

Translation of Immediate Report

T125

Public

Bank Leumi Le-Israel B.M.

Registration No. 520018078

Securities of the Corporation are listed on The Tel Aviv Stock Exchange

Abbreviated Name: Leumi

34 Yehuda Halevi Street, Tel Aviv 651316

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Transmission Date: January 23 2022

Reference: 2022-01-010366

To: Israel Securities Authority (www.isa.gov.il)

The Tel Aviv Stock Exchange (www.tase.co.il)

Immediate Report of Rating of Bonds/Rating of a Corporation, or of Withdrawal of Rating

On *January 23 2022*, *S&P Maalot* published the following:

A rating report/update notice: *Updated*

1. Rating report or notice

Rating of the corporation: *S&P Maalot ilAAA ___ stable _____*

Comments/Nature of Notice: *Affirmation of rating*

Ratings history for the 3 years preceding the date of the rating/notice:

Date	Subject of Rating	Rating	Comments/ Substance of Notice
<i>July 20 2021</i>	<i>Bank Leumi le-Israel B.M.</i>	<i>S&P Maalot ilAAA ___ stable ___</i>	<i>Affirmation of rating</i>

December 29 2020	Bank Leumi le-Israel B.M.	S&P Maalot ilAAA ___ stable ___	Affirmation of rating
July 20 2020	Bank Leumi le-Israel B.M.	S&P Maalot ilAAA ___ stable ___	Affirmation of rating
November 7 2019	Bank Leumi le-Israel B.M.	S&P Maalot ilAAA ___ stable ___	Affirmation of rating
July 11 2019	Bank Leumi le-Israel B.M.	S&P Maalot ilAAA ___ stable ___	Affirmation of rating

Explanation: As part of the ratings history, one should only provide the details of the rating history of the rating agency which is the subject matter of the immediate report.

2. Rating of the corporation's bonds:

Security name & type	TASE Security No.	Rating agency	Current rating	Comments / nature of notice
Leumi Sub. Bonds 401	6040380	S&P Maalot	S&P Maalot ilAA ___ stable ___	Affirmation of rating
Leumi Sub. Bonds 402	6040398	S&P Maalot	S&P Maalot ilAA ___ stable ___	Affirmation of rating
Leumi Sub. Bonds 403	6040430	S&P Maalot	S&P Maalot ilAA ___ stable ___	Affirmation of rating
Leumi Sub. Bonds 404	6040471	S&P Maalot	S&P Maalot ilAA ___ stable ___	Affirmation of rating
Bonds Series 178	6040323	S&P Maalot	S&P Maalot ilAAA ___ stable ___	Affirmation of rating
Bonds Series 179	6040372	S&P Maalot	S&P Maalot ilAAA ___ stable ___	Affirmation of rating
Bonds Series 180	6040422	S&P Maalot	S&P Maalot ilAAA ___ stable ___	Affirmation of rating
Bonds Series 182	6040539	S&P Maalot	S&P Maalot ilAAA ___ stable ___	Affirmation of rating
Bonds Series 183	6040547	S&P Maalot	S&P Maalot ilAAA ___ stable ___	Affirmation of rating

Rating history in the 3 years prior to the rating/notice date:

Security name & type	TASE Security No.	Date	Type of rated security	Current rating	Comments / nature of notice
Leumi Sub. Bonds 400	6040331	December 29 2020	Contingent subordinated bonds	S&P Maalot ilAA ___ stable ___	Affirmation of rating
Leumi Sub. Bonds 400	6040331	July 20 2020	Contingent subordinated bonds	S&P Maalot ilAA ___ stable ___	Affirmation of rating
Leumi Sub. Bonds 400	6040331	November 7 2019	Contingent subordinated bonds	S&P Maalot ilAA ___ stable ___	Affirmation of rating
Leumi Sub. Bonds 400	6040331	July 11 2019	Contingent subordinated bonds	S&P Maalot ilAA ___ stable ___	Affirmation of rating

