

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: February 25, 2020
	www.isa.gov.il		www.tase.co.il		Ref: 2020-01-018942

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: Regulatory Equity – Additional Information

The reference numbers of previous documents on the subject _____

Mizrahi Tefahot Bank Ltd respectfully reports information regarding the regulatory equity instruments issued by the bank.

This information is additional accompanying information to the financial reports of December 31, 2019, which are included in the periodic report (see also the report on the periodic report, reference no. 2020-01-018930).

Attached file *description_main_characteristics_December_31_2019_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: *February 24, 2020 at 16:30.*

Details of the signatories authorized to sign on behalf of the corporation:

	Signatory's Name	Position
1	<i>Mr. Eldad Fresher</i>	<i>CEO</i>
2	<i>Mr. Doron Klauzner</i>	<i>Deputy CEO</i>

Explanation: According to Regulation 5 of the Securities (Periodic and Immediate Reports) Regulations, 5730-1970, a report filed under these regulations shall be signed by those authorized to sign on behalf of the corporation. The position of the senior staff on the matter (in Hebrew) can be found on the ISA's website: [Click here](#)

The information regarding the regulatory equity instruments issued by the bank was signed by:

- 1. Mr. Moshe Vidman, Chairman of the Board of Directors*
- 2. Mr. Eldad Fresher, Chief Executive Officer*
- 3. Mr. Doron Klauzner, Deputy CEO, CRO*

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: February 18, 2020

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: Aviv Menahem Position: Chief Accountant Name of Employing Company:

Address: 7 Jabotinsky Street, Ramat Gan, 52520 Tel: 03-7559321 Fax: 03-7559148 E-mail: meno@umtb.co.il

