

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
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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 *October 31, 2023*, *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: *Reiteration 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>August 2, 2023</i>	<i>Bank Leumi le-Israel B.M.</i>	<i>S&P Maalot ilAAA</i> ____ <i>stable</i> ____	<i>Reiteration of rating</i>
<i>July 26, 2022</i>	<i>Bank Leumi le-Israel B.M.</i>	<i>S&P Maalot ilAAA</i> ____ <i>stable</i> ____	<i>Reiteration of rating</i>
<i>January 23, 2022</i>	<i>Bank Leumi le-Israel B.M.</i>	<i>S&P Maalot ilAAA</i> ____ <i>stable</i> ____	<i>Reiteration of rating</i>
<i>July 20, 2021</i>	<i>Bank Leumi le-Israel B.M.</i>	<i>S&P Maalot ilAAA</i> ____ <i>stable</i> ____	<i>Reiteration of rating</i>
<i>December 29, 2020</i>	<i>Bank Leumi le-Israel B.M.</i>	<i>S&P Maalot ilAAA</i> ____ <i>stable</i> ____	<i>Reiteration of rating</i>

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 402	6040398	S&P Maalot	S&P Maalot ilAA ___ stable	Reiteration of rating _____
Leumi Sub. Bonds 403	6040430	S&P Maalot	S&P Maalot ilAA ___ stable	Reiteration of rating _____
Leumi Sub. Bonds 404	6040471	S&P Maalot	S&P Maalot ilAA ___ stable	Reiteration of rating _____
Leumi Sub. Bonds 405	6040620	S&P Maalot	S&P Maalot ilAA ___ stable	Downgrading of rating _____
Bonds Series 178	6040323	S&P Maalot	S&P Maalot ilAAA ___ stable	Reiteration of rating _____
Bonds Series 179	6040372	S&P Maalot	S&P Maalot ilAAA ___ stable	Reiteration of rating _____
Bonds Series 180	6040422	S&P Maalot	S&P Maalot ilAAA ___ stable	Reiteration of rating _____
Bonds Series 182	6040539	S&P Maalot	S&P Maalot ilAAA ___ stable	Reiteration of rating _____
Bonds Series 183	6040547	S&P Maalot	S&P Maalot ilAAA ___ stable	Reiteration of rating _____
Bonds Series 184	6040604	S&P Maalot	S&P Maalot ilAAA ___ stable	Reiteration of rating _____
Commercial Securities (Series 4)	1196260	S&P Maalot	S&P Maalot ilA-1+ ___ stable	Reiteration 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 402	6040398	August 2, 2023	Contingent subordinated bonds	S&P Maalot ilAA ___ stable	Reiteration of rating _____
Leumi Sub. Bonds 402	6040398	July 26, 2022	Contingent subordinated bonds	S&P Maalot ilAA ___ stable	Reiteration of rating _____
Leumi Sub. Bonds 402	6040398	January 23, 2022	Contingent subordinated bonds	S&P Maalot ilAA ___ stable	Reiteration of rating _____
Leumi Sub. Bonds 402	6040398	July 20, 2021	Contingent subordinated bonds	S&P Maalot ilAA ___ stable	Reiteration of rating _____
Leumi Sub. Bonds 402	6040398	December 29, 2020	Contingent subordinated bonds	S&P Maalot ilAA ___ stable	Reiteration of rating _____
Leumi Sub. Bonds 403	6040430	August 2, 2023	Contingent subordinated bonds	S&P Maalot ilAA ___ stable	Reiteration of rating _____
Leumi Sub. Bonds 403	6040430	July 26, 2022	Contingent subordinated bonds	S&P Maalot ilAA ___ stable	Reiteration of rating _____
Leumi Sub. Bonds 403	6040430	January 23, 2022	Contingent subordinated bonds	S&P Maalot ilAA ___ stable	Reiteration of rating _____
Leumi Sub. Bonds 403	6040430	July 20, 2021	Contingent subordinated bonds	S&P Maalot ilAA ___ stable	Reiteration of rating _____
Leumi Sub. Bonds 403	6040430	December 29, 2020	Contingent subordinated bonds	S&P Maalot ilAA ___ stable	Reiteration of rating _____
Leumi Sub. Bonds 404	6040471	August 2, 2023	Contingent subordinated bonds	S&P Maalot ilAA ___ stable	Reiteration of rating _____