Leumi Sub. Bonds 401	6040380	December 29 2020	Contingent subordinated bonds	S&P Maalot ilAA ___ stable	Affirmation of rating _____
Leumi Sub. Bonds 401	6040380	July 20 2020	Contingent subordinated bonds	S&P Maalot ilAA ___ stable	Affirmation of rating _____
Leumi Sub. Bonds 401	6040380	November 7 2019	Contingent subordinated bonds	S&P Maalot ilAA ___ stable	Affirmation of rating _____
Leumi Sub. Bonds 401	6040380	July 11 2019	Contingent subordinated bonds	S&P Maalot ilAA ___ stable	Affirmation of rating _____
Leumi Sub. Bonds 402	6040398	December 29 2020	Contingent subordinated bonds	S&P Maalot ilAA ___ stable	Affirmation of rating _____
Leumi Sub. Bonds 402	6040398	July 20 2020	Contingent subordinated bonds	S&P Maalot ilAA ___ stable	Affirmation of rating _____
Leumi Sub. Bonds 402	6040398	November 7 2019	Contingent subordinated bonds	S&P Maalot ilAA ___ stable	Affirmation of rating _____
Leumi Sub. Bonds 402	6040398	July 11 2019	Contingent subordinated bonds	S&P Maalot ilAA ___ stable	Affirmation of rating _____
Leumi Sub. Bonds 403	6040430	December 29 2020	Contingent subordinated bonds	S&P Maalot ilAA ___ stable	Affirmation of rating _____
Leumi Sub. Bonds 403	6040430	July 20 2020	Contingent subordinated bonds	S&P Maalot ilAA ___ stable	Affirmation of rating _____
Leumi Sub. Bonds 403	6040430	November 7 2019	Contingent subordinated bonds	S&P Maalot ilAA ___ stable	Affirmation of rating _____
Leumi Sub. Bonds 403	6040430	July 11 2019	Contingent subordinated bonds	S&P Maalot ilAA ___ stable	Affirmation of rating _____
Leumi Sub. Bonds 403	6040430	January 17 2019	Contingent subordinated bonds	S&P Maalot ilAA ___ stable	Initial rating
Leumi Sub. Bonds 404	6040471	December 29 2020	Contingent subordinated bonds	S&P Maalot ilAA ___ stable	Affirmation of rating _____
Leumi Sub. Bonds 404	6040471	July 20 2020	Contingent subordinated bonds	S&P Maalot ilAA ___ stable	Affirmation of rating _____
Leumi Sub. Bonds 404	6040471	June 26 2019	Contingent subordinated bonds	S&P Maalot ilAA ___ stable	Initial rating
Bonds Series 178	6040323	December 29 2020	Senior unsecured bonds	S&P Maalot ilAAA ___ stable	Affirmation of rating _____
Bonds Series 178	6040323	July 20 2020	Senior unsecured bonds	S&P Maalot ilAAA ___ stable	Affirmation of rating _____
Bonds Series 178	6040323	November 7 2019	Senior unsecured bonds	S&P Maalot ilAAA ___ stable	Affirmation of rating _____
Bonds Series 178	6040323	July 11 2019	Senior unsecured bonds	S&P Maalot ilAAA ___ stable	Affirmation of rating _____
Bonds Series 179	6040372	January 10 2022	Senior unsecured bonds	S&P Maalot ilAAA ___ stable	Affirmation of rating _____
Bonds Series 179	6040372	December 29 2020	Senior unsecured bonds	S&P Maalot ilAAA ___ stable	Affirmation of rating _____
Bonds Series 179	6040372	July 20 2020	Senior unsecured bonds	S&P Maalot ilAAA ___ stable	Affirmation of rating _____
Bonds Series 179	6040372	November 7 2019	Senior unsecured bonds	S&P Maalot ilAAA ___ stable	Affirmation of rating _____
Bonds Series 179	6040372	July 11 2019	Senior unsecured bonds	S&P Maalot ilAAA ___ stable	Affirmation of rating _____
Bonds Series 180	6040422	December 29 2020	Senior unsecured bonds	S&P Maalot ilAAA ___ stable	Affirmation of rating _____
Bonds Series 180	6040422	July 20 2020	Senior unsecured bonds	S&P Maalot ilAAA ___ stable	Affirmation of rating _____
Bonds Series 180	6040422	November 7 2019	Senior unsecured bonds	S&P Maalot ilAAA ___ stable	Affirmation of rating _____

