

Mizrahi Tefahot Bank Ltd.'s Immediate Reports are published in Hebrew on the Israel Securities Authority and the Tel Aviv Stock Exchange websites. The English version is prepared for convenience purposes only. The only binding version of the Immediate Reports is the Hebrew version. In the event of any discrepancy or inconsistency between the Hebrew version and the translation to English, the Hebrew version shall prevail and supersede, for all purposes and in all respects.

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: November 29, 2020
	www.isa.gov.il		www.tase.co.il		Ref: 2020-01-121201

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: *Signing of a Merger Agreement with Union Bank*

1. Immediate report Union merger agreement isa.pdf
2. Date and time at which the corporation first learned of the event:
Ⓒ November 29, 2020 at 17:00

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>Racheli Friedman, Adv.</i>	<i>Other Chief Legal Advisor</i>

2	<i>Ofir Morad</i>	<i>Other</i> <i>Head of the Corporate Division</i>
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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):

2020-01-095263 **2017-01-110619**

Securities of a Corporation Listed for Trading on the Tel Aviv Stock Exchange Form structure revision date: October 27, 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: Horwitz Ofer	Position: Bank Secretary	Name of Employing Company: Mizrahi Tefahot Bank Ltd
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Address: 7 Jabotinsky Street, Ramat Gan, 52520	Tel: 03-7559207	Fax: 03-7559913	E-mail: management@umtb.co.il
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November 29, 2020

To:
Israel Securities Authority

To:
Tel-Aviv Stock Exchange Ltd

Dear Sir or Madam,

**Re: Immediate Report on An Immaterial Merger Between
Mizrahi Tefahot Bank Ltd and Union Bank of Israel Ltd**

Mizrahi Tefahot Bank Ltd (the “**Bank**”) hereby announces that in accordance with the authorization granted by the Bank’s Board of Directors for the merger of Union Bank of Israel Ltd (“**Union**”) (as the target company) with an into the Bank (as the receiving company) (the “**merger**”), a merger agreement (“**merger agreement**”) was signed on November 29, 2020 between the Bank and Union.

Below are details regarding the merger and the merger agreement, in accordance with the instructions of Regulation 37p of the Securities Regulations (Periodic and Immediate Reports) 5730-1970 (the “**Regulations**”):

1. The parties to the merger: As aforesaid, the parties to the merger are the Bank and Union. As of September 30, 2020, the date on which the full exchange tender offer published by the Bank to purchase the entirety of Union’s shares¹ was completed, Union is a private company, with the Bank holding 100% of Union’s issued and outstanding share capital and voting rights.
2. The principles of the merger agreement: Subject to the instructions of the merger agreement and the fulfilment of all suspensory conditions set forth in the merger agreement (see Section 7 below), Union will be merged with an into the Bank, per the instructions of the first chapter of the eighth part of the Companies Law 5759-1999 (the “**Companies Law**”), the instructions of Article 103 of the Income Tax Ordinance [New Version] (“**Income Tax Ordinance**”) and the regulations established by power thereof, as well as the taxation resolution in the matter of structural change and the conducting of the merger, which authorizes the structural change and the merger (the “**taxation resolution**”), so that beginning on the date at which the Registrar of Companies will produce to the Bank a certificate indicating the execution of the merger, and subject to the fulfilment of all of the merger’s suspensory conditions specified in the merger agreement (see Section 7 below) (the “**closing date**”), all of Union’s assets, rights and liabilities will be transferred as-is to the Bank, valid retroactively as of December 31, 2020, in such manner that immediately after the closing date, the Bank will have all of

¹ In this regard, see the (amending) report on the full exchange tender offer published by the Bank on September 17, 2020 (the “**amending report on the exchange tender offer**”), as well as the immediate report on the results of said tender offer from September 23, 2020 (reference nos. 2020-01-095263 and 2020-01-102456, respectively), the contents of which are included in this report via reference.

Union's rights and liabilities as they were prior to December 31, 2020, and such transfer will be considered as having been made on December 31, 2020.

With the completion of the merger, Union will be liquidated and struck off the Registrar of Companies' registry.

