

Mizrahi Tefahot Bank Ltd.'s Immediate Reports are published in Hebrew on the Israel Securities Authority and the Tel Aviv Stock Exchange websites.

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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>	T125 (Public)	Date of transmission: March 18, 2021
	www.isa.gov.il		www.tase.co.il		Ref: 2021-01-038700

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

On March 18, 2021 S&P Global Ratings published *Other*:

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>Subordinated Tier 2 Capital Notes</i>	--	<i>Other S&P Global Ratings</i>	<i>Other BBB-None/NOO</i>	Initial rating

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

Name and type of security	Security number on the	Date	Type of rated security	Rating	Comments/Notice summary

	stock exchange				

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

Attached rating report [bordinatedNotesAssignedBBBRating Mar-18-2021 isa.pdf](#)

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

Details of the signatories authorized to sign on behalf of the corporation

	Signatory's Name	Position
1	<i>Menaheem Aviv</i>	<i>Other Chief Accountant</i>
2	<i>Adi Shachaf</i>	<i>Other Head of the Finance Division</i>

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](#)

For information on the bank's rating (A-/Stable/A-2) by S&P Global Ratings, see the immediate report dated March 18, 2021 (reference no. 2021-01-038514).

The reference numbers of previous documents on the subject (reference does not constitute incorporation by reference):

Securities of a Corporation Listed for Trading on _____ Form structure revision date: March 3, 2021

the Tel Aviv Stock Exchange

Abbreviated Name: Mizrahi Tefahot

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

E-mail: _____ Company website:

mangment@umtb.co.il <https://www.mizrahi-tefahot.co.il>

Previous name of the reporting entity: United Mizrahi Bank Ltd

Name of the person reporting electronically:	Position:	Name of Employing
Horvitz Ofer	Bank Secretary	Company: Mizrahi Tefahot Bank Ltd

Address: 7 Jabotinsky Street, Ramat Gan, Tel: Fax: E-mail:
52520 03-7559207 03-7559913 management@umtb.co
.il

Mizrahi Tefahot Bank Ltd. Proposed Tier 2 Subordinated Notes Assigned 'BBB-' Rating

March 18, 2021

PARIS (S&P Global Ratings) March 18, 2021--S&P Global Ratings today said it assigned 'BBB-' issue ratings to the proposed Tier 2 subordinated contingent convertible bonds to be issued by Mizrahi Tefahot Bank Ltd. (A-/Stable/A-2). The rating is subject to our review of the notes' final documentation. This is Mizrahi Bank's first issuance of contingent convertible notes in foreign currency.

Our ratings on the proposed co-co bonds are two notches lower than our stand-alone credit profile (SACP) on the bank. In accordance with our criteria for hybrid capital instruments (for more information, see "General Criteria: Hybrid Capital: Methodology And Assumptions," published July 1, 2019, on RatingsDirect), the starting point for the rating on the subordinated co-co notes is the SACP (bbb+). We don't use the issuer credit rating as the starting point, since it includes government support and we do not expect these instruments to benefit from state support. The issue rating stands two notches below the SACP, including:

- One notch to reflect contractual subordination with respect to the bank's senior obligations (subordination); and
- One notch to reflect the loss absorption mechanism built into the instruments by way of instrument principal conversion on the occurrence of the trigger events, as defined in the instruments' terms and conditions, that is a "capital loss absorption event" when core Tier 1 falls below 5%, or a "nonviability event."

The latter is defined as the earlier of written notice by the bank supervisor to the bank that a conversion is necessary, since without it the bank will become nonviable, in the view of the supervisor; or a written notice by the bank supervisor regarding a decision to inject public funds, or an equivalent support mechanism, without which the bank will reach the point of nonviability as determined by the bank supervisor (default risk).

When evaluating the instrument, we believe there are no additional nonpayment risks that would justify deduction of additional notches to those noted above. In particular, based on our view of the bank's creditworthiness, we consider that the likelihood of regulatory discretionary intervention does not require deduction of any additional notch to determine the final rating on the notes. The notes are must-pay instruments with no deferrable coupons and we assign them minimal equity content.

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Related Criteria

- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Hybrid Capital: Methodology And Assumptions, July 1, 2019
- General Criteria: Methodology For National And Regional Scale Credit Ratings, June 25, 2018
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Financial Institutions | Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- Criteria | Financial Institutions | Banks: Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Mizrahi Tefahot Bank Ltd. Assigned 'A-/A-2' Ratings; Outlook Stable, March 18, 2021
- Banking Industry Country Risk Assessment Update: January 2021, Jan. 28, 2021
- Israel Ratings Affirmed At 'AA-/A-1+'; Outlook Stable, Nov. 13, 2020
- Banking Industry Country Risk Assessment: Israel, July 15, 2020
- Tech Disruption In Retail Banking: The Regulator Is Moving Israeli Banks Into A Digital Future, Feb. 5, 2020

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceld/504352 Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column. Alternatively, call one of the following S&P Global Ratings numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow 7 (495) 783-4009.

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