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## MIZRAHI TEFAHOT BANK LTD

Registrar of Companies no.: 520000522

|    |                                    |    |                                    |                  |                                          |
|----|------------------------------------|----|------------------------------------|------------------|------------------------------------------|
| To | <u>Israel Securities Authority</u> | To | <u>Tel Aviv Stock Exchange Ltd</u> | T125<br>(Public) | Date of transmission:<br>October 30 2025 |
|    | www.isa.gov.il                     |    | www.tase.co.il                     |                  | Ref: 2025-01-081743                      |

### Immediate Report on the Rating of Bonds/Rating of a Corporation or Rating Cessation

On October 29, 2025, *Other* Fitch Ratings published:

☒ A rating report/notice *updated*

☐ A notice regarding rating cessation

#### 1. Rating report or notice

☒ Corporation's rating: *Other* Fitch Ratings A-/F1 *stable*

Comments/Notice summary: *Outlook/forecast upgrade*

Ratings history in the three years before the rating/notice date:

| Date             | Rating subject            | Rating                                                      | Comments/Notice summary                                              |
|------------------|---------------------------|-------------------------------------------------------------|----------------------------------------------------------------------|
| November 13 2024 | Mizrahi Tefahot Bank Ltd. | <i>Other</i> Fitch Ratings A-/F1 <i>negative</i>            | <i>Rating affirmation</i>                                            |
| August 15 2024   | Mizrahi Tefahot Bank Ltd. | <i>Other</i> Fitch Ratings A-/F1 <i>negative</i>            | <i>Rating downgrade</i>                                              |
| April 4 2024     | Mizrahi Tefahot Bank Ltd. | <i>Other</i> Fitch Ratings A/F1+ <i>negative</i>            | <i>Other Removal from negative watch list and rating affirmation</i> |
| December 13 2023 | Mizrahi Tefahot Bank Ltd. | <i>Other</i> Fitch Ratings: A/F1+ (RWN) <i>None/NOO</i>     | <i>Watch list (negative)/(negative) rating review</i>                |
| October 19 2023  | Mizrahi Tefahot Bank Ltd. | <i>Other</i> Fitch Ratings: A/F1+ (RWN) <i>None/NOO</i>     | <i>Watch list (negative)/(negative) rating review</i>                |
| May 2 2023       | Mizrahi Tefahot Bank Ltd. | <i>Other</i> Fitch Ratings A-(xsg)/ F2(xsg) <i>None/NOO</i> | <i>Initial rating</i>                                                |
| December 22 2022 | Mizrahi Tefahot Bank Ltd. | <i>Other</i> Fitch Ratings A/F1+ <i>stable</i>              | <i>Rating affirmation</i>                                            |

Explanation: The ratings history should only detail the rating history of the rating company the subject of the immediate report

☒ Rating of the corporation's bonds:

| Name and type of security         | Security number on the stock exchange | Rating company      | Current rating     | Comments/Notice summary |
|-----------------------------------|---------------------------------------|---------------------|--------------------|-------------------------|
| Subordinated Tier 2 Capital Notes | 06950836                              | Other Fitch Ratings | Other BBB None/NOO | Rating affirmation      |

Ratings history for the three years before the rating/notice date:

| Name and type of security         | Security number on the stock exchange | Date             | Type of rated security | Rating             | Comments/Notice summary |
|-----------------------------------|---------------------------------------|------------------|------------------------|--------------------|-------------------------|
| Subordinated Tier 2 Capital Notes | 06950836                              | November 13 2024 | Bond                   | Other BBB None/NOO | Rating affirmation      |
| Subordinated Tier 2 Capital Notes | 06950836                              | August 15 2024   | Bond                   | Other BBB None/NOO | Other No change         |
| Subordinated Tier 2 Capital Notes | 06950836                              | April 4 2024     | Bond                   | Other BBB None/NOO | Other No change         |
| Subordinated Tier 2 Capital Notes | 06950836                              | December 13 2023 | Bond                   | Other BBB None/NOO | Other No change         |
| Subordinated Tier 2 Capital Notes | 06950836                              | October 19 2023  | Bond                   | Other BBB None/NOO | Rating affirmation      |
| Subordinated Tier 2 Capital Notes | 06950836                              | December 22 2022 | Bond                   | Other BBB None/NOO | Rating affirmation      |

Explanation: The ratings history should only detail the rating history of the rating company the subject of the immediate report

Attached rating report [Fitch 29102025 isa.pdf](#)

2. On \_\_\_\_\_, \_\_\_\_\_ announced that it would discontinue rating \_\_\_\_\_

Details of the authorized signatories of the corporation:

|   | Signatory's Name | Position                           |
|---|------------------|------------------------------------|
| 1 | Menahem Aviv     | Other Chief Accountant             |
| 2 | Adi Shachaf      | Other Head of the Finance Division |

