

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
Phone: 076-8858111, 076-889419; Facsimile: 076-8859732
Electronic Mail: David_S@bll.co.il

Transmission Date: September 6 2022
Reference: 2022-01-114268

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 Withdrawal of Rating

On *September 6 2022*, *S&P Maalot* published the following:

Rating report/notice: *Updated*

1. Rating report or notice

Rating of the corporation: _____
Comments/Nature of Notice: _____

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

Date	Subject of Rating	Rating	Comments/ Nature of Notice

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

Rating of the corporation's bonds:

Security name & type	TASE Security No.	Rating agency	Current rating		Comments / nature of notice
<i>Bonds Series 405</i>	<i>6040620</i>	<i>Maalot S&P</i>	<i>Maalot S&P</i>		<i>Affirmation of rating</i>
			<i>ilAA</i>	<i>stable</i>	

Bank Leumi le-Israel B.M.

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

Security name & type	TASE Security No.	Date	Type of rated security	Rating		Comments / nature of notice
Bonds Series 405	6040620	March 9 2022	Subordinated bonds	Maalot S&P		Initial rating
				ilAA	stable	

Explanation: As part of the rating 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:

[Maalot6922 isa.pdf](#)

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

Name of signatory	Title	other
Omer Ziv	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 assigns a rating of ilA-1+ to commercial securities (Series 3) at a total amount of up to NIS 600 million par value and an ilAA rating to subordinated bonds (Series 405) with a loss absorption mechanism at a total amount of up to NIS 500 million par value that will be issued by way of series expansion by Bank Leumi le-Israel B.M.

For information about the Bank's rating by S&P Maalot, see immediate report of July 27 2022 (Ref. No. 2022-01-095632).

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, 076-8859419.

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.

September 6 2022

New Issuance

'ilA' Rating Assigned to Subordinated Bonds with a loss absorption mechanism of up to NIS 500 Million P.V.

Primary Credit Analyst:

Regina Argenio, 39-02-72111208 regina.argenio@spglobal.com

Additional Contact:

Avital Koren, 972-3-7539708 avital.koren@spglobal.com

New Issuance

‘ilAA’ Rating Assigned to Subordinated Bonds with a loss absorption mechanism at of up to NIS 500 Million P.V.

S&P Maalot hereby announces that the ‘ilAA’ rating has been assigned to subordinated bonds with loss absorption mechanism to be issued by Bank Leumi le-Israel B.M. (ilAAA/Stable/ilA-1+) by way of expanding the Series 405 Subordinated Bonds for a sum of up to NIS 500 million p.v.

In determining the rating of the Series 405 subordinated bonds, we implement, among other things, the methodology for rating banks’ complex financial instruments and the methodology for national scale ratings. The starting point for rating is assessing the Bank’s stand-alone credit profile (SACP) rather than its issuer credit rating (ICR), which includes state support, as we do not anticipate that these instruments will be affected by state support. We are reducing two rating levels (notches) as follows:

- One notch to reflect the loss absorption capacity embedded in the financial instrument in the form of the conversion of the subordinated bonds into Bank shares should any of the trigger events defined in their terms occur, namely, a “formative principal loss absorption event”, wherein the Bank’s tier 1 equity ratio would fall below 5%, or a “formative non-viability event”, which is defined as the earlier of the following two events: a written notice from the Supervisor of Banks to the Bank that a conversion of the subordinated bonds is necessary, as without it, in the opinion of the Banking Supervision Department, the Bank would reach the point of non-viability; 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 non-viability, as determined by the Banking Supervision Department (insolvency).
- One notch to reflect the contractual deferral of the financial instrument compared with the Bank’s more senior debt (deferral).

Reduction (“notching down”) of the first rating level is from the Bank’s ICR on the global scale and reflects the insolvency risk that matches the Bank’s global rating, in accordance with our methodology for rating banks’ complex financial instruments. Subsequently, we then convert to the national scale rating, using the conversion tables. After having converted to the national scale rating we then reduce an additional rating level in order to reflect the contractual deferral of the financial instrument and thus arrive at the national scale rating of the financial instrument.

When examining the financial instrument in view of our complex financial instrument methodology, we do not believe that this poses any additional default risks to justify any further “notching down” of rating levels beyond those abovementioned. We would specifically like to mention that the Bank’s current creditworthiness does not cause us to think that the likelihood of regulatory intervention with respect to the Series 405 Subordinated Bonds, as described above, requires an additional “notching down” of rating levels.

