

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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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: April 7, 2021
	www.isa.gov.il		www.tase.co.il		Ref: 2021-01-058299
Supplementary report	<i>March 18, 2021</i>	the reference no. of	<i>2021-01-038553</i>		
to a report sent on		which is			
Main details	<i>Update of the rating of Subordinated Tier 2 Capital Notes from BBB (EXP)</i>				
added/supplemented:	<i>to BBB Final. The rating details are detailed in the attached document.</i>				

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

On April 7, 2021 Fitch 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>	--	Other <i>Fitch Ratings</i>	Other <i>BBB</i> <i>None/NOO</i>	Initial rating
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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 USD600 million Tier 2 Notes BBB Final Rating_07 Apr 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>Menahe Aviv</i>	<i>Other</i> <i>Chief Accountant</i>
2	<i>Adi Shachaf</i>	<i>Other</i> <i>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/F1+) by Fitch Ratings, see the immediate report dated March 18, 2021 (reference no. 2021-01-038274).

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

the Tel Aviv Stock Exchange

Abbreviated Name: Mizrahi Tefahot

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

Form structure revision date: March 3, 2021

E-mail: mangment@umb.co.il Company website: <https://www.mizrahi-tefahot.co.il>

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

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

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

RATING ACTION COMMENTARY

Fitch Assigns Mizrahi Tefahot Bank's USD600 million Tier 2 Notes 'BBB' Final Rating

Wed 07 Apr, 2021 - 04:04 ET

Fitch Ratings - London - 07 Apr 2021: Fitch Ratings has assigned Mizrahi Tefahot Bank Ltd's (UMTB) USD600 million issue of Tier 2 notes a final rating of 'BBB'. UMTB's other ratings are unaffected by this rating action.

The final rating is in line with the expected rating that Fitch assigned to the notes on 18 March 2021.

KEY RATING DRIVERS

The rating of UMTB's USD600 million Tier 2 notes is two notches below the bank's Viability Rating (VR), reflecting poor recovery prospects in the event of a failure of the bank, in line with Fitch's base-case notching for Tier 2 debt. No additional notching is applied as in our opinion the principal loss absorption feature after a breach of a 5% common equity Tier 1 (CET1) ratio gives rise to low incremental non-performance risk relative to the bank's VR.

The Tier 2 notes rank pari passu with the bank's other Tier 2 debt. The notes will be written down partially or in full if UMTB's CET1 ratio falls below 5% or if UMTB's regulator, the Bank of Israel, notifies UMTB in writing that the write-down of the debt is necessary to avoid becoming non-viable, or if the Bank of Israel determines that a

capital injection is needed from the public sector, or equivalent support, to avoid the point of non-viability. There is no coupon flexibility on the notes.

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to negative rating action/downgrade:

The rating of the Tier 2 notes would likely be downgraded if the bank's VR is downgraded.

Factors that could, individually or collectively, lead to positive rating action/upgrade:

The rating of the Tier 2 notes would likely be upgraded if the bank's VR is upgraded.

ESG CONSIDERATIONS

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

BEST/WORST CASE RATING SCENARIO

International scale credit ratings of Financial Institutions and Covered Bond issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of four notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit <https://www.fitchratings.com/site/re/10111579>

DATE OF RELEVANT COMMITTEE

10 March 2021

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

RATING ACTIONS

ENTITY/DEBT	RATING	PRIOR
Mizrahi Tefahot Bank Ltd		
● subordinated	LT	BBB
	New Rating	BBB(EXP)

[VIEW ADDITIONAL RATING DETAILS](#)

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Feedback

APPLICABLE CRITERIA

[Bank Rating Criteria \(pub. 28 Feb 2020\) \(including rating assumption sensitivity\)](#)

ADDITIONAL DISCLOSURES

[Dodd-Frank Rating Information Disclosure Form](#)

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UK Issued, EU Endorsed

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