Bonds Series 180	6040422	July 11 2019	Senior unsecured bonds	S&P Maalot ilAAA ___ stable	Affirmation of rating _____
Bonds Series 180	6040422	January 17 2019	Senior unsecured bonds	S&P Maalot ilAAA ___ stable	Initial rating
Bonds Series 182	6040539	January 10 2022	Senior unsecured bonds	S&P Maalot ilAAA ___ stable	Affirmation of rating _____
Bonds Series 182	6040539	November 9 2021	Senior unsecured bonds	S&P Maalot ilAAA ___ stable	Initial rating
Bonds Series 183	6040547	November 9 2021	Senior unsecured bonds	S&P Maalot ilAAA ___ stable	Initial rating
Sub. Bonds N	6040299	November 7 2019	Senior unsecured bonds	S&P Maalot ilAA+ ___ stable	Affirmation of rating _____
Sub. Bonds N	6040299	July 11 2019	Senior unsecured bonds	S&P Maalot ilAA + ___ stable	Affirmation of rating _____
Sub. Capital Notes Series 200	6040141	December 29 2020	Subordinated bonds	S&P Maalot ilAA ___ stable	Affirmation of rating _____
Sub. Capital Notes Series 200	6040141	July 20 2020	Subordinated bonds	S&P Maalot ilAA ___ stable	Affirmation of rating _____
Sub. Capital Notes Series 200	6040141	November 7 2019	Subordinated bonds	S&P Maalot ilAA ___ stable	Affirmation of rating _____
Sub. Capital Notes Series 200	6040141	July 11 2019	Subordinated bonds	S&P Maalot ilAA ___ stable	Affirmation of rating _____
Sub. Capital Notes Series 201	6040158	December 29 2020	Subordinated capital notes	S&P Maalot ilAA ___ stable	Affirmation of rating _____
Sub. Capital Notes Series 201	6040158	July 20 2020	Subordinated capital notes	S&P Maalot ilAA ___ stable	Affirmation of rating _____
Sub. Capital Notes Series 201	6040158	November 7 2019	Subordinated capital notes	S&P Maalot ilAA ___ stable	Affirmation of rating _____
Sub. Capital Notes Series 201	6040158	July 11 2019	Subordinated capital notes	S&P Maalot ilAA ___ stable	Affirmation of rating _____
Sub. Capital Notes Series 300	6040257	November 7 2019	Subordinated capital notes	S&P Maalot ilAA ___ stable	Affirmation of rating _____
Sub. Capital Notes Series 300	6040257	July 11 2019	Subordinated capital notes	S&P Maalot ilAA ___ stable	Affirmation of rating _____
Sub. Capital Notes Series 301	6040265	November 7 2019	Subordinated capital notes	S&P Maalot ilAA ___ stable	Affirmation of rating _____
Sub. Capital Notes Series 301	6040265	July 11 2019	Subordinated capital notes	S&P Maalot ilAA ___ stable	Affirmation of rating _____

Explanation: As part of the ratings history, one should only provide the details of the rating history of the rating agency which is the subject matter of the immediate report.

Attached is the rating report:

[Rating23122_isa.pdf](#)

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

Name of signatory	Title	other
Omer Ziv	Chief Accounting Officer, Head of Finance and Accounting Division	

In accordance with Regulation 5 of the Securities Regulations (Periodic and Immediate Reports), 1970, a report filed pursuant to these regulations shall be signed by the corporation's authorized signatories. For a staff position of this matter, see the Authority's website: [click here](#).

S&P Maalot affirmed the Bank's long-term IDR at ilAAA and affirmed the outlook at Stable.

Reference numbers of previous documents on this subject (this reference does not constitute inclusion by way of reference):

The securities of the corporation are listed for trading on the Tel Aviv Stock Exchange

Ticker: Leumi

Address: Yehuda Halevi Street 34, Tel Aviv 6513616, Tel: 076-8858111, Facsimile: 076-8859732 Electronic Mail: David_S@bll.co.il company's website: www.leumi.co.il

Previous names of the reporting entity:

Name of Electronic Reporter: David Raoul Sackstein, Position: Advocate, General Secretary, 34 Yehuda Halevi Street, Tel Aviv 6513616, Phone: 076-8857984, Facsimile: 076-8859732 Electronic Mail: David.sackstein@bankleumi.co.il

Note: English translations of Immediate Reports of Bank Leumi are for convenience purposes only. In the case of any discrepancy between the English translation and the Hebrew original, the Hebrew will prevail.

The original Hebrew version is available on the distribution website of the Israel Securities Authority: <http://www.magna.isa.gov.il/>

Bank Leumi le-Israel B.M.

January 23, 2022

Rating Affirmation

**The ‘ilAAA’ Rating is Affirmed Following a Change of Methodology,
Outlook Stable**

Primary Credit Analyst:

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Rating Affirmation

The 'ilAAA' Rating is Affirmed Following a Change of Methodology, Outlook Stable

Overview

- Following a change in S&P Global Ratings' methodology for rating financial institutions and its Banking Industry Country Risk Assessment (BICRA) (hereinafter, the "Change of Methodologies"), we have examined the issuer and debt ratings of Bank Leumi le-Israel B.M. (hereinafter, "Bank Leumi" or the "Bank").
- After examination of the impact of the Change of Methodologies, we are now affirming the issuer rating of Bank Leumi, 'ilAAA', and its debt rating. The rating outlook is Stable, Unchanged.
- We wish to point out that we have examined and ratified the Bank's rating as a result of the said Change of Methodologies.

