

**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: March 18, 2018
	www.isa.gov.il		www.tase.co.il		Ref: 2018-01-020733

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

**Regulation 36(a) 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: Ofer Group – Separation Outline**

1. Attached is a notice received by the bank from Ofer Investments Ltd and Ofer Brothers Holdings (1989) Ltd regarding the formulation of principles for a separation outline, with attention to the provisions of the Law for Promotion of Competition and Reduction of Concentration 5774-2013.

Letter\_to\_Mizrahi\_separation\_outline\_principles\_isa.pdf

2. Date and time at which the corporation first learned of the event:

☉ March 17, 2018 at 21:40.

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. Maya Feller, Bank Secretary*

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

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Securities of a Corporation Listed for Trading on the Tel Aviv Stock Exchange	Form structure revision date: February 20, 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:
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Address: 7 Jabotinsky Street, Ramat Gan,  
52520

Tel:  
03-7559720

Fax:  
03-7559723

E-mail:  
[mangment@umtb.co.il](mailto:mangment@umtb.co.il)

March 17, 2018

To:

Mizrahi Tefahot Bank Ltd

**c/o Mr. Eldad Fresher, Bank CEO**

- **Via electronic mail** -

Dear Sir,

Re: **The Law for Promotion of Competition and Reduction of Concentration 5774-2013**  
**("Concentration Law")**

**Update on the formulation of separation outline principles**

Ofer Investments Ltd ("**Ofer Investments**") and Ofer Brothers Holdings (1989) Ltd ("**Ofer Holdings**") hereby respectfully deliver the following update:

1. In light of the provisions of the Concentration Law, which *inter alia* establishes restrictions on the cross holding of a major financial body and a major real corporation, which apply to Ofer Group companies<sup>1</sup> and their shareholders, i.e, the esteemed Ms. Liora Ofer, Mr. Doron Ofer and L.Y.N. (Holdings) Ltd ("**L.Y.N.**"), a company affiliated with Mr. Eyal Ofer (due to their holdings in both Ofer Investments and Melisron Ltd ("**Melisron**"), defined as a major real corporation; and Mizrahi Tefahot Bank Ltd ("**Mizrahi Bank**")<sup>2</sup>, defined as a major financial body), the representatives of the shareholders in the Ofer Group companies had been reviewing the various alternatives to solve the issue of the cross holding in recent months.
2. After a lengthy review process participated by professional teams appointed, on the one hand, by Ms. Liora Ofer, and on the other hand by L.Y.N., the principles of an outline aimed for the separation of control over the major financial body (Mizrahi Bank) from the control of the major real corporation (Melisron/Ofer Holdings) among the shareholders of the Ofer Group companies ("**Outline**"). It is expressed that the Outline is not a binding agreement and its sole purpose is to serve as grounds for the preparation of a detailed agreement ("**Detailed Agreement**").
3. According to the Outline, L.Y.N. will acquire all of Mizrahi Bank's controlling core shares held by Ofer Holdings and some of Mizrahi Bank's free shares held by Ofer Investments, and sell its shares in Ofer Investments; Mr. Doron Ofer (should he choose to

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<sup>1</sup> The "**Ofer Group companies**" include the following companies: Ofer Investments Ltd ("**Ofer Investments**"), Ofer Brothers Holdings (1989) Ltd ("**Ofer Holdings**") and Ofer Summer Vacations and Recreation Ltd.

<sup>2</sup> The holding in Mizrahi Bank is an indirect holding through Ofer Investments and Ofer Holdings.

join the Outline) will acquire the rest of Mizrahi Bank's free shares held by Ofer Investments (but no more than 4.5% of Mizrahi Bank's share capital, and without being part of the Mizrahi Bank control permit) and sell his shares in Ofer Investments; whereas Ms. Liora Ofer (and/or a company under her full control) will acquire the Ofer Investments shares held by L.Y.N. and Mr. Doron Ofer. It is expressed that L.Y.N. and Mr. Doron Ofer (should he choose to join the Outline) will each acquire their aforesaid part of Mizrahi Bank shares separately, independently, without joint holding. Should Mr. Doron Ofer choose not to join the Outline, this will not deprive him of the possibility of remaining a shareholder at Ofer Investments and Ofer Holdings alongside Ms. Liora Ofer.

4. The consequence is that according to the Outline, Ms. Liora Ofer (and/or a company under her full control) will only have control of the real holdings (Melisron/Ofer Holdings) and will detach from the financial holdings (Mizrahi Bank); whereas L.Y.N. will only have control of the financial holdings (Mizrahi Bank) and detach from the real holdings (Melisron/Ofer Holdings), in such a manner that with the implementation of the Outline, Mr. Eyal Ofer will be the sole recipient of the control permit over Mizrahi Bank within the Ofer Group<sup>3</sup>. It is expressed that Mr. Doron Ofer joining the Outline or his choice to remain a shareholder at Ofer Investments and Ofer Holdings will not hinder the execution of the Outline's purpose, i.e. the separation of the cross holdings as specified above in Section 2.
5. At this time, shareholders of the Ofer Group companies will be in contact with respect to the drafting of a Detailed Agreement which will regulate the separation between them based on the above Outline. The completion of the Detailed Agreement will be conditional upon the fulfillment of the suspensory conditions detailed therein. It is expressed that at this time, there is no certainty regarding the possibility that the parties will reach an agreement among themselves with respect to the separation outline detailed above.

Respectfully,

Ofer Investments Ltd

Ofer Brothers Holdings (1989) Ltd

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<sup>3</sup> It is expressed that at this time, prior to the implementation of the Outline, Mr. Eyal Ofer is one of the recipients of the Mizrahi Bank control permit within the Ofer Group. With the implementation of the Outline, Mr. Eyal Ofer will be the sole recipient of the control permit over Mizrahi Bank within the Ofer Group.