

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: October 28, 2019
www.isa.gov.il	www.tase.co.il		Ref: 2019-01-091176

Supplemental report to the report submitted on October 10, 2019 with reference number 2019-01-087717

Main details added/supplemented: *Update of the rating report: update of the issuance sum from ILS 1 billion N.V. to ILS 2.6 billion N.V. for Series 51.*

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

On October 10, 2019, *S&P Maalot* published:

A rating report/notice *initial*

A notice regarding rating cessation

1. Rating report or notice

Corporation's rating:

Comments/Notice summary:

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

Date	Rating subject	Rating	Comments/Notice summary

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
<i>Series 51</i>	0	S&P Maalot	S&P Maalot <i>ilAAA stable</i>	Initial rating

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_271019_isa.pdf

2. On _____, _____ announced that it would cease rating _____

Maalot's rating is granted in connection with an issuance of bonds (Series 51) being examined by Mizrahi Tefahot Issuing Company Ltd, a subsidiary fully owned by the bank. It is hereby clarified that at the time of this report, there is no certainty regarding the execution of the issuance, its timing, its size and its conditions.

No change has been made to the bank's rating.

The above report was signed by Ms. Maya Feller, Bank Secretary

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: August 6, 2019

Abbreviated Name: Mizrahi Tefahot

Address: 7 Jabotinsky Street
Ramat Gan, 52520, Israel

Tel: 03-7559720 Fax: 03-7559923

E-mail: mangment@umtb.co.il

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

Name of the person reporting electronically: Feller Maya Position: Bank Secretary Name of
Employing Company:

Address: 7 Jabotinsky Street, Ramat Gan, 52520, Israel Tel: 03-7559720 Fax: 03-7559923 E-mail:

mangment@umtb.co.il

Maalot

S&P Global Ratings

Mizrahi Tefahot Bank Ltd

Mizrahi Tefahot Issuing Company Ltd

October 27 2019

New Issuance

Grant of an 'ilAAA' Rating to an Issuance of Bonds at up to ILS 2.6 Billion N.V.; and an 'ilAA-' Rating to an Issuance of Contingent Subordinated Notes with a Loss Absorption Capacity at up to ILS 400 Million N.V.

Primary Credit Analyst:

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New Issuance

Grant of an 'ilAAA' Rating to an Issuance of Bonds at up to ILS 2.6 Billion N.V.; and an 'ilAA-' Rating to an Issuance of Contingent Subordinated Notes with a Loss Absorption Capacity at up to ILS 400 Million N.V

S&P Maalot hereby announces the grant of an 'ilAAA' rating to bonds at up to ILS 2.6 billion N.V., to be issued through the issuance of a new series - Series 51 – by Mizrahi Tefahot Bank Ltd (ilAAA/Stable) via Mizrahi Tefahot Issuing Company Ltd. This sum includes the initial ILS 1 billion N.V. cap provided on October 10th, 2019.

Furthermore, S&P Maalot hereby announces the grant of an 'ilAA-' rating to the issuance of contingent subordinated notes with a loss absorption capacity at up to ILS 400 million N.V., to be issued via expansion of Series 50. The contingent subordinated notes will be issued by Mizrahi Tefahot Bank Ltd (ilAAA/Stable) via Mizrahi Tefahot Issuing Company Ltd. This sum includes the initial ILS 300 million N.V. cap provided on October 22nd, 2019.

In determining the rating of the Series 50 contingent subordinated notes, 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 loss absorption capacity embedded in the instrument in the form of a principal write-off of the deferred bonds, should any of the trigger events defined in their conditions occur, i.e. a “formative principal loss absorption event”, wherein the bank's tier 1 equity ratio would fall 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 contingent subordinated notes is necessary, since without it the bank would reach the point of nonviability, in the opinion of the Supervision of Banks; or a 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 determined by the Supervision of Banks (insolvency).
- One notch to reflect the contractual deferral of the instrument, compared with the bank's more senior debt (deferral).

The first rating level is removed off the bank's SACP, as determined by the global ratings scale, in order to reflect the insolvency risk, according to our methodology for rating banks' complex instruments. 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. In particular, we note that the current creditworthiness of the bank does not lead us to think that the likelihood of regulatory intervention with respect to the aforementioned bonds, as described above, requires an additional removal of rating levels.

Mizrahi Tefahot Bank Ltd
Mizrahi Tefahot Issuing Company Ltd

For further details regarding Mizrahi Tefahot Bank Ltd's rating and for additional regulatory requirements, see the rating report dated July 11th, 2019. For further details regarding the methodology behind the instrument's rating, please consult the list of methodology articles in the aforementioned rating report and the Q&A document "Rating of Complex Bank Instruments – Q&A" (November 29, 2015).

General details (as of October 27, 2019)	
Mizrahi Tefahot Bank Ltd	
Issuer Rating(s)	
Local rating – long term	ilAAA/Stable
Issuance rating(s)	
<u>Complex subordinated debt</u>	
Contingent subordinated notes with loss absorption capacity	ilAA-
Subordinated capital notes (upper Tier-II capital) A	ilAA-
Issuer rating history	
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+
Mizrahi Tefahot Issuing Company Ltd	
Issuance rating(s)	
<u>Complex subordinated debt</u>	
Contingent subordinated notes with loss absorption capacity Series 47	ilAA-
Contingent subordinated notes with loss absorption capacity Series 48	ilAA-
Contingent subordinated notes with loss absorption capacity Series 50	ilAA-
<u>Senior unsecured debt</u>	
Series 37, 38, 39, 40, 41, 42, 43, 44, 45, 46	ilAAA
Series 49, 51	ilAAA
Additional details	
Time of the event's occurrence	October 27, 2019 13:22
Time at which the event first became known	October 27, 2019 13:22
Rating initiator	The rated company

[legal disclaimer]