Leumi Sub. Bonds 404	6040471	July 26, 2022	Contingent subordinated bonds	S&P Maalot ilAA ____ stable	Reiteration of rating _____
Leumi Sub. Bonds 404	6040471	January 23, 2022	Contingent subordinated bonds	S&P Maalot ilAA ____ stable	Reiteration of rating _____
Leumi Sub. Bonds 404	6040471	July 20, 2021	Contingent subordinated bonds	S&P Maalot ilAA ____ stable	Reiteration of rating _____
Leumi Sub. Bonds 404	6040471	December 29, 2020	Contingent subordinated bonds	S&P Maalot ilAA ____ stable	Reiteration of rating _____
Leumi Sub. Bonds 405	6040620	August 2, 2023	Contingent subordinated bonds	S&P Maalot ilAA ____ stable	Initial rating _____
Leumi Sub. Bonds 405	6040620	July 26, 2022	Contingent subordinated bonds	S&P Maalot ilAA ____ stable	Reiteration of rating _____
Leumi Sub. Bonds 405	6040620	March 9, 2022	Contingent subordinated bonds	S&P Maalot ilAA ____ stable	Initial rating _____
Bonds Series 178	6040323	August 2, 2023	Senior unsecured bonds	S&P Maalot ilAAA ____ stable	Reiteration of rating _____
Bonds Series 178	6040323	July 26, 2022	Senior unsecured bonds	S&P Maalot ilAAA ____ stable	Reiteration of rating _____
Bonds Series 178	6040323	January 23, 2022	Senior unsecured bonds	S&P Maalot ilAAA ____ stable	Reiteration of rating _____
Bonds Series 178	6040323	July 20, 2021	Senior unsecured bonds	S&P Maalot ilAAA ____ stable	Reiteration of rating _____
Bonds Series 178	6040323	December 29, 2020	Senior unsecured bonds	S&P Maalot ilAAA ____ stable	Reiteration of rating _____
Bonds Series 179	6040372	August 2, 2023	Senior unsecured bonds	S&P Maalot ilAAA ____ stable	Reiteration of rating _____
Bonds Series 179	6040372	July 26, 2022	Senior unsecured bonds	S&P Maalot ilAAA ____ stable	Reiteration of rating _____
Bonds Series 179	6040372	May 24, 2022	Senior unsecured bonds	S&P Maalot ilAAA ____ stable	Reiteration of rating _____
Bonds Series 179	6040372	January 23, 2022	Senior unsecured bonds	S&P Maalot ilAAA ____ stable	Reiteration of rating _____
Bonds Series 179	6040372	January 10, 2022	Senior unsecured bonds	S&P Maalot ilAAA ____ stable	Reiteration of rating _____
Bonds Series 179	6040372	July 20, 2021	Senior unsecured bonds	S&P Maalot ilAAA ____ stable	Reiteration of rating _____
Bonds Series 179	6040372	December 29, 2020	Senior unsecured bonds	S&P Maalot ilAAA ____ stable	Reiteration of rating _____
Bonds Series 180	6040422	August 2, 2023	Senior unsecured bonds	S&P Maalot ilAAA ____ stable	Reiteration of rating _____
Bonds Series 180	6040422	July 26, 2022	Senior unsecured bonds	S&P Maalot ilAAA ____ stable	Reiteration of rating _____
Bonds Series 180	6040422	January 23, 2022	Senior unsecured bonds	S&P Maalot ilAAA ____ stable	Reiteration of rating _____
Bonds Series 180	6040422	July 20, 2021	Senior unsecured bonds	S&P Maalot ilAAA ____ stable	Reiteration of rating _____
Bonds Series 180	6040422	December 29, 2020	Senior unsecured bonds	S&P Maalot ilAAA ____ stable	Reiteration of rating _____
Bonds Series 182	6040539	August 2, 2023	Senior unsecured bonds	S&P Maalot ilAAA ____ stable	Reiteration of rating _____
Bonds Series 182	6040539	July 26, 2022	Senior unsecured bonds	S&P Maalot ilAAA ____ stable	Initial rating _____
Bonds Series 182	6040539	January 23, 2022	Senior unsecured bonds	S&P Maalot ilAAA ____ stable	Reiteration of rating _____
Bonds Series 182	6040539	October 10, 2022	Senior unsecured bonds	S&P Maalot ilAAA ____ stable	Reiteration of rating _____

