-113226) (the “**Arbitration Award**”).

The Arbitration Award requires the Bank to pay One-Time Compensation in a total sum of ILS 94.3 million (cost) to employees who are members of the Employees' Union, who worked at the Bank during the period from January 1, 2005 to December 31, 2015 or part thereof, who work at the Bank on the date of issue of the Arbitration Award, as well as to employees who are members of the union who worked during the aforesaid period and who took age retirement after June 30, 2013.

The One-Time Compensation will be paid in two phases – during 2019 and during 2020.

Furthermore, some of the demands for various benefits were also granted in the Arbitration Award.

The implication of the Arbitration Award is the recording of an expense in the amount of the One-Time Compensation, namely, ILS 94.3 million (pre-tax) and a sum total of approx. ILS 62 million (after-tax) on the Bank’s Financial Statements as of December 31, 2018, as well as additional salary expenses every year, from 2019 onwards, that are estimated by the Bank in a (pre-tax) amount of approx. ILS 15 million.

Sincerely,

**Bank Mizrahi Tefahot Ltd.**

By:

Rita Rubinstein, Human Resources and Administration Division Manager

Meno Aviv, Chief Accountant