3. The tax implications of the merger for the receiving company: The merger agreement and the merger are made in accordance with the instructions of Article 103 of the Income Tax Ordinance, the instructions of the 2nd part of the Income Tax Ordinance and the taxation resolution. As specified below in Section 7, one of the suspensory conditions detailed in the merger agreement is receiving the written authorization from the Tax Authority that the merger complies with the conditions detailed in Article 103 of the Income Tax Ordinance.
4. The amount and holdings rate of the Bank's interested parties in the issued and outstanding share capital and voting rights, before and after the merger: Following the completion of the merger in the holdings of the Bank's interested parties, no change will occur in the amount or holdings rate of the Bank's interested parties in the issued and outstanding share capital and voting rights.
5. The consideration for the merger: The merger shall be executed without the Bank and/or Union having received or will receive any consideration, whether directly or indirectly, in cash and/or in cash equivalents, due to or in connection with the merger.
6. The Board of Directors' determination: After the Bank's Board of Directors had discussed and examined the financial status of the Bank and of Union, the Board of Directors determined that with attention to the financial status of the Bank and Union, there is no reasonable concern, in its opinion, that the Bank will not be able to fulfil its obligations towards its creditors following the merger; and based on the reasons detailed below in Section 13, the Bank's Board of Directors resolved to authorize the merger.
7. Authorizations required for the merger or conditions set forth for its execution, whether received or fulfilled, and whether not – at which time they are expected to be received or fulfilled: Below are summary descriptions of the suspensory conditions set forth in the merger agreement, and required for the execution of the merger itself, the cumulative fulfilment of which is required:
 - 7.1 The execution of all actions required according to the first chapter of the eighth part of the Companies Law, and according to the Companies Regulations (Merger) 5760-2000;
 - 7.2 The fulfilment of all conditions which should be fulfilled, as specified in the taxation resolution.
 - 7.3 Receiving the Tax Authority's authorization that the merger complies with the conditions specified in Article 103 of the Income Tax Ordinance.
 - 7.4 Submission of an approval from the Bank officer in charge of information technology to Union, regarding the completion of the implementation of

technological and operational solutions that will enable the transfer of Union's customer portfolios to the Bank, including all legally required information, as well as the granting of full IT and operational support to Union's activities by the Bank, all to the satisfaction of the Bank.

7.5 Receiving a merger certificate from the Registrar of Companies, indicating the execution of the merger.

7.6 The absence of an injunction from any judicial authority or a valid directive from any governmental authority, which has made or may make the merger agreement illegal, or which prohibits or prevents the completion of the merger.

According to the merger agreement, the Bank and Union shall be entitled to waive by agreement the need for the fulfilment of any of the suspensory conditions specified above.

The merger does not require the approval of the general meetings of either the Bank or Union, since the conditions set forth in Article 320(a1) of the Companies Law are fulfilled.

In regard to the Competition Commissioner's authorization of the merger, see Section 7 of the amending report on the exchange tender offer (per its definition and as detailed in Footnote 1, the content of which is included in this report via reference).

8. New, existing or anticipated restrictions.: At this time, the Bank is not aware of any new, existing or anticipated restrictions that would, to the best of the Bank's knowledge, apply to the Bank following the merger;
9. Personal interest in the merger: To the best of the Bank's knowledge, no director, controlling shareholder or interested party has a personal interest in the merger.
10. The merger does not require authorization under Article 320(c) or (d) of the Companies Law.
11. Union has no securities which are convertible or may be exercised into Union shares;
12. The conditions in Regulation 37b(a) of the Regulations are not fulfilled, and in accordance therewith, the merger is immaterial.
13. Below are the Board of Directors' main reasons for authorizing the merger:
 - 13.1 In the Board of Directors' assessment, the finalization of the merger will allow for the realization of the operational and business synergy potential between the Bank and Union, including in view of the following:

The merger will make the activities of the Bank and Union more efficient , while taking advantage of the organizational and economic benefits resulting from the merger, including cost and expense savings such as on headquarters, operations, computer systems and human resources;
 - 13.2 In the Board of Directors' assessment, the merger may improve the Bank's competitiveness in the banking system;

- 13.3 With attention to the financial status of the Bank and Union, there is no reasonable concern that the Bank will not be able to fulfil its obligations towards its creditors following the merger.
- 13.4 The merger is to the benefit of the Bank and its shareholders, and the assumption is that over time, the merger will maximize the profits of the shareholders.
- 13.5 To the best of the directors' knowledge, no director, controlling shareholder or interested party at the Bank has a personal interest in the merger.

Respectfully,

Mizrahi Tefahot Bank Ltd

By:

Racheli Friedman, Chief Legal Advisor

Ofir Morad, Head of the Business Division