Bonds Series 182	6040539	November 9, 2021	Senior unsecured bonds	S&P Maalot ilAAA ___ stable	Initial rating
Bonds Series 183	6040547	August 2, 2023	Senior unsecured bonds	S&P Maalot ilAAA ___ stable	Reiteration of rating
Bonds Series 183	6040547	July 26, 2022	Senior unsecured bonds	S&P Maalot ilAAA ___ stable	Reiteration of rating
Bonds Series 183	6040547	May 24, 2022	Senior unsecured bonds	S&P Maalot ilAAA ___ stable	Reiteration of rating
Bonds Series 183	6040547	January 23, 2022	Senior unsecured bonds	S&P Maalot ilAAA ___ stable	Reiteration of rating
Bonds Series 183	6040547	November 9, 2021	Senior unsecured bonds	S&P Maalot ilAAA ___ stable	Initial rating
Bonds Series 184	6040604	August 2, 2023	Senior unsecured bonds	S&P Maalot ilAAA ___ stable	Reiteration of rating
Bonds Series 184	6040604	July 26, 2022	Senior unsecured bonds	S&P Maalot ilAAA ___ stable	Reiteration of rating
Bonds Series 184	6040604	March 9, 2022	Senior unsecured bonds	S&P Maalot ilAAA ___ stable	Initial rating
Commercial Securities (Series 4)	1196260	August 2, 2023	Commercial Securities	S&P Maalot ilA-1+ ___ stable	Reiteration of rating
Commercial Securities (Series 4)	1196260	May 23, 2023	Commercial Securities	S&P Maalot ilA-1+ ___ stable	Initial 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:

[FARBan20231031205544_Sanitized_isa.pdf](#)

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

Name of signatory	Title	other
Omer Ziv	Head of the Capital Markets 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](#).

On October 31, 2023 S&P Maalot reiterated the Bank's issuer rating at ilAAA, and its issuances ratings, despite the increase in geopolitical risks, and reiterated 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

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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.

October 31, 2023

Rating reiterated

Reiteration of 'ilAAA' Rating Despite an Increase in Geopolitical Risks; Stable Outlook

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Rating reiterated

Reiteration of 'ilAAA' Rating Despite an Increase in Geopolitical Risks; Stable Outlook

Summary

- On October 24, 2023, S&P Global Ratings changed the State of Israel's rating outlook from stable to negative against the backdrop of the war between Israel and Hamas.
- The war might have adverse effects on the economy in general and the banking sector in particular, including, among other things, the amounts of the banks' loan losses and their capital ratios.
- Despite the increase in risks, we believe that the Israeli banking system faces the current military conflict after a number of years during which Israeli banks have achieved significant growth in the scope of their credit portfolio and continued improvement in their profits and capital.
- We reiterate Bank Leumi le-Israel B.M.'s issuer rating at 'ilAAA' and its issuances ratings.
- The stable rating outlook reflects our assessment that given our current forecasts regarding the macroeconomic parameters, Bank Leumi's leading business position will allow it to deal relatively well with the current challenges.

The rating action

On October 31, 2023, S&P Maalot reiterated Bank Leumi le-Israel B.M.'s issuer rating at 'ilAAA' and its issuances ratings. The outlook remains stable.

Main considerations

Increase in the level of risk in the Israeli banking system against the backdrop of the military conflict

Following the developments in recent weeks, there is now great uncertainty as to the scope of the war in Israel, including, among other things, its duration and consequences. Should the war spiral into a wider conflict, the risk that Israel's macro-economic parameters will be adversely affected might increase significantly. There is already a concern that the State of Israel's key economic parameters will be weaker than expected (see [The State of Israel's Rating Outlook was Changed to Negative](#), October 24, 2023).