**Description of key features of equity instruments included in the Bank's regulatory capital
as of December 31, 2019**

	Overview	Share capital	Mizrahi-Tefahot Bank – Subordinated capital notes (Series A)	Bank Mizrahi Tefahot – Subordinated deposit notes*	Bank Mizrahi Tefahot – Contingent Subordinated notes
1	Legal entity – issuer	Bank Mizrahi Tefahot Ltd.	Bank Mizrahi Tefahot Ltd.	Bank Mizrahi Tefahot Ltd.	Bank Mizrahi Tefahot Ltd.
2	Securities ID / Ticker symbol	695437	6950083	Non-negotiable / multiple	Non-negotiable / multiple
3	Legal frameworks applicable to the instrument	State of Israel	State of Israel	State of Israel	State of Israel
	Supervisory treatment				
4	Tier of which the instrument is part during the Basel III transitional period, which is gradually being eliminated	Not applicable	Tier II capital	Tier II capital	Not applicable
5	Tier of which the instrument is part during the Basel III transitional period, regardless of transitional provisions	Tier I shareholders' equity	Does not qualify	Does not qualify	Tier II capital
6	Does the instrument qualify as regulatory capital component on solo basis, for the banking group or both	Banking group	Banking group	Banking group	Banking group
7	Instrument type	Ordinary share capital	Obligatory notes	Subordinated notes	Contingent subordinated notes
8	Amount recognized in regulatory capital as of December 31, 2019	2,232,584,800	1,077,521,100	262,278,900	380,561,400
9	Instrument par value	23,490,797	1,701,984,302	1,582,767,716	600,000,000
10	Accounting classification	Shareholders' equity	Liability – carried at amortized cost	Liability – carried at amortized cost	Liability – carried at amortized cost
11	Original issue date	Variable	11/16/2006	Multiple	Multiple
12	Perpetual or dated	Perpetual	Dated	Dated	Dated
13	Original maturity	Not applicable	1/1/2106	Multiple	Multiple
14	Early redemption possible upon issuer demand with prior approval by the Supervisor?	Not applicable	Yes	No	No
15	Earliest date for exercising the option of early redemption upon issuer demand	Not applicable	1/1/2022	Not applicable	Not applicable
16	Existence and frequency of later early redemption dates	Not applicable	At the end of five-year terms after January 1, 2022 – i.e. on January 1 of 2027, 2032, 2037 etc.	Not applicable	Not applicable
	Interest coupons / dividends				
17	Fixed or variable interest coupon / dividend	See Note 24.C (Share capital and equity) on the financial statements as of December 31, 2016	Currently fixed interest, to become variable in future	Fixed interest	Multiple (fixed interest and variable interest)
18	Coupon interest rate and linkage to specific index	Not applicable	4.5%, linked to the Consumer Price Index	Multiple, linked to the Consumer Price Index	Multiple Linked to Consumer Price Index and non-linked to Consumer Price Index
19	Any dividend stopper to ordinary share holders?	Not applicable	Yes	No	No
20	Subject to full discretion, partial discretion or not subject to discretion	Not applicable	Partial discretion	No discretion	No discretion
21	Interest step-up or other incentive for redemption?	Not applicable	Yes	No	No
22	Instrument accrues / does not accrue interest / dividends?	Not applicable	Accruing	Does not accrue	Does not accrue
23	Instrument is or is not convertible?	Not applicable	Is convertible	Is not convertible	Is not convertible
24	If convertible, what are the trigger points?	Not applicable	See note (1)	Not applicable	Not applicable
25	If convertible, is it fully / partially convertible?	Not applicable	Always fully convertible	Not applicable	Not applicable
26	If convertible, what is the conversion ratio?	Not applicable	See note (2)	Not applicable	Not applicable
27	If convertible, is conversion optional or mandatory?	Not applicable	Mandatory	Not applicable	Not applicable
28	If convertible, of what Tier is the resulting instrument after conversion?	Not applicable	Tier I shareholders' equity	Not applicable	Not applicable
29	If convertible, indicate the issuer of the instrument converted into	Not applicable	Bank Mizrahi Tefahot Ltd.	Not applicable	Not applicable
30	Is there a mandatory write-down on the instrument?	Not applicable	No	No	Yes
31	If there is a mandatory write-down, what are the trigger points?	Not applicable	Not applicable	Not applicable	Supervisor of Banks announces an event leading to dissolution and/or Tier I capital lower than 5% (Regulation 202, Appendix D-E)
32	If there is a mandatory write-down, is it full or partial?	Not applicable	Not applicable	Not applicable	Full or partial
33	If there is a mandatory write-down, is it permanent or temporary?	Not applicable	Not applicable	Not applicable	Temporary
34	If there is a temporary write-down, describe the write-down elimination mechanism	Not applicable	Not applicable	Not applicable	At Bank discretion, after the Bank's Tier I capital ratio rises above the minimum ratio specified by the Supervisor of Banks
35	Creditor ranking upon dissolution – instrument type immediately preceding this instrument in creditor ranking	Subordinated capital notes (Series A), Bank Mizrahi-Tefahot	Contingent Subordinated notes of Bank Mizrahi Tefahot and contingent Subordinated notes of Mizrahi Tefahot Issue Company – Series 47-50.	Deposits and debentures	Not applicable, unless the instrument was not deleted upon dissolution according to its terms and conditions - Bank Mizrahi Tefahot subordinated notes and deposits
36	Are there components which only comply with the definition of regulatory capital due to transitional provisions?	No	Yes	Yes	No
37	If Yes, indicate the components	Not applicable	Non-qualification as Tier II capital: Regulation 202, Appendix D, sections 4c and 9 and Appendix E	Non-qualification as Tier II capital: Regulation 202, Appendix D, section 9 and Appendix E	Not applicable
38	Link to prospectus	–	http://maya.tase.co.il/bursa/report.asp?report_cd=265410	* 556 deposits which are essentially subordinated notes	–

Description of key features of equity instruments included in the Bank's regulatory capital as of December 31, 2019

