The following is an unofficial translation of the Hebrew report and has been prepared for convenience only. In case of any discrepancy, the Hebrew version prevails.

Bank Hapoalim B.M.

Number with the Registrar: 520000118

To: Securities Authority www.isa.gov.il	To: The Tel-Aviv Stock Exchange Ltd. www.tase.co.il	Tav125 (public)	Transmission Date: 10/01/2019 Reference: 2019-01-003661

Immediate Report on the Rating of Bonds / Rating of a Corporation or Discontinuation of Rating

On 09/01/2019 *Fitch Ratings* published:

◙ An *up-to-date* rating report / notice

○ Notice of discontinuation of rating

1. Rating report or notice

   ◙ Rating of the Corporation: Fitch Ratings _________ *stable*

   Notice/Nature of the Notice: Rating Affirmed A/F1

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

Date	Subject of the Rating	Rating	Notes/Nature of the Rating
02/05/2018	*Bank Hapoalim B.M.*	*Fitch Ratings A/F1 _______ Stable*	*Rating Affirmed*
07/02/2018	*Bank Hapoalim B.M.*	*Fitch Ratings A/F1 _______ Stable*	*Rating Affirmed*
14/02/2017	*Bank Hapoalim B.M.*	*Fitch Ratings A/F1 _______ Stable*	*Rating Affirmed*
25/11/2016	*Bank Hapoalim B.M.*	*Fitch Ratings A/F1 _______ Stable*	*Upgrade*
15/03/2016	*Bank Hapoalim B.M.*	*Fitch Ratings A-/F1 _______ Stable*	*Rating Affirmed*

Explanation: Under the rating history only the rating history of the rating company referred to in the Immediate Report should be specified.

○ Rating of the Corporation's Bonds:

Name and Type of Security	Number of the Security on the Stock Exchange	Rating Company	Present Rating	Notes/Nature of the Notice
__________	_________	__________ __________	__________ _________ ______ _______ ______	___________ ___________

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

Name and Type of Security	Number of the Security on the Stock Exchange	Date	Type of Rated Security	Rating	Notes/Nature of the Notice
________	____________	_____	_______	_____ ____ ____ ____ ____	__________ __________

Explanation: Under the rating history only the rating history of the rating company referred to in the Immediate Report should be specified.

Attached hereto is the rating report: Hapoalim_RAC_090119_PUBLISHED_isa.pdf

2. On (date) __________, _____________ ___________ gave notice of discontinuation of rating to: _____________________

Fitch Ratings has affirmed the Bank's Long-Term / Short-Term rating A/F1(respectively) with a Stable Outlook.

The names of the signatories on behalf of the Corporation:
Ofer Koren, Head of Finance – CFO
Karen Mazor, Head of Investor Relations Department
Signed on January 10th, 2019

The reference numbers of the previous documents on the subject (any citation made does not constitute inclusion by way of reference):

Date on which the structure of the form was updated: 31/12/2018

The securities of the corporation are listed for trading on the Tel Aviv Stock Exchange
Abbreviated Name: Poalim
Address: P.O.B. 27, Tel Aviv 6100001 Tel: 03-5673800; 03-5673333; Fax: 03-5674576
E-mail: ronit.shapira@poalim.co.il Company Website: http://www.bankhapoalim.co.il

Previous names of reporting entity:

Name of Electronic Reporter: Shapira Ronit, Her Job Title: Secretary of the Bank, Name of Employing Company:
Address: Yehuda Halevy 63, Tel Aviv 6578109, Telephone: 03-567 3800, Fax: 03-567 4576, Electronic Mail: ronit.shapira@poalim.co.il

FITCH AFFIRMS BANK HAPOALIM AT 'A'; OUTLOOK STABLE

Fitch Ratings-London-09 January 2019: Fitch Ratings has affirmed Bank Hapoalim B.M.'s (Hapoalim) Long-Term Issuer Default Rating (IDR) at 'A', Short-Term IDR at 'F1', and Viability Rating (VR) at 'a-'. The Support Rating and Support Rating Floor are affirmed at '1' and 'A' respectively. The Outlook on the Long-Term IDR is Stable.

KEY RATING DRIVERS

IDRs, SUPPORT RATING AND SUPPORT RATING FLOOR

Hapoalim's IDRs, Support Rating (SR) and Support Rating Floor (SRF) reflect Fitch's expectation of an extremely high probability that support will be provided to the bank by the State of Israel, if needed. Fitch's expectation of support from the authorities is underpinned by Israel's strong ability to provide support to domestic banks, as reflected in the sovereign's ratings (A+/Stable), combined with Fitch's belief of a strong willingness to do so.

