

**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: November 15, 2022  
Reference: 2022-01-137233

To: Israel Securities Authority ([www.isa.gov.il](http://www.isa.gov.il))  
The Tel Aviv Stock Exchange ([www.tase.co.il](http://www.tase.co.il))

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

On November 15, 2022, S&P Maalot published the following:

Rating report/notice: *Initial*

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>Leumi Subordinated Bonds (Series 406)</i>	_____	<i>S&amp;P Maalot</i> _____	<i>S&amp;P Maalot</i> ____ <i>ilAA stable</i> _____	<i>Initial rating</i> _____

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
_____	_____	_____	_____	_____	_____

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:

[IRBan20221115092313\\_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](#).

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](mailto:David_S@bll.co.il) company's website: [www.leumi.co.il](http://www.leumi.co.il)*

*Previous names of the reporting entity:*

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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](mailto: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.

Nov. 15, 2022

New issuance

**Assigning a rating of ilAA for subordinated bonds with a loss absorption mechanism in the amount of up to NIS 500 million par value**

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## New issuance

# Assigning a rating of iIAA for subordinated bonds with a loss absorption mechanism in the amount of up to NIS 500 million par value

S&P Maalot announces a rating of iIAA for subordinated bonds with a loss absorption mechanism in the amount of up to NIS 500 million par value to be issued by Bank Leumi le-Israel B.M (iIAAA/Stable/iIA-1+) by way of issuance of a new series, Series 406.

In setting the rating of the Subordinated Bonds (Series 406), we apply the methodology, among other things, for rating the Bank's hybrid instruments and the methodology for assigning ratings on the local scale. The baseline for the rating is the valuation of the Bank's stand-alone credit profile (SACP) and not its issuer credit rating (ICR), which includes state support, since we do not expect that these instruments will be affected by support provided by the state. We downgrade two notches as follows:

- One notch to reflect the structured loss absorption mechanism in the instrument by converting the subordinated bonds into Bank shares in the event of one of the trigger events defined in its terms and conditions, meaning "a trigger event for the absorption of principal losses" when the Bank's Common Equity Tier 1 capital ratio falls below 5%, or "a trigger event for non-viability", which is defined as the earlier of the notice of the Banking Supervision Department and the letter requiring conversion of the subordinated bonds, since without it, the Banking Supervision Department believes, the Bank will reach a point of non-viability; or the Banking Supervision Department's written notification to the Bank of a decision to inject capital from the public, or equivalent support, without which the Bank will reach the point of non-viability, as determined by the Banking Supervision Department (insolvency).
- One notch to reflect the contractual subordination of the instrument compared to the Bank's more senior obligations (subordinated).

The first notch is downgraded by the issuer's rating of the Bank on the global scale and reflects the insolvency risk corresponding to the Bank's global rating, according to our methodology for rating the hybrid instruments of banks. We then convert to the local rating, using the conversion tables. After conversion to the local rating scale, we downgrade another notch to reflect the contractual subordination of the instrument and reach a rating of the instrument on the local scale.

## **Bank Leumi le-Israel B.M.**

When assessing the instrument using our methodology for hybrid instruments, we believe that additional solvency risks justify the downgrade of notches beyond those set out above. In particular, we note that the current quality of the Banks creditworthiness does not lead us to believe that the likelihood of regulatory intervention for the Subordinated Bonds (Series 406), as defined above, requires a further downgrade of a notch.

For further information about the rating of Bank Leumi and other regulatory requirements, see [the rating report of July 26, 2022](#). For further information about the rating methodology for the instrument, see the list of methodology articles in the rating report and the Q&A document, [Rating hybrid instruments of banks - Q&A](#), November 29, 2015.

Bank Leumi le-Israel B.M.	Rating	Publication date of initial rating	Last rating revision date
<b>Issuer rating(s)</b>			
Short term	iIA-1 +	Mar. 9, 2022	Jul. 26, 2022
Long term	iIAAA\Stable	May 1, 1998	Jul. 26, 2022
<b>Issuer rating(s)</b>			
<u>Hybrid subordinated debt</u>			
Subordinated bonds with a contractual loss absorption mechanism (Series 401, 402)	iIAA	May 31, 2018	Jul. 26, 2022
Subordinated bonds with a contractual loss absorption mechanism (Series 403)	iIAA	Jan. 17, 2019	Jul. 26, 2022
Subordinated bonds with a contractual loss absorption mechanism (Series 405)	iIAA	Mar. 9, 2022	Jul. 26, 2022
Subordinated bonds with a contractual loss absorption mechanism (Series 406)	iIAA	Nov. 15, 2022	Nov. 15, 2022
Series 404	iIAA	Jun. 26, 2019	Jul. 26, 2022
<u>Short term debt</u>			
Series 1	iIA-1 +	Mar. 9, 2022	Jul. 26, 2022
Series 2	iIA-1 +	May 24, 2022	Jul. 26, 2022
Series 3	iIA-1 +	Sep. 6, 2022	Sep. 6, 2022
<u>Unsecured senior debt</u>			
Bonds Series 178	iIAAA	Jun. 21, 2015	Jul. 26, 2022
Bonds Series 179	iIAAA	May 31, 2018	Jul. 26, 2022
Bonds Series 182, 183	iIAAA	Nov. 9, 2021	Jul. 26, 2022
Bonds Series 184	iIAAA	Mar. 9, 2022	Jul. 26, 2022
Bonds Series 180	iIAAA	Jan. 17, 2019	Jul. 26, 2022
<b>Issuer rating history</b>			
Long term			
Oct. 7, 2014	iIAAA\Stable		
May 5, 2010	iIAA+\Stable		
Apr. 30, 2009	iIAA+\Negative		
Jun. 21, 2007	iIAAA\Stable		
May 14, 2006	iIAAA		
Feb. 20, 2003	iIAA+		
May 1, 1998	iIAAA		
Short term			
March 9, 2022	iIA-1 +		
<b>Additional details</b>			
Time on which the event took place	Nov. 15, 2022, 09:06		
Date and time when the event first became known	Nov. 15, 2022, 09:06		
Rating initiated by	Rating agency		

**S&P Maalot is the commercial 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](http://www.maalot.co.il)**

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