		Mizrahi-Tefahot Issuance company – contingent subordinated notes (Series 47)	Mizrahi-Tefahot Issuance company – contingent subordinated notes (Series 48)	Mizrahi-Tefahot Issuance company – contingent subordinated notes (Series 50)	Bank Yahav – contingent subordinated notes
	Overview				
1	Legal entity – issuer	Mizrahi Tefahot Issue Company Ltd.	Mizrahi Tefahot Issue Company Ltd.	Mizrahi Tefahot Issue Company Ltd.	Bank Yahav for Government Employees Ltd.
2	Securities ID / Ticker symbol	2310233	2310266	2310290	Non-negotiable / multiple
3	Legal frameworks applicable to the instrument	State of Israel	State of Israel	State of Israel	State of Israel
	Supervisory treatment				
4	Tier of which the instrument is part during the Basel III transitional period, which is gradually being eliminated	Not applicable	Not applicable	Not applicable	Not applicable
5	Tier of which the instrument is part during the Basel III transitional period, regardless of transitional provisions	Tier II capital	Tier II capital	Tier II capital	Tier II capital
6	Does the instrument qualify as regulatory capital component on solo basis, for the banking group or both	Banking group	Banking group	Banking group	Banking group
7	Instrument type	Contingent subordinated notes issued by a subsidiary of the banking corporation to third-party investors	Contingent subordinated notes issued by a subsidiary of the banking corporation to third-party investors	Contingent subordinated notes issued by a subsidiary of the banking corporation to third-party investors	Contingent subordinated notes
8	Amount recognized in regulatory capital as of December 31, 2019	689,160,729	712,705,809	1,080,251,185	343,507,361
9	Instrument par value	678,950,000	710,550,000	1,089,900,000	518,000,000
10	Accounting classification	Liability – carried at amortized cost	Liability – carried at amortized cost	Liability – carried at amortized cost	Liability – carried at amortized cost
11	Original issue date	December 19, 2017	October 21, 2018	June 23, 2019 October 29, 2019	Multiple
12	Perpetual or dated	Dated	Dated	Dated	Dated
13	Original maturity	December 18, 2027	October 21, 2028	December 23, 2029	Multiple
14	Early redemption possible upon issuer demand with prior approval by the Supervisor?	Yes	Yes	Yes	Yes
15	Earliest date for exercising the option of early redemption upon issuer demand	December 18, 2022	October 21, 2023	December 23, 2024	5 years after issue date
16	Existence and frequency of later early redemption dates	Not applicable	Not applicable	Not applicable	Not applicable
	Interest coupons / dividends				
17	Fixed or variable interest coupon / dividend	Fixed	Fixed	Fixed	Fixed interest
18	Coupon interest rate and linkage to specific index	1.06%, linked to the Consumer Price Index	1.82%, linked to the Consumer Price Index	1.89%, linked to the Consumer Price Index	Multiple Linked to the Consumer Price Index
19	Any dividend stopper to ordinary share holders?	No	No	No	No
20	Subject to full discretion, partial discretion or not subject to discretion	No discretion	No discretion	No discretion	No discretion
21	Interest step-up or other incentive for redemption?	No	No	No	No
22	Instrument accrues / does not accrue interest / dividends?	Does not accrue	Does not accrue	Does not accrue	Does not accrue
23	Instrument is or is not convertible?	Is not convertible	Is not convertible	Is not convertible	Is not convertible
24	If convertible, what are the trigger points?	Not applicable	Not applicable	Not applicable	Not applicable
25	If convertible, is it fully / partially convertible?	Not applicable	Not applicable	Not applicable	Not applicable
26	If convertible, what is the conversion ratio?	Not applicable	Not applicable	Not applicable	Not applicable
27	If convertible, is conversion optional or mandatory?	Not applicable	Not applicable	Not applicable	Not applicable
28	If convertible, of what Tier is the resulting instrument after conversion?	Not applicable	Not applicable	Not applicable	Not applicable
29	If convertible, indicate the issuer of the instrument converted into	Not applicable	Not applicable	Not applicable	Not applicable
30	Is there a mandatory write-down on the instrument?	Yes	Yes	Yes	Yes
31	If there is a mandatory write-down, what are the trigger points?	Supervisor of Banks announces an event leading to dissolution and/or Tier I capital lower than 5% (Regulation 202, Appendix D-E)	Supervisor of Banks announces an event leading to dissolution and/or Tier I capital lower than 5% (Regulation 202, Appendix D-E)	Supervisor of Banks announces an event leading to dissolution and/or Tier I capital lower than 5% (Regulation 202, Appendix D-E)	Supervisor of Banks announces an event leading to dissolution and/or Tier I capital lower than 5% (Regulation 202, Appendix D-E)
32	If there is a mandatory write-down, is it full or partial?	Full or partial	Full or partial	Full or partial	Full or partial
33	If there is a mandatory write-down, is it permanent or temporary?	Temporary	Temporary	Temporary	Temporary
34	If there is a temporary write-down, describe the write-down elimination mechanism	At Bank discretion, after the Bank's Tier I capital ratio rises above the minimum ratio specified by the Supervisor of Banks, for a term of up to 15 years after the initial issue date.	At Bank discretion, after the Bank's Tier I capital ratio rises above the minimum ratio specified by the Supervisor of Banks, for a term of up to 7 years after the write off date.	At Bank discretion, after the Bank's Tier I capital ratio rises above the minimum ratio specified by the Supervisor of Banks, for a term of up to 7 years after the write off date.	At Bank discretion, after the Bank's Tier I capital ratio rises above the minimum ratio specified by the Supervisor of Banks
35	Creditor ranking upon dissolution – instrument type immediately preceding this instrument in creditor ranking	Not applicable, unless the instrument was not deleted upon dissolution according to its terms and conditions - Bank Mizrahi Tefahot subordinated notes and deposits	Not applicable, unless the instrument was not deleted upon dissolution according to its terms and conditions - Bank Mizrahi Tefahot subordinated notes and deposits	Not applicable, unless the instrument was not deleted upon dissolution according to its terms and conditions - Bank Mizrahi Tefahot subordinated notes and deposits	Not applicable, unless the instrument was not deleted upon dissolution according to its terms and conditions - In such case, the rights pursuant to the note are subordinated to all other creditors, except for creditor rights assigned a lower redemption ranking and except for creditor rights pursuant to similar notes
36	Are there components which only comply with the definition of regulatory capital due to transitional provisions?	No	No	No	No
37	If Yes, indicate the components	Not applicable	Not applicable	Not applicable	Not applicable
38	Link to prospectus	http://maya.tase.co.il/reports/details/1136660/2/2	http://maya.tase.co.il/reports/details/1189839	https://maya.tase.co.il/reports/details/1236196 https://maya.tase.co.il/reports/details/1259747	–