We believe that the banks' revenues may decrease and their loan losses may increase if Israel's economic activity will weaken significantly. Furthermore, we believe that SMEs and the tourism and services sectors are more exposed to the current situation and to the weakening of the macro-economic parameters. We will also continue to monitor the banks' exposure to the real estate sector, that currently suffers from a sharp decline in the volume of activity; we will also monitor pressures that might arise in connection with the liquidity profile of real estate developers and companies.

Despite the increase in risks, we believe that the Israeli banking system faces the current military conflict after a number of years during which Israeli banks have achieved significant growth in the scope of their credit portfolio and continued improvement in their profits and capital. Furthermore, the banks' liquidity profile continues to be healthy, and so far no volatility in the volume of deposits and no high volume of withdrawals have been detected. The domestic capital market is active and there have been no significant changes in the banks' debt prices. Another factor that is expected to mitigate the effect of the crisis is the support to be provided by the government to individuals and businesses that were adversely affected; however, the scope of such support is currently unclear. According to the Bank of Israel's directives, all Israeli banks are currently taking steps to support individuals and businesses that were adversely affected by the conflict, including, among other things, by giving customers a three-month mortgage moratorium.

The rating forecast

The stable rating outlook reflects our assessment that given our current forecasts regarding the macroeconomic parameters, Bank Leumi's leading business position will allow it to deal relatively well with the current challenges.

The downside scenario

We will consider a negative rating action if we will see a significant deterioration in the macroeconomic parameters beyond our original assessment, including a negative effect on the rating of the State of Israel, which will lead to an increase in loan losses and to a weakening in capital ratios and liquidity.

Methodology and related articles

- Methodology – General: the S&P Rating Principles, published on February 16, 2011
- Methodology for Linking Long-Term and Short-Term Ratings - April 7, 2017
- Methodology: Risk-Adjusted Capital Adequacy Methodology of Financial Institutions - July 20, 2017
- Group Rating Methodology Published - July 1, 2019
- Methodology – General: Credit Risks Resulting from Environment, Society, and Corporate Governance Factors, October 10, 2021
- Methodology: A Methodology for Rating Financial Institutions, published on December 9, 2021
- Methodology: A Methodology for Estimating Risk in the Banking Sector, published on December 9, 2021
- Methodology – General: Hybrid Capital Rating, published on March 2, 2022
- Methodology For National And Regional Scale Credit Ratings - June 8, 2023
- Definitions of S&P Global Ratings - June 9, 2023
- Opinions and Interpretation: The Correlation Between the Global Rating Scale and the Israeli Rating Scale - June 26, 2018

List of ratings

Bank Leumi le-Israel B.M.	Rating	Publication date of initial rating	Last rating revision date
Issuer rating(s)			
Short term	ilA-1+	Mar. 9, 2022	Oct. 31, 2023
Long term	ilAAA/Stable	May 1, 1998	Oct. 31, 2023
Issuer rating(s)			
<u>Commercial securities</u>			
Series 4-time debt 4	ilA-1+	May 23, 2023	Aug. 2, 2023
<u>Hybrid substandard debt</u>			
Subordinated bonds with a contractual loss absorption mechanism (Series 402)	ilAA	May 31, 2018	Aug. 2, 2023
Subordinated bonds with a contractual loss absorption mechanism (Series 403)	ilAA	Jan. 17, 2019	Aug. 2, 2023
Subordinated bonds with a contractual loss absorption mechanism (Series 405)	ilAA	Mar. 9, 2022	Aug. 2, 2023
Series 404	ilAA	Jun. 26, 2019	Aug. 2, 2023
Unsecured senior debt			
Bonds Series 178	ilAAA	Jun. 21, 2015	Aug. 2, 2023
Bonds Series 179	ilAAA	May 31, 2018	Aug. 2, 2023
Bonds Series 182, 183	ilAAA	Nov. 9, 2021	Aug. 2, 2023
Bonds Series 184	ilAAA	Mar. 9, 2022	Aug. 2, 2023
Bonds Series 180	ilAAA	Jan. 17, 2019	Aug. 2, 2023
Issuer rating history			
Long term			
October 07, 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 1, 1998	ilAAA		
Short term			
March 2022, 2023	ilA-1+		

Additional details

Time on which the event took	Oct. 31, 2023 13:10
Date and time when the event	Oct. 31, 2023 13:10
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

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