

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: Livnat.EinShay@bll.co.il

Transmission Date: 17 July 2019

Reference: 2019-01-073774

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

Immediate Report of Rating of Debentures/Rating of Corporation, or of Withdrawal of Rating

On 17 July 2019 Fitch Ratings other published

A rating report/update notice:

1. Rating report or notice

Rating of corporation: Other Fitch Ratings + A/F1 _____ *stable*

Comments/Substance of Notice: Increasement of rating _____

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

Date	Subject of Rating	Rating	Comments/ Substance of Notice
7 May 2019	Bank Leumi Le-Israel Ltd.	Other Fitch Ratings _____ <i>stable</i>	Other Review of rating (Positive)
2 May 2019	Bank Leumi Le-Israel Ltd.	Other Fitch Ratings - A/F1 _____ <i>stable</i>	Confirmation of rating
9 January 2019	Bank Leumi Le-Israel Ltd.	Other Fitch Ratings - A/F1 _____ <i>stable</i>	Confirmation of rating
26 April 2018	Bank Leumi Le-Israel Ltd.	Other Fitch Ratings - A/F1 _____ <i>stable</i>	Confirmation of rating
7 February 2018	Bank Leumi Le-Israel Ltd.	Other Fitch Ratings - A/F1 _____ <i>stable</i>	Confirmation of rating
21 June 2017	Bank Leumi Le-Israel Ltd.	Other Fitch Ratings - A/F1 _____ <i>stable</i>	Confirmation of rating

14 February 2017	Bank Leumi Le-Israel Ltd	Other Fitch Ratings - A/F1 and increase of VR _____ stable	Increase of rating
25 November 2016	Bank Leumi Le-Israel Ltd	Other Fitch Ratings - A/F1 _____ stable	Increase of rating
1 September 2016	Bank Leumi Le-Israel Ltd	Other Fitch Ratings - A/F1 _____ stable	Confirmation of rating
15 March 2016	Bank Leumi Le-Israel Ltd	Other Fitch Ratings - A/F1 _____ stable	Confirmation of rating

See attached Ratings Report: [17719 isa.pdf](#).

Fitch Ratings confirmed the Bank's long-term rating (Long-Term IDR) at a level of A, increased the Bank's short-term IDR rating (Short-Term IDR) to a level of F1+ and confirmed the forecast (outlook) as Stable.

For additional details, see the attached document.

The report was signed on behalf of the corporation, in accordance with Regulation 5 of the Securities (Periodic and Immediate Reports), 1970, by Omer Ziv, Head of the Finance Division at the Bank.

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

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>

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

FITCH UPGRADES LEUMI AND HAPOALIM TO 'F1+'; REMOVES FROM UNDER CRITERIA OBSERVATION

Fitch Ratings-London-17 July 2019: Fitch Ratings has upgraded Bank Leumi Le-Israel B.M.'s (Leumi) and Bank Hapoalim B.M.'s (Hapoalim) Short-Term Issuer Default Ratings (IDR) to 'F1+' from 'F1' following the application of the agency's updated Short-Term Ratings Criteria. The ratings have been removed from Under Criteria Observation (UCO), where they were placed following the publication of the updated Short-Term Ratings Criteria on 2 May 2019. Leumi's and Hapoalim's other ratings are unaffected by this rating action.

KEY RATING DRIVERS

The upgrade of the Short-Term IDRs follows the addition of a cusp point in our correspondence table for a Short-Term IDR of 'F1+' to be assigned for issuers with a Long-Term IDR of 'A', when the IDRs are support-driven and the supporting entity is rated higher than the issuer (in this case, the State of Israel, rated A+/F1+).

Fitch does not see material potential impediments to the prompt flow of funds from the State of Israel to either Leumi or to Hapoalim, in case of need. Fitch does not see a significant risk for simultaneous deterioration in the liquidity profile of both Israel and Leumi or Hapoalim (wrongway risk) as government deposits in both banks are immaterial and the banks' exposure to the State of Israel is low as a percentage of their total assets.

RATING SENSITIVITIES

Leumi's and Hapoalim's Short-Term IDRs are sensitive to a change in Leumi's and Hapoalim's respective Long-Term IDRs, which in turn are sensitive to a weakening of the State of Israel's ability or propensity to extend support, when needed, and which may be reflected by a negative rating action on the sovereign rating.

Contact:

Primary Analyst
Claudia Nelson
Senior Director
+44 20 3530 1191
Fitch Ratings Limited
30 North Colonnade
London E15 5GNs

Secondary Analyst
Maria Shishkina
Associate Director
+44 20 3530 1379

Committee Chairperson
Cristina Torrella
Senior Director
+34 93 323 8405

Media Relations: Louisa Williams, London, Tel: +44 20 3530 2452, Email:
louisa.williams@thefitchgroup.com.

Additional information is available on www.fitchratings.com

Applicable Criteria

Bank Rating Criteria (pub. 12 Oct 2018)

<https://www.fitchratings.com/site/re/10044408>

Short-Term Ratings Criteria (pub. 02 May 2019)

<https://www.fitchratings.com/site/re/10073011>

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK:

[HTTPS://WWW.FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS](https://www.fitchratings.com/understandingcreditratings). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEB SITE AT WWW.FITCHRATINGS.COM. PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE. DIRECTORS AND SHAREHOLDERS RELEVANT INTERESTS ARE AVAILABLE AT [HTTPS://WWW.FITCHRATINGS.COM/SITE/](https://www.fitchratings.com/site/) REGULATORY. FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD PARTIES. DETAILS OF THIS SERVICE FOR RATINGS FOR WHICH THE LEAD ANALYST IS BASED IN AN EU-REGISTERED ENTITY CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH WEBSITE.

Copyright © 2019 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Fax: (212) 480-4435. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved. In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed. The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001

Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (the "NRSRO"). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see <https://www.fitchratings.com/site/regulatory>), other credit rating subsidiaries are not listed on Form NRSRO (the "non-NRSROs") and therefore credit ratings issued by those subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.