Explanation: According to Regulation 5 of the Securities (Periodic and Immediate Reports) Regulations, 5730-1970, a report filed under these regulations must be signed by the authorized signatories of the corporation. The position of senior staff on the matter (in Hebrew) can be found on the ISA's website: [Click here](#)

Reference numbers of previous documents on the matter (referencing does not imply incorporation by reference):

[2024-01-615693](#)

Securities of a Corporation Listed for Trading on the  
Tel Aviv Stock Exchange

Form structure revision date: August 6 2024

Abbreviated Name: Mizrahi Tefahot

Address: 7 Jabotinsky Street, Ramat Gan, 52520

Tel:03-7559720

Fax:03-7559923

E-mail:

management@umtb.co.il

Company website:

<https://www.mizrahi-tefahot.co.il>

Previous name of the reporting entity: United Mizrahi Bank Ltd

Name of the person reporting electronically:

Kikozashvili Hanan

Address: 7 Jabotinsky Street, Ramat Gan,  
52520

Position:

Bank Secretary

Tel:

03-7559219

Fax:

03-7559923

Name of Employing Company:

Mizrahi Tefahot Bank Ltd

E-mail:

management@umtb.co.il

## RATING ACTION COMMENTARY

# Fitch Revises Mizrahi Tefahot Bank's Outlook to Stable; Affirms IDR at 'A-'

Wed 29 Oct, 2025 - 12:55 PM ET

Fitch Ratings - London - 29 Oct 2025: Fitch Ratings has revised Mizrahi Tefahot Bank Ltd's (UMTB) Outlook to Stable from Negative, while affirming its Long-Term Issuer Default Rating (IDR) at 'A-'. Its Viability Rating (VR) has also been affirmed at 'a-'. A full list of rating actions is below.

The Outlook revision reflects the resilience of UMTB's financial profile to Israel's operating environment challenges since the start of the Israel-Hamas war and our view that risks have reduced. Economic activity has returned mostly to normal, providing growth opportunities to Israeli banks while containing asset quality pressures. Risks to our operating environment assessment for Israeli banks are linked to Israel's ratings (A/Negative/F1+).

## KEY RATING DRIVERS

**Strong Mortgage Franchise:** UMTB's Long-Term IDR is driven by its VR and reflects a good domestic universal banking franchise in Israel, alongside resilient asset quality and profitability through the war conflict. The VR reflects the bank's adequate capitalisation and sound funding, supported by a large and diversified deposit base. UMTB's business model is less diversified than its two larger peers' but is particularly strong in low-risk residential mortgages as the largest mortgage lender.

**High Probability of Government Support:** UMTB's IDRs are underpinned by potential government support, which is reflected in a Government Support Rating (GSR) of 'a-'. The sovereign has a strong incentive to provide support, given the bank's systemic importance

in the country, with about 20% of banking system assets.

**Close Regulatory Oversight:** Underwriting standards are conservative, helped by prudent regulatory limits and oversight. The bank has material exposure to the construction and real estate sectors, in line with other Israeli banks, leaving it vulnerable to a sharp decline in real estate prices. However, most of its exposure is to residential projects, which we expect to perform adequately, given high population growth and strong structural demand for housing in Israel.

**Sound Asset Quality:** UMTB's impaired loans ratio was 1% at end-1H25, which has proven resilient to the pressures of the war. The bank has sharply increased its collective provisions since the start of the war (loans loss allowance/impaired loans of 103% at end-1H25), reflecting economic uncertainty and credit growth. Its impaired loan coverage is at the lower end among domestic peers, but this should be seen in view of the bank's higher share of retail mortgage loans. We forecast the impaired loans ratio to remain below 1.5% over the next two years, supported by declining interest rates and sound underwriting.

**Resilient Earnings:** Operating profit is sound, at 2.8% of risk-weighted assets in 1H25, reflecting strong loan growth but tighter lending margins. Nevertheless, NIM has remained strong due to the bank's large base of stable and low-cost current accounts. Higher inflation has also supported income given the bank's net long exposure to the consumer price index.

The bank is focused on maintaining tight cost controls with a low cost-to-income ratio (36% in 1H25), which compares favourably with international peers'. We forecast the operating profit ratio to remain above 2% of risk-weighted assets for the next two years, supported by loan growth and limited loan impairment charges, underpinned by substantial loan loss allowances.

**Adequate Capital Buffers:** UMTB's common equity Tier 1 ratio of 10.4% at end-1H25 has adequate buffers over its 9.7% regulatory minimum requirements but is the lowest among domestic peers'. This should be considered in light of the bank's resilient internal capital generation and its fairly high risk-weighted assets/total assets (end-1H25: 63%), as the bank uses the standardised approach to calculate credit risk-weighted assets. We expect its common equity Tier 1 ratio to slightly rise on the back of internal capital generation.