**Description of key features of equity instruments included
in the Bank's regulatory capital as of December 31, 2019**

- (1) The Bank would be required to convert the outstanding principal and interest balance of these capital notes into Bank ordinary shares upon certain occurrences as follows:
- a) The Bank's Tier I capital ratio to risk components, as reported on the Bank's financial statements, has dropped below 6% and has not returned to the aforementioned value or higher within 90 days from the issue date of said financial statements;
 - b) According to the Bank's financial statements, the Bank' retained earnings balance has turned negative;
 - c) The Bank's Independent Auditor, in an opinion or review report attached to the Bank's financial statements or interim financial statements, has drawn attention to Notes to the financial statements with regard to significant doubt as to continued existence of the Bank as a going concern.
- (2) The conversion rate for conversion of capital notes into Bank ordinary shares will be determined by the Trustee after 14 consecutive trading days, the first of which is the first trading day following the date on which the Bank's notice was delivered. The conversion rate will be determined based on the lowest conversion rate as follows, with the value of capital notes for conversion purposes calculated including principal, linkage differentials and accrued interest as of the date on which the Bank's notice was delivered:
- (a) Shareholder equity per Bank share, less a 20% discount. Shareholder equity per share will be calculated based on the Bank's most recent financial statements issued prior to calculation of the conversion rate;
 - (b) The average closing price per Bank ordinary share on the Tel Aviv Stock Exchange on 14 consecutive trading days, the first of which is the first trading day following the date on which the Bank's notice was delivered.

Notwithstanding the foregoing, the calculated conversion rate shall not exceed a closing price of NIS 37.00 per share nor be less than a closing price of NIS 18.00 per share, with both these prices linked to the Consumer Price Index issued for September 2006 and adjusted to reflect price changes with respect to bonus share distribution, share split or reverse split, capital reduction and the benefit component with respect to each rights issuance made during the term of the capital notes.



Moshe Vidman
Chairman of the Board of Directors



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Ramat Gan, February 24, 2020