

# Bank Leumi Le Israel B.M.<sup>1</sup>

## Rating Action | March 2026

*This credit rating report is a translation of a report that was written in Hebrew for a debt issued in Israel. The binding version is the Hebrew.*

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<sup>1</sup> Mr. Shlomi Shuv's spouse serves as a member of management and as an office holder, and holds a negligible interest in Bank Leumi le-Israel Ltd. Neither Mr. Shuv nor his spouse has any involvement in the ratings assigned by Midroog Ltd.

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## Bank Leumi Le Israel B.M.

<b>Baseline Credit Assessment (BCA)</b>	<b>aa1.il</b>	
<b>Long-term Deposits and Bonds</b>	<b>Aaa.il</b>	<b>Outlook: Stable</b>
<b>Subordinated Notes with a Contractual Loss-Absorption Mechanism (CoCo)</b>	<b>Aa2.il(hyb)</b>	<b>Outlook: Stable</b>
<b>Short-Term Deposits/Commercial Paper</b>	<b>P-1.il</b>	

Midroog affirms Aa2.il(hyb) Rating in Stable outlook for the issuance of subordinated notes with a contractual loss absorption mechanism ("CoCo") (Series 407) in the amount of up to NIS 600 million par value. The issuance will be carried out by Bank Leumi Le Israel B.M.

The main terms of the subordinated notes (Series 407) are as follows: 1. Repayable in a single bullet payment at maturity after approximately 11 years, with an option for early redemption by the Bank after approximately 6 years - final maturity in March 2037, early redemption in March 2032; 2. Recognized by the Supervisor of Banks as a Tier 2 capital instrument for inclusion in the Bank's regulatory capital; 3. Subordinated to all other liabilities that are not of the same type, except for Tier 1 capital instruments and the Bank's shareholders' equity; 4. Convertible into ordinary shares upon a decline in the Common Equity Tier 1 (CET1) ratio below 5%, and/or upon a determination by the Supervisor of Banks of the occurrence of a "Non-Viability Trigger Event"<sup>2</sup>; 5. Upon principal conversion, the notes will cease to bear interest, and the Bank shall not be permitted to redeem the principal of the subordinated notes, in whole or in part, via early redemption, and such conversion shall constitute a full and final discharge of all of the Bank's obligations toward the holders of the subordinated notes.

According to Midroog's methodology, the CoCo rating is based on the Bank's Baseline Credit Assessment (BCA), which serves as the anchor for rating the Bank's liabilities. The BCA reflects the bank's risk of failure and its ability to service its obligations on a standalone basis, without assuming any external support. Based on this, Midroog adjusts the credit risk rating of the subordinated debt instrument according to its specific characteristics - considering the instrument's contractual subordination, loss-absorption mechanisms under its terms, and the uncertainty regarding their trigger point (whether through a contractual trigger or at the discretion of the Supervisor of Banks). In rating the CoCo notes to be issued by the Bank, we deduct one notch from the Bank's BCA, reflecting the legal-contractual subordination and the contractual loss-absorption mechanism. Given the Bank's BCA, its current and projected capital adequacy levels, and its appropriate liquidity profile, we estimate that the uncertainty regarding the probability of reaching a "Non-Viability Trigger Event" is low; therefore, an additional notch markdown was not applied. Furthermore, the CoCo rating does not incorporate any assumption of external support.

For information regarding the rating considerations, you are referred to the monitoring report dated November 2025<sup>3</sup>.

<sup>2</sup> "Non-Viability Trigger Event": (1) A notification from the Supervisor of Banks that conversion is necessary to avoid a point of non-viability; or (2) The provision of external support without which the Bank would reach a point of non-viability. Note: The Supervisor of Banks has not yet defined the term "Point of Non-Viability."

<sup>3</sup> [The rating reports appear on Midroog's website.](#)

## Related Reports

[Bank Leumi Le Israel B.M. - Related Reports](#)

[Rating of Banks - Methodology Report, September 2019](#)

[Promoting Competition in the Banking System - Special Report, February 2023](#)

[Guidelines for Reviewing Environmental, Social and Governance Risks in Credit Ratings - Methodology Report, February 2022](#)

[Table of Affinities and holdings](#)

[Midroog Rating Scales and Definitions](#)

The reports are published on the Midroog website at [www.midroog.co.il](http://www.midroog.co.il)

## General Information

<b>Date of rating report:</b>	March 04, 2026
<b>Date of last revision of the rating:</b>	January 20, 2026
<b>Date of first publication of the rating:</b>	February 02, 2007
<b>Rating commissioned by:</b>	Bank Leumi Le Israel B.M.
<b>Rating paid for by:</b>	Bank Leumi Le Israel B.M.

## Information from the Issuer

Midroog relies in its ratings inter alia on information received from competent personnel at the issuer.