Rating action

On January 23, 2022, S&P Maalot affirmed the issuer rating of Bank Leumi le-Israel B.M., 'ilAAA'. The rating outlook is stable. At the same time, S&P Maalot also affirmed the Bank's debt rating.

Main considerations

As a result of our Change of Methodologies for rating financial institutions and our methodology of Banking Industry Country Risk Assessment (BICRA), we examined the issuer rating of Bank Leumi along with its debt ratings, and subsequently affirmed them. The issuer rating outlook remains stable.

Both the economic risk and industry risk components of the Israeli Banking Industry remain unchanged. These assessments determine the Banking Industry Country Risk Assessment (BICRA) and the anchor, or the starting point for determining the ratings of those financial institutions whose center of activity is based in Israel. The trends we have identified for both the economic risk and industry risk remain stable.

This rating reflects the leading status of Bank Leumi operating in the supportive economic environment in Israel, along with its robust capital base. Moreover, our assessment also includes the large and granular deposit base and the large stock of liquid assets that support its financial and liquidity profile. In a similar vein to other local banks, the rating also takes into account Bank Leumi's high degree of concentration compared with international counterparts, which reflects the centralized nature of the Israeli economy and the sensitivity to the risks deriving from its considerable exposure to the real estate sector. The rating takes into account our assessment of the remarkable degree of government support provided by the State of Israel (AA-/Stable/A-1+) in the event of economic hardship.

Rating outlook

The stable rating outlook reflects our assessment that in the coming 24 months, Bank Leumi will continue to preserve its robust capital base, and to display growth in the scope of its credit portfolio. The rating also reflects our view that the Bank's business and financial profile, along with its risk profile, will remain stable throughout the outlook period. Furthermore, we expect the Bank's risk-adjusted capital (RAC) ratio to remain above 10% in the next two years and its asset quality indices to remain similar to the industry average.

The downside scenario

We could take a negative rating action if we identify considerable economic downturn in the Israeli economy as a whole, and in the real estate sector in particular. Such a downturn could be caused as a result of the severe damage anticipated from the current COVID-19 pandemic, from any sudden improvement in the local real-estate sector or significant escalation in the regional geopolitical situation.

Methodology and related publications

- [Methodology – General: Principles Of Credit Ratings](#), February 16, 2011
- [Methodology – General: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [Methodology: Risk-Adjusted Capital Framework Methodology](#), July 20, 2017
- [Methodology – General: Methodology For National And Regional Scale Credit Ratings](#), June 25, 2018
- [Methodology – General: Hybrid Capital: Methodology And Assumptions](#), July 1, 2019
- [Methodology – General: Group Rating Methodology](#), July 1, 2019
- [Methodology – General: Environmental, Social, And Governance Principles In Credit Ratings](#), October 10, 2021
- [Methodology: Financial Institutions Rating Methodology](#), December 9, 2021
- [Methodology: Banking Industry Country Risk Assessment Methodology And Assumptions](#), December 9, 2021
- [S&P Global Ratings Definitions](#), November 10, 2021
- [Opinions and Interpretation: The Relationship Between the Global Rating Scale and the Israeli Rating Scale](#), June 26, 2018

List of ratings

Bank Leumi le-Israel B.M.	Rating	Date when the rating was first published	Last date when the rating was updated
Issuer's Rating(s)			
Long term	ilAAA/stable	May 1, 1998	July 20, 2021
Issuance Rating(s)			
<u>Complex subordinated debt</u>			
Subordinated bonds with loss absorption mechanism (CoCo) Series 401, 402	ilAA	May 31, 2018	July 20, 2021
Subordinated bonds with loss absorption mechanism (CoCo) Series 403	ilAA	January 17, 2019	July 20, 2021
Series 404	ilAA	June 26, 2019	July 20, 2021
<u>Unsecured senior debt</u>			
Bonds series 178	ilAAA	June 21, 2015	July 20, 2021
Bonds series 179	ilAAA	May 31, 2018	July 20, 2021
Bonds series 180	ilAAA	January 17, 2019	July 20, 2021
Bonds series 182	ilAAA	November 9, 2021	November 9, 2021
Bonds series 183	ilAAA	November 9, 2021	November 9, 2021
Issuer's Rating History			
Long term			
October 7, 2014	ilAAA/Stable		
May 5, 2010	ilAA+/Stable		
April 30, 2009	ilAA+/Negative		
June 21, 2007	ilAAA/Stable		
May 14, 2006	ilAAA		
February 20, 2003	ilAA+		
May 01, 1998	ilAAA		
Additional Details			
Date and time on which the event took place	23/01/2022 12:31		
Date and time on which the event first became known	23/01/2022 12:31		
Entity that initiated the rating	The rating company		

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