

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>	T121 (Public)	Date of transmission: December 29, 2016
	www.isa.gov.il		www.tase.co.il		Ref: 2016-01-093306

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: Sale Guarantee Insurance

Attached file *saleguarantees291216isa.pdf*

☐ The company is a shell company, as defined in the TASE Rules and Regulations.

Date on which the corporation first learned of the event: *December 28, 2016 at 19:00.*

The above report was signed by Ophir Morad, Head of the Business Banking Division and Daniel Samidovarski, Manager of the Accounting and Financial Reports Section.

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
Abbreviated Name: Mizrahi Tefahot
Address: 7 Jabotinsky Street
Ramat Gan, 52520, Israel
E-mail: mangment@umtb.co.il

Form structure revision date: December 28, 2016

Tel: 03-7559207 Fax: 03-7559913
03-7559720

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, Israel Tel: 03-7559720 Fax: 03-7559923 E-mail: mangment@umtb.co.il

December 29, 2016

To:
Israel Securities Authority

To:
Tel Aviv Stock Exchange Ltd

Dear Sir or Madam,

Re: Sales Guarantee Insurance

Mizrahi Tefahot Bank Ltd ("**Bank**") respectfully reports the following:

1. On December 28, 2016, the Bank completed the purchase of a credit exposure insurance policy in respect of guarantees issued by the Bank according to the Sale (Apartments)(Assurance of Investments of Persons Acquiring Apartments) Law 5734-1974 and the undertakings to issue guarantees as aforesaid (hereinafter together: "**Guarantees**" or "**Sale Guarantees**"). The insurance covers 80% of Guarantees at a sum of approx. ILS 15.5 Billion, of the total Sale Guarantees issued by the Bank, and it is valid as of December 31, 2016.
2. The aforesaid engagement was carried out through an insurance company which is a subsidiary fully owned by the Bank, which simultaneously became engaged with international secondary insurers with a high international rating, which allows for the reduction of the risk-weighted assets as stated below in section 3. The insurance policy insures the Bank for the event that the Bank is required to pay due to a forfeiture of the Guarantees – all according to the policy's terms.
3. The purchase of the insurance is primarily meant to reduce the risk-weighted assets due to the credit exposure deriving from the Guarantees, per the Proper Conduct of Banking Business Directive no. 203 on the subject of "Measurement and Capital Adequacy".
4. According to an initial estimate, the purchase of the aforesaid insurance is expected to increase the Bank's tier 1 capital by approx. 0.25%.

Respectfully,

Mizrahi Tefahot Bank Ltd

By: Ofir Morad, Head of the Business Banking Division
Daniel Samidovarski, Manager of the Accounting and Financial Reports Section