

**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>	T125 (Public)	Date of transmission: December 14, 2017
www.isa.gov.il	www.tase.co.il		Ref: 2017-01-116745

**Supplemental report to the report submitted on December 4, 2017 with reference number 2017-01-113496**

Main details added/supplemented: *An update to the initial rating report – an update of the issuance amount from ILS 600 million NV to ILS 770 million NV.*

**Immediate Report on the Rating of Bonds/Rating of a Corporation or Rating Cessation**

On December 4, 2017, *S&P Maalot* published:

A rating report/notice *updated*

A notice regarding rating cessation

1. Rating report or notice

Corporation's rating: *S&P Maalot ilAAA stable*

Comments/Notice summary: *Other Reaffirmation.*

Ratings history in the three years prior to the date of the rating/notice:

Date	Rating subject	Rating	Comments/Notice summary
October 24, 2017	Mizrahi Tefahot Bank Ltd.	<i>S&amp;P Maalot ilAAA stable</i>	<i>Other Reaffirmation</i>
September 26, 2017	Mizrahi Tefahot Bank Ltd.	<i>S&amp;P Maalot ilAAA stable</i>	<i>Other Reaffirmation</i>
January 4, 2017	Mizrahi Tefahot Bank Ltd.	<i>S&amp;P Maalot ilAAA stable</i>	<i>Other Reaffirmation</i>
January 21, 2015	Mizrahi Tefahot Bank Ltd.	<i>S&amp;P Maalot ilAAA stable</i>	<i>Other Reaffirmation</i>
December 23, 2014	Mizrahi Tefahot Bank Ltd.	<i>S&amp;P Maalot ilAAA stable</i>	<i>Rating upgrade</i>

**Explanation: The ratings history should only detail the rating history of the company rating the subject of the immediate report**

Rating of the corporation's bonds:

Name and type of security	Security number on the stock exchange	Rating company	Current rating	Comments/Notice summary

Ratings history for the three years prior to the rating/notice date:					
Name and type of security	Security number on the stock exchange	Date	Type of rated security	Rating	Comments/Notice summary

**Explanation: The ratings history should only detail the rating history of the company rating the subject of the immediate report**

Attached rating report maalot\_updated\_141217\_isa.pdf

2. On \_\_\_\_\_, \_\_\_\_\_ announced that it would cease rating \_\_\_\_\_

*On December 4, 2017, S&P Maalot reaffirmed the bank's issuer rating, which is at AAA with a stable outlook*

*The above report was signed by Ms. Racheli Friedman, Adv. Chief Legal Advisor*

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: November 6, 2017
Abbreviated Name: Mizrahi Tefahot	
Address: 7 Jabotinsky Street Ramat Gan, 52520, Israel	Tel: 03-7559207 Fax: 03-7559913 03-7559720
E-mail: mangment@umtb.co.il	

Previous name of the reporting entity: United Mizrahi Bank Ltd.

Name of the person reporting electronically: Friedman Rachel Position: Chief Legal Advisor Name of Employing Company:  
Address: 7 Jabotinsky Street, Ramat Gan, 52520, Israel Tel: 03-7559500 Fax: 03-7559655 E-mail: [rachelifr@umtb.co.il](mailto:rachelifr@umtb.co.il)

**MAALOT**

**S&P Global Ratings**

# **Mizrahi Tefahot Bank Ltd**

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**December 14, 2017**

## **New Issuance**

### **Grant of an 'ilAA-' Rating to the Issuance of Debentures at up to ILS 770 Million N.V.**

**Primary Credit Analyst:**

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## New Issuance

# Grant of an 'ilAA-' Rating to the Issuance of Debentures with a Loss Absorbing Capacity at up to ILS 770 Million N.V.

S&P Maalot hereby announces the grant of an 'ilAA-' rating to Series 47 debentures with a loss absorbing capacity at up to ILS 770 million N.V., which Mizrahi Tefahot Bank Ltd (ilAAA/Stable) will issue by Mizrahi Tefahot Issuing Company Ltd. This sum includes the ILS 600 million N.V. amount approved on December 4, 2017.

In determining the rating of this type of debentures, we implement, among other things, the methodology for rating banks' complex instruments and the methodology to determine regional scale ratings. The rating's starting point is the bank's stand-alone credit profile (SACP), and not the issuer's rating, which also includes state support, as we estimate that these instruments will not receive support from the state. We are removing two rating levels (notches) off the SACP as follows:

- One notch to reflect the contractual subordination of the instrument, compared with the bank's more senior (subordinated) debt.
- One notch to reflect the loss absorbing capacity embedded in the instrument in the form of a principal write-off on the instrument, should any of the trigger events defined in its conditions occur, i.e. formative principal loss absorbency event, when the bank's tier 1 equity ratio falls below 5%, or a formative nonviability event, which is defined as the earliest between a written notice from the Supervisor of Banks to the bank that a write-off of debentures is necessary, since without it the bank would reach the point of nonviability, in the opinion of the Supervision of Banks; or written notice from the Supervisor of Banks to the bank regarding a decision to inject capital from the public sector, or support of equivalent value, without which the bank would reach the point of nonviability, as will be determined by the Supervision of Banks (insolvency).

According to our methodology for determining regional scale ratings, we are removing one notch off the bank's SACP, as determined by the global ratings scale, in order to reflect the insolvency risk. Afterwards, we convert to the regional rating, using the conversion tables. After the conversion to the regional ratings scale, we remove one more notch, in order to reflect the contractual subordination of the instrument, thus reaching the instrument's rating on the regional scale.

An examination of the instrument in light of our complex instrument methodology does not, in our assessment, reveal additional default risks that would justify removing more notches beyond those specified above.

For further details regarding Mizrahi Tefahot Bank Ltd's rating and for additional regulatory requirements, see the rating report dated January 4, 2017. For further details regarding the methodology behind the instrument's rating, please consult the methodology articles list in the aforementioned rating report and the Q&A document "Rating of Complex Bank Instruments – Q&A" (November 29, 2015).

**General details (as of December 14, 2017)****Mizrahi Tefahot Bank Ltd****Mizrahi Tefahot Issuing Company Ltd****Issuer Rating(s)**

Local rating – long term ilAAA/Stable

**Issuance rating(s)**Complex subordinated debt

Subordinated capital notes (upper Tier-II capital) A ilA+

Contingent subordinated notes with loss absorbing capacity ilAA-

Contingent subordinated notes with loss absorbing capacity Series 47 ilAA-

Senior unsecured debt

Series 35, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46 ilAAA

Subordinated debt

Subordinated notes 31 ilAA+

**Issuer rating history**

Local rating – long term

December 23, 2014 ilAAA/Stable

November 15, 2010 ilAA+/Stable

September 14, 2009 ilAA+/Negative

May 28, 2007 ilAA+/Stable

October 01, 2003 ilAA+

## Additional details

Time of the event's occurrence December 14, 2017 10:53

Time at which the event first became known December 14, 2017 10:53

Rating initiator The rated company

[Standard and Poor's Maalot Legal Disclaimer]