For additional details regarding Bank Leumi’s rating and for additional regulatory requirements, see the [Rating Report dated July 26, 2022](#). For additional details regarding the methodology behind the instrument’s rating, please consult the list of methodology articles in the abovementioned rating report and the [Q&A document Rating of Complex Bank Instruments – Q&A](#), November 29, 2015.

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)			
Short term	ilA-1+	March 9, 2022	July 26, 2022
Long term	ilAAA/Stable	May 1, 1998	July 26, 2022
Issuance Rating(s)			
<u>Complex subordinated debt</u>			
Subordinated bonds with loss absorption mechanism (CoCo) Series 401, 402	ilAA	May 31, 2018	July 26, 2022
Subordinated bonds with loss absorption mechanism (CoCo) Series 403	ilAA	January 17, 2019	July 26, 2022
Subordinated bonds with loss absorption mechanism (CoCo) Series 405	ilAA	March 9, 2022	July 26, 2022
Series 404	ilAA	June 26, 2019	July 26, 2022
<u>Short term debt</u>			
Series 1	ilA-1+	March 9, 2022	July 26, 2022
Series 2	ilA-1+	May 24 2022	July 26, 2022
Series 3	ilA-1+	September 9 2022	September 9 2022
<u>Unsecured senior debt</u>			
Bonds series 178	ilAAA	June 21, 2015	July 26, 2022
Bonds series 179	ilAAA	May 31, 2018	July 26, 2022
Bonds series 182, 183	ilAAA	November 9, 2021	July 26, 2022
Bonds series 184	ilAAA	March 9, 2022	July 26, 2022
Bonds series 180	ilAAA	January 17, 2019	July 26, 2022
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		
Short term			
March 9, 2022	ilA-1+		
Additional Details			
Date and time on which the event took place	September 6 2022	11:21	
Date and time on which the event first became known	September 6 2022	11:21	
Entity that initiated the rating	The rating agency		

S&P Maalot is the trading name of “S&P Global Ratings Maalot Ltd.”. To view the list of the most up-to-date ratings and for further information about the credit rating monitoring policy, please go to S&P Global Ratings Maalot Ltd.’s website at www.maalot.co.il.

All rights reserved © No content (including ratings, analyses and information related to ratings, valuations, models, software and its products) or any part thereof (hereinafter collectively – the “Content”) may be modified, reverse engineered, reproduced or distributed by any means or stored in a database or retrieval system, without the prior written permission of S&P Global Ratings Maalot Ltd. or its related companies (hereafter collectively – “S&P”). The contents shall not be used for illegal or non-authorized purposes, S&P and any third-party service providers, including its directors, managers, shareholders, employees and agents (hereinafter collectively – the “S&P and the Related Parties”) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P and the Related Parties are not liable for any errors or omissions (whether they result from negligence or not), for any reason, the results ensuing from the use of the Content, or the security or maintenance of any data input by the user. The information is provided on an “as-is” basis. **S&P and the Related Parties give no express or implied warranties or representations, including, but not only, about the quality or suitability thereof for a specific purpose, the lack of bugs, software errors or defects, that the functioning of the Content will be uninterrupted or that the Content will operate with any software or hardware configuration.** In no event shall S&P and the Related Parties be liable for any direct, indirect, incidental or consequential damages, exemplary, punitive or special compensation, costs, expenses, legal fees, or losses (including, without derogating from the generality of the aforementioned, compensation for lost income or lost profits, lost business opportunities or losses caused by negligence) caused in connection with any use of the Content, even if advised in advance of the possibility of such damages.

Credit-related and other analyses, including the ratings and other information included in the Content, are statements of subjective opinion as of the date of publication thereof and are not statements of fact. The credit-related and other analyses of S&P are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any securities. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a “fiduciary expert” or an investment and/or securities consultant, except where registered as such. Rating reports are correct as of the time of their publication. S&P updates rating reports following ongoing or annual monitoring of events.

While S&P obtains information from sources it believes to be reliable, it does not perform an audit and undertakes no obligation to conduct a due diligence review or independent verification of the information it receives. S&P publishes rating-related reports for various reasons that are not necessarily dependent on the activity of a Rating Committee, including the publication of a periodic update of credit rating and related analyses.

S&P maintains certain activities of its business units separate from one another in order to retain the independence and objectivity of their respective activities. Consequently, certain S&P business units may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with the analytical procedures it conducts.

S&P receives financial compensation for its rating services and the analyses it carries out, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on S&P Maalot’s website, at www.maalot.co.il and S&P’s website, www.spglobal.com/ratings and may be distributed through other means, including via S&P publications and third-party redistributors.