

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 18, 2018
	www.isa.gov.il		www.tase.co.il		Ref: 2018-01-094378

Supplemental report to the report submitted on October 4, 2018 with reference number 2018-01-088411

Main details added/supplemented: *An update to the initial rating report – update of the issuance sum from ILS 300 million N.V. to ILS 790 million N.V.*

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

On October 4th, 2018, *Midroog* 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 debentures:

Name and type of security	Security number on the stock exchange	Rating company	Current rating	Comments/Notice summary
<i>Deferred Bonds (Series 48)</i>	0	Midroog	Midroog <i>stable Aa3.il</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 midroog_rating_17102018_isa.pdf

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

Midroog's rating was given in connection with the issuance of the deferred bonds (Series 48), which is 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):

2018-01-088411

Securities of a Corporation Listed for Trading Form structure revision date: September 4, 2018
on the Tel Aviv Stock Exchange
Abbreviated Name: Mizrahi Tefahot
Address: 7 Jabotinsky Street Tel: 03-7559720 Fax: 03-7559923
Ramat Gan, 52520, Israel
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

Platinum Tower, 21 Ha'Arba'a Street
Tel Aviv 6473921
Tel: 03-6844700, Fax: 03-6855002
www.midroog.co.il

Mizrahi Tefahot Bank Ltd

Rating Action Update | October 2018

Contacts:

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Mizrahi Tefahot Bank Ltd

Standalone financial strength assessment (BCA) for the bank	aa2.il	
Deferred bonds with contractual loss absorbency mechanism (CoCo)	Aa3.il (hyb)	Rating outlook: stable

Further to the rating action report from October 4th, 2018, Midroog determines an Aa3.il (hyb) rating with a stable outlook for deferred bonds (series 48) at up to ILS 790 million (nominal value), to be issued by Mizrahi Tefahot Issuing Company Ltd, a subsidiary of Mizrahi Tefahot Bank Ltd, in lieu of the ILS 300 million (nominal value) sum that was previously rated.

For details on rating considerations, please see the follow-up report from September 2018 and the rating action from October 2018.

Related Reports

[Mizrahi Tefahot Bank Ltd – Related Reports](#)

[Methodology for Rating Banks – Methodology Report, November 2017](#)

[Connections and Holdings Table](#)

[Midroog Rating Scales and Definitions](#)

Reports (in Hebrew) are published on Midroog's website: www.midroog.co.il

General Information

Rating report date:	October 17, 2018
Last date on which rating was updated:	October 4, 2018
Date on which rating was first published:	September 10, 2017
Name of the rating initiator:	Mizrahi Tefahot Bank Ltd
Name of the party paying for the report:	Mizrahi Tefahot Bank Ltd

Information from the Issuer

In its ratings, Midroog relies, inter alia, on information received from authorized parties at the issuer.

Baseline Credit Assessment (BCA) Scale

aaa.il	Issuers and issues assessed at aaa.il are those that, in Midroog's judgment, have the highest internal or independent financial strength, relative to other local issuers, absent any possibility of external support from an affiliate or the government.
aa.il	Issuers and issues assessed at aa.il are those that, in Midroog's judgment, have very high internal or independent financial strength, relative to other local issuers, absent any possibility of external support from an affiliate or the government.
a.il	Issuers and issues assessed at a.il are those that, in Midroog's judgment, have relatively high internal or independent financial strength, relative to other local issuers, absent any possibility of external support from an affiliate or the government.
baa.il	Issuers and issues assessed at baa.il are those that, in Midroog's judgment, have moderate internal or independent financial strength, relative to other local issuers, absent any possibility of external support from an affiliate or the government, and may have certain speculative characteristics.
ba.il	Issuers and issues assessed at ba.il are those that, in Midroog's judgment, have relatively weak internal or independent financial strength, relative to other local issuers, absent any possibility of external support from an affiliate or the government, and have speculative characteristics.
b.il	Issuers and issues assessed at b.il are those that, in Midroog's judgment, have very weak internal or independent financial strength, relative to other local issuers, absent any possibility of external support from an affiliate or the government, and have significant speculative characteristics.
caa.il	Issuers and issues assessed at caa.il are those that, in Midroog's judgment, have excessively weak internal or independent financial strength, relative to other local issuers, absent any possibility of external support from an affiliate or the government, and have very significant speculative characteristics.
ca.il	Issuers and issues assessed at ca.il are those that, in Midroog's judgment, have extremely weak internal or independent financial strength, relative to other local issuers, absent any possibility of external support from an affiliate or the government, and are very near default, with some prospect of recovery of principal and interest.
c.il	Issuers and issues assessed at c.il are those that, in Midroog's judgment, have the weakest internal or independent financial strength, relative to other local issuers, absent any possibility of external support from an affiliate or the government, and are usually in default, with little prospects of recovery of principal and interest.

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Note: Midroog appends numeric modifiers 1, 2, and 3 to each rating category from aa.il to caa.il. The modifier '1' indicates that the debenture ranks in the higher end of its rating category, which is denoted by letters. The modifier '2' indicates that it ranks in the middle of its rating category and the modifier '3' indicates that the debenture ranks in the lower end of that category, denoted by letters.

Local Long-Term Rating Scale

Aaa.il	Issuers or issues rated Aaa.il are those that, in Midroog's judgment, have the highest creditworthiness relative to other local issuers.
Aa.il	Issuers or issues rated Aa.il are those that, in Midroog's judgment, have very high creditworthiness relative to other local issuers.
A.il	Issuers or issues rated A.il are those that, in Midroog's judgment, have relatively high creditworthiness relative to other local issuers.
Baa.il	Issuers or issues rated Baa.il are those that, in Midroog's judgment, have relatively moderate credit risk relative to other local issuers, and could involve certain speculative characteristics.
Ba.il	Issuers or issues rated Ba.il are those that, in Midroog's judgment, have relatively weak creditworthiness relative to other local issuers, and involve speculative characteristics.
B.il	Issuers or issues rated B.il are those that, in Midroog's judgment, have relatively very weak creditworthiness relative to other local issuers, and involve significant speculative characteristics.
Caa.il	Issuers or issues rated Caa.il are those that, in Midroog's judgment, have excessively weak creditworthiness relative to other local issuers, and involve very significant speculative characteristics.
Ca.il	Issuers or issues rated Ca.il are those that, in Midroog's judgment, have extremely weak creditworthiness and very near default, with some prospect of recovery of principal and interest.
C.il	Issuers or issues rated C are those that, in Midroog's judgment, have the weakest creditworthiness and are usually in a situation of default, with little prospect of recovery of principal and interest.

Note: Midroog appends numeric modifiers 1, 2, and 3 to each rating category from aa.il to caa.il. The modifier '1' indicates that the debenture ranks in the higher end of its rating category, which is denoted by letters. The modifier '2' indicates that it ranks in the middle of its rating category and the modifier '3' indicates that the debenture ranks in the lower end of that category, denoted by letters.

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