**Baseline Credit Assessment scale**

<b>aaa.il</b>	Issuers and issues assessed at aaa.il are those that, in Midroog's judgment, have the highest internal or independent financial strength, relative to other local issuers, absent any possibility of extraordinary support from an affiliate or the government.
<b>aa.il</b>	Issuers and issues assessed at aa.il are those that, in Midroog's judgment, have very high internal or independent financial strength, relative to other local issuers, absent any possibility of extraordinary support from an affiliate or the government.
<b>a.il</b>	Issuers and issues assessed at a.il are those that, in Midroog's judgment, have relatively high internal or independent financial strength, relative to other local issuers, absent any possibility of extraordinary support from an affiliate or the government.
<b>baa.il</b>	Issuers and issues assessed at baa.il are those that, in Midroog's judgment, have moderate internal or independent financial strength, relative to other local issuers, absent any possibility of extraordinary support from an affiliate or the government, and may have certain speculative characteristics.
<b>ba.il</b>	Issuers and issues assessed at ba.il are those that, in Midroog's judgment, have relatively weak internal or independent financial strength, relative to other local issuers, absent any possibility of extraordinary support from an affiliate or the government, and have speculative characteristics.
<b>b.il</b>	Issuers and issues assessed at b.il are those that, in Midroog's judgment, have very weak internal or independent financial strength, relative to other local issuers, absent any possibility of extraordinary support from an affiliate or the government, and have significant speculative characteristics.
<b>caa.il</b>	Issuers and issues assessed at caa.il are those that, in Midroog's judgment, have extremely weak internal or independent financial strength, relative to other local issuers, absent any possibility of extraordinary support from an affiliate or the government, and have very speculative characteristics.
<b>ca.il</b>	Issuers and issues assessed at ca.il are those that, in Midroog's judgment, have extremely weak internal or independent financial strength, relative to other local issuers, absent any possibility of extraordinary support from an affiliate or the government, and are very near default, with some prospect of recovery of principal and interest.
<b>c.il</b>	Issuers and issues assessed at c.il are those that, in Midroog's judgment, have the weakest internal or independent financial strength, relative to other local issuers, absent any possibility of extraordinary support from an affiliate or the government, and are usually in default, with little prospects of recovery of principal and interest.

Note: Midroog appends numeric modifiers 1, 2, and 3 to each rating category from aa.il to caa.il. The modifier '1' indicates that the debenture ranks in the higher end of its rating category, which is denoted by letters. The modifier '2' indicates that it ranks in the middle of its rating category and the modifier '3' indicates that the debenture ranks in the lower end of that category, denoted by letters.

**Long-Term Rating Scale**

<b>Aaa.il</b>	Issuers or issues rated Aaa.il are those that, in Midroog judgment, have highest creditworthiness relative to other local issuers.
<b>Aa.il</b>	Issuers or issues rated Aa.il are those that, in Midroog judgment, have very strong creditworthiness relative to other local issuers.
<b>A.il</b>	Issuers or issues rated A.il are those that, in Midroog judgment, have relatively high creditworthiness relative to other local issuers.
<b>Baa.il</b>	Issuers or issues rated Baa.il are those that, in Midroog judgment, have relatively moderate credit risk relative to other local issuers, and could involve certain speculative characteristics.
<b>Ba.il</b>	Issuers or issues rated Ba.il are those that, in Midroog judgment, have relatively weak creditworthiness relative to other local issuers, and involve speculative characteristics.
<b>B.il</b>	Issuers or issues rated B.il are those that, in Midroog judgment, have relatively very weak creditworthiness relative to other local issuers, and involve significant speculative characteristics.
<b>Caa.il</b>	Issuers or issues rated Caa.il are those that, in Midroog judgment, have extremely weak creditworthiness relative to other local issuers, and involve very significant speculative characteristics.
<b>Ca.il</b>	Issuers or issues rated Ca.il are those that, in Midroog judgment, have extremely weak creditworthiness and very near default, with some prospect of recovery of principal and interest.
<b>C.il</b>	Issuers or issues rated C are those that, in Midroog judgment, have the weakest creditworthiness and are usually in a situation of default, with little prospect of recovery of principal and interest.

Note: Midroog appends numeric modifiers 1, 2, and 3 to each rating category from Aa.il to Caa.il. The modifier '1' indicates that the obligation ranks in the higher end of its rating category, which is denoted by letters. The modifier '2' indicates that it ranks in the middle of its rating category and the modifier '3' indicates that the obligation ranks in the lower end of that category, denoted by letters.

### Local Short-Term Rating Scale

<b>P-1.il</b>	Issuers rated Prime-1.il are, in Midroog's judgment, have very good ability to repay short-term obligations relative to other local issuers.
<b>P-2.il</b>	Issuers rated Prime-2.il are, in Midroog's judgment, have good ability to repay short-term obligations relative to other local issuers.
<b>P-3.il</b>	Issuers rated Prime-3.il are, in Midroog's judgment, have moderate ability to repay short-term obligations relative to other local issuers.
<b>NP.il</b>	Issuers rated Not Prime.il do not, in Midroog's judgment, belong in any of the above three Prime categories.

### Linkage between the Long-Term and Short-Term Rating Scales

The following table shows the long-term ratings consistent with short-term ratings, when such long-term ratings exist.

<u>Long Term Rating</u>	<u>Short Term Rating</u>
Aaa.il Aa1.il Aa2.il Aa3.il A1.il A2.il	→ Prime-1.il
A3.il Baa1.il Baa2.il	→ Prime-2.il
Baa3.il	→ Prime-3.il
Ba1.il, Ba2.il, Ba3.il B1.il, B2.il, B3.il Caa1.il, Caa2.il, Caa3.il Ca.il C.il	→ Not Prime

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