This view is reinforced by the large domestic franchise of Hapoalim - accounting for about 30% of sector assets -, its importance to the Israeli economy, the government's objective to maintain public confidence in the country's financial sector, especially considering the absence of a deposit guarantee scheme and of effective recovery and resolution legislation.

VR

Hapoalim's VR reflects the bank's strong domestic franchise as the largest banking group in Israel, healthy asset quality, modest risk appetite and a solid funding profile. The bank's reported capital ratios are higher than regulatory capital minimum requirements, although part of the buffer is earmarked for an expected fine to be imposed by the US Department of Justice (DOJ). The timing and amount of this fine are not yet known.

Underlying profitability is sound, particularly in light of the low current policy rates in Israel, reflecting strong pricing power in most businesses and improving underlying efficiency. We expect the bank will benefit from rising domestic rates as a result of the large portion of current, non-interest bearing deposits on its balance sheet and higher returns on its large liquidity reserves. Operating profits continue to be dampened by legal costs of the US DOJ and provisions set aside for the related lost tax revenue.

The bank's cost-to-income ratio, which is high compared with international peers', should improve in the medium term following staff reductions. However, it is likely that revenue will also be negatively affected once its credit card operations are divested, as required by regulators. This should be concluded over 2019 and 2020 but it is still difficult to predict how the lost revenue generated by this business will be compensated.

Profits are currently supported by very low loan impairment charges, which we believe are unsustainable and which are likely to rise as the economic cycle turns.

Asset quality is healthy. Hapoalim's impaired loans are low, reflecting both currently benign economic conditions as well as improvements in the bank's risk management and appetite. Problem loans (impaired and past due loans not impaired) are also low. Reserves against impaired loans are ample at over 100% and also cover a high proportion of problem loans.

Consumer credit growth has slowed, reducing impairment risk in a downturn. Concentration risk (industry and borrower) is expected to remain a feature of Hapoalim's credit risk given the bank's strong focus on the domestic market and high concentration in the Israeli economy. Nonetheless, concentrations are within regulatory limits.

Capitalisation is adequate for Hapoalims's rating. Risk weightings are conservative, and leverage is modest.

The bank benefits from a solid and stable customer deposit base, which provides ample funding for its lending needs. The bank accesses local wholesale capital markets and this extends funding maturities. There is little need to access the international capital markets. Its liquidity buffer of cash and high-quality sovereign bonds is comfortable.

RATING SENSITIVITIES

IDRS, SUPPORT RATING AND SUPPORT RATING FLOOR

The IDRs, SR and SRF are sensitive to a change in Fitch's assumptions around the Israeli authorities' propensity or ability to provide timely support to the banking sector. While the introduction of a resolution law is in discussion, Fitch does not expect this law to come into effect within the next 24 months. The country does not operate a deposit guarantee scheme and the practical implementation of resolution tools, such as bail-in of senior creditors, remains unlikely in Fitch's view.

An upgrade of Israel's Long-Term IDR is unlikely to result in an upgrade in Hapoalim's Long-Term IDR. In line with our criteria, 'A-'/'A' are typical SRFs for domestic systemically important banks in countries whose sovereigns are rated 'AA' or 'AA-' and where support propensity is high.

VR

Hapoalim's VR would likely be downgraded if capital falls below the bank's current targets without a plan to rebuild it sufficiently and swiftly. The VR could also be downgraded if the bank's profitability weakens materially or if the bank increases its risk appetite, in particular, in its international expansion. These are not our base cases.

Given the already high rating in the context of the operating environment, an upgrade of the VR is currently unlikely unless we see strong improvement in profitability, while maintaining sound capital and healthy asset quality.

The rating actions are as follows:

Bank Hapoalim
Long-Term IDR affirmed at 'A'; Outlook Stable
Short-Term IDR affirmed at 'F1'
Viability Rating: affirmed at 'a-'
Support Rating: affirmed at '1'
Support Rating Floor: affirmed at 'A'

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Additional information is available on www.fitchratings.com

Applicable Criteria
Bank Rating Criteria (pub. 12 Oct 2018)
https://www.fitchratings.com/site/re/10044408

"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.