**Funding Benefits from Government Support:** UMTB's funding and liquidity score is driven by government support and our expectation that the government's propensity to provide support is more certain in the near term, given the systemic importance of UMTB. As a

result, UMTB's 'F1' Short-Term IDR is the higher of two possible Short-Term IDRs that map to an 'A-' Long-Term IDR. UMTB's funding and liquidity profile is also underpinned by its stable and granular deposit base and sound liquidity. The bank also has proven access to domestic and international debt markets.

## **RATING SENSITIVITIES**

### **Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade**

UMTB's Long-Term IDR would be downgraded if its GSR and VR were downgraded. A downgrade of the bank's GSR would be triggered by a downgrade of the sovereign rating, which could trigger a downgrade of UMTB's VR if it sharply increased pressure on the financial profile. This reflects the contagion risk from the links between the sovereign, the operating environment and Israeli banks' performance.

The most likely trigger for a downgrade of UMTB's VR would be a deterioration of asset quality that results in an impaired-loan ratio of above 2% for an extended period, combined with a declining common equity Tier 1 ratio and weakening internal capital generation.

The Short-Term IDR would be downgraded if Israel's Short-Term IDR was downgraded by two notches.

### **Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade**

An upgrade of UMTB's IDRs is limited by the negative outlook on the operating environment for Israeli banks, which is sensitive to the drivers of a downgrade of the sovereign rating. In addition, upside is limited by the bank's geographical concentration and small capital buffers.

## **OTHER DEBT AND ISSUER RATINGS: KEY RATING DRIVERS**

UMTB's Tier 2 subordinated notes are rated two notches below its VR, reflecting poor recovery prospects in the event of a failure of the bank.

The Long-Term IDR (xgs) of 'A-(xgs)' is at the level of the VR. The Short-Term IDR (xgs) of 'F2(xgs)' is the lower of two options that map to a 'A-(xgs)' Long-Term IDR (xgs), due to UMTB's 'a-' funding and liquidity score.

## **OTHER DEBT AND ISSUER RATINGS: RATING SENSITIVITIES**

The subordinated debt ratings are sensitive to changes in the bank's VR.

The Long-Term IDR (xgs) is sensitive to changes in the bank's VR. The Short-Term IDR (xgs) is sensitive to changes in the funding and liquidity score.

## **VR ADJUSTMENTS**

The operating environment score of 'a' is below the 'aa' implied category score for the following adjustment reasons: sovereign rating (negative), size and structure of economy (negative).

The business profile score of 'a-' is above the 'bbb' implied category score for the following adjustment reason: market position (positive).

The earnings and profitability score of 'bbb+' is below the 'a' implied category score for the following adjustment reason: earnings stability (negative).

The capitalisation and leverage score of 'a-' is above the 'bbb' implied category score for the following adjustment reason: leverage and risk weight calculation (positive).

The funding and liquidity score of 'a-' is above the 'bbb' implied category score for the following adjustment reason: deposit structure (positive).

## **REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING**

The principal sources of information used in the analysis are described in the Applicable Criteria.

## **PUBLIC RATINGS WITH CREDIT LINKAGE TO OTHER RATINGS**

UMTB's GSR is linked to Israel's Long-Term IDR while its Short-Term IDR is linked to the sovereign's Short-Term IDR.

ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

RATING ACTIONS

| ENTITY / DEBT ↕          | RATING ↕           |                          |          | PRIOR ↕                    |
|--------------------------|--------------------|--------------------------|----------|----------------------------|
| Mizrahi Tefahot Bank Ltd | LT IDR             | A- Rating Outlook Stable | Affirmed | A- Rating Outlook Negative |
|                          | ST IDR             | F1                       | Affirmed | F1                         |
|                          | Viability          | a-                       | Affirmed | a-                         |
|                          | Government Support | a-                       | Affirmed | a-                         |
|                          | LT IDR (xgs)       | A-(xgs)                  | Affirmed | A-(xgs)                    |

|              | ST IDR (xgs) |     | F2(xgs)  | Affirmed | F2(xgs) |
|--------------|--------------|-----|----------|----------|---------|
| subordinated | LT           | BBB | Affirmed |          | BBB     |

[VIEW ADDITIONAL RATING DETAILS](#)

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## APPLICABLE CRITERIA

[Bank Rating Criteria \(pub. 21 Mar 2025\) \(including rating assumption sensitivity\)](#)

## ADDITIONAL DISCLOSURES

[Dodd-Frank Rating Information Disclosure Form](#)

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[Endorsement Policy](#)

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Mizrahi Tefahot Bank Ltd

UK Issued, EU Endorsed

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