

S&P GLOBAL RATINGS MAALOT LTD
No. with the Registrar of Companies: 514045038

To	<u>Israel Securities Authority</u>	To	<u>Tel-Aviv Stock Exchange Ltd</u>	D125 (Public)	Date of transmission: December 14, 2017
	www.isa.gov.il		www.tase.co.il		Ref: 2017-15-116535

Immediate Report of Events Related to Rating

Regulations 13(g)(2), 14, 16(a) of the Regulations to Regulate the Activity of Credit Rating Companies, 5774-2014

Type of event:

1 Rating

1. Name of rated corporation: Mizrahi Tefahot Bank Ltd.
 Type of identification number: Number with the Registrar of Companies in Israel
 Identification number: 520000522

Note:

It is to be emphasized that the details in this section are used to present the report under the reports of the corporation whose details were specified above.

2. Details regarding a rating report:

File _____

Explanation: A TXT type file which will include details regarding the rating in a structure coordinated with the authority.

Table:

SN	General details	Rating details	Additional details
1	Internal identification number 2839 Rating subject <i>Debenture</i> <i>Subordinated debentures with capacity</i> Issue date Stock exchange security number: <i>N/A</i> Rating initiated by the rated company	Rating <i>ilAA-</i> Addition of symbolization to the rating <input checked="" type="checkbox"/> Nature of the notice: <i>Other</i> <i>Series expansion</i> Established on <i>December 14, 2017</i>	Date on which the rating was first published: <i>December 4, 2017</i> Last date on which the rating was updated: <i>December 4, 2017</i> Reason for rating cessation:

3. In the event of a rating cessation notice, please detail the reasons which led to the decision:

Explanation: The reasons can be added to the file, with the specification "see details in file".

4. Date on which the event occurred: December 14, 2017 at 10:53

Date on which the rating company first learned of the event: December 14, 2017 at 10:53

5. The immediate report: IRMiz20171214123021_isa.pdf

Reference numbers of previous documents concerning the issue reported herein (the mention does not constitute inclusion by way of reference):

Form structure revision date: December 11, 2017

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Ramat Gan, 5250606

Tel: 03-7539700;
03-7539701

Fax: 03-7539710

E-mail: ronit.harel@standardandpoors.com Company website: www.maalot.co.il

Previous names of reporting entity: Standard & Poor's Maalot Ltd

Name of person reporting
electronically:

Goldman Dorit

Address: 12 Abba Hillel
Silver, Ramat Gan,
5250606

His position:

Company Secretary

Tel: 03-7539701 Fax: 03-7539710

Name of employing company:

E-mail:
Dorit_goldman@standar
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MAALOT

S&P Global Ratings

Mizrahi Tefahot Bank Ltd

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:

Lena Schwartz

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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

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