

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: April 13, 2020
	www.isa.gov.il		www.tase.co.il		Ref: 2020-01-038193

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: *Consequences of the Coronavirus and non distribution of a dividend*

1. _____
Immediate report 1342020 isa .pdf
2. Date and time at which the corporation first learned of the event:
© April 13, 2020 at 13:00

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.

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

	Signatory's Name	Position
1	<i>Meno Aviv</i>	<i>Other</i> <i>Chief Accountant</i>
2	<i>Moshe Lari</i>	<i>Other</i> <i>Head of the Finance division</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 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:	Position:	Name of Employing Company:
Ofer Horwitz	Bank Secretary	
Address: 7 Jabotinsky Street, Ramat Gan, 52520	Tel: 03-7559207	Fax: 03-7559923
		E-mail: mangment@umtb.co.il

April 13, 2020

To

Israel Securities Authority

To

Tel Aviv Stock Exchange Ltd

Re: Consequences of the Coronavirus Pandemic Incl. the Non-Distribution of a Dividend

Mizrahi Tefahot Bank Ltd (the “**Bank**”) hereby reports the following:

1. On March 29, 2020, the Bank received the notice of the Supervisor of Banks (addressed to the commercial banks) on the subject of “profit distribution following the coronavirus crisis” (the notice was published on the Bank of Israel’s website); and on March 31, 2020, Proper Conduct of Banking Business Directive no. 250, issued by the Supervisor, on the subject of “adjustments to the proper conduct of banking business directives for the purpose of dealing with the coronavirus crisis (temporary order)” (hereinafter: the “**Temporary Order**”) was published. Under this framework, the Supervisor of Banks reduced the minimum capital ratios with which the banks must comply during the ordinary course of business by one percentage point, effective for the duration of the Temporary Order¹. This, with the expectation that the banks will utilize the capital surpluses, due to the reduction of capital requirements, to support the business activity of the market, in favor of increasing credit and support for households and the business sector, and not for the purpose of other goals, including dividend distributions and share buybacks, so long as the Temporary Order is in effect.

In consequence of this, the Bank’s tier 1 capital to elements of risk ratio, in addition to the extra 1% capital requirement from the housing loans balance (based on December 31, 2019 data), shall be no less than 8.83% (to which the appropriate safety buffers will be added), while the total capital ratio shall be no less than 12.33%, respectively;

¹ The Temporary Order determines that it will remain in effect until September 30, 2020, and the Supervisor of Banks being empowered, subject to the Governor’s approval, to extend the order’s applicability period by up to six (6) months.

In this matter, it is stated in the Temporary Order that in order to allow the banks to return to minimum capital ratios after the expiration of the Temporary Order, the leniency will continue to apply for a further twenty-four (24) months, provided that the capital ratios are no less than the capital ratios at the end of the order’s applicability period or the minimum capital ratios that had applied to the banking corporation prior to the Temporary Order – whichever lower.

2. Moreover, *inter alia*, the Supervisor noted that banks are asked to re-examine their dividend and share buyback policies, in view of the coronavirus crisis and the uncertainty deriving from its development (including in light of the macro economic forecasts, which were updated downwards sharply, and the sharp decline in the financial markets); and that it would be right to abstain from dividend distributions (including share buybacks) as long as the Temporary Order is in effect.
3. Further to the aforesaid, on April 13, 2020, the Bank's Board of Directors resolved that the Bank shall abstain from dividend distributions (including buybacks of the Bank's shares) as long as the Temporary Order is in effect, *inter alia* due to the position of the Supervisor of Banks (as relayed above), and with attention to the aforesaid, including the uncertainty regarding the consequences of the coronavirus crisis on the Bank, as specified above.

It is hereby clarified that subject to the aforesaid, no change will be made to the Bank's dividend policy, as detailed in the report published by the Bank on November 22, 2016 (reference no. 2016-01-080628), and as updated in the report published by the Bank on February 27, 2018 (reference no. 2018-01-015753).

4. 4.1. The Bank is closely following the developments and effects of the coronavirus pandemic's spread in Israel and throughout the world, particularly analyzing the financial and business impacts of these measures on the global economy, the Israeli economy, its customers, and consequently its business. Likewise, the Bank is closely monitoring the credit to the public portfolio, with attention to any factors that may impact this portfolio's risk levels.

It is the Bank's assessment that the various defensive measures being taken, as aforesaid, including those concerning restrictions on business operations and traffic in public spaces, as well as decisions that may yet be passed by governments and central banks around the world, including in Israel, might have consequences for its 2020 business results, and possibly even after that. This may occur, *inter alia*, due to a potential increase in credit loss expenses due to cash flow difficulties of Bank's customers, both from the business sector (upon its various business segments) and the private sector, which includes housing loans, as well as an increase of credit risk levels, respectively.

- 4.2 However, the Bank cannot, at this stage, estimate the consequences and effects of the coronavirus pandemic on its business results, in view of the uncertainty surrounding the continuation of the spread of the virus or its curbing both in Israel and throughout the world, as well as the pandemic's duration, any further measures that may be taken as a result thereof by governments and central banks around the world and by the Israeli government and the Bank of Israel, respectively, and the extent of their impact on the global economy and the Israeli economy.

4.3 The contents of section 4 in this report are forward-looking information, per its definition in the Securities Law 5728-1968, which is based on the Bank's assessments and estimates as of this report's date, the realization of which is either unknown or uncertain, as they depend upon events and factors which are not controlled by the Bank and may change at any moment, as aforesaid.

It is clarified hereby that the Board of Directors will continue to follow the consequences of the coronavirus crisis, and that it may update and make changes to the decision relayed in section 3 above, insofar as necessary according to its discretion.

Respectfully,

Mizrahi Tefahot Bank Ltd

By:

Meno Aviv, Chief Accountant

Moshe Lari, Head of the Financial Division