

Mizrahi Tefahot Bank Ltd.'s Immediate Reports are published in Hebrew on the Israel Securities Authority and the Tel Aviv Stock Exchange websites.

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MIZRAHI TEFAHOT BANK LTD
No. with the Registrar of Companies: 520000522

To	<u>Israel Securities Authority</u>	To	<u>Tel Aviv Stock Exchange Ltd</u>	T125 (Public)	Date of transmission: May 29 2025
	www.isa.gov.il		www.tase.co.il		Ref: 2025-01-039242

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

On May 29 2025 S&P Maalot published:

☒ A rating report/notice *updated*

☐ A notice regarding rating cessation

1. Rating report or notice

☒ Corporation's rating: *S&P Maalot ilAAA stable*

Comments/Notice summary:
Rating/Outlook Raise

Ratings history in the three years prior to the date of the rating/notice:

Date	Rating subject	Rating	Comments/Notice summary
Oct 9 2024	<i>Mizrahi Tefahot Bank Ltd</i>	<i>S&P Maalot ilAAA negative</i>	<i>Rating Affirmation</i>
Aug 7 2024	<i>Mizrahi Tefahot Bank Ltd</i>	<i>S&P Maalot ilAAA negative</i>	<i>Rating Affirmation</i>
May 2 2024	<i>Mizrahi Tefahot Bank Ltd</i>	<i>S&P Maalot ilAAA negative</i>	<i>Rating Affirmation</i>
October 31 2023	<i>Mizrahi Tefahot Bank Ltd</i>	<i>S&P Maalot ilAAA negative</i>	<i>Other Rating/Outlook reduction</i>
July 23 2023	<i>Mizrahi Tefahot Bank Ltd</i>	<i>S&P Maalot ilAAA stable</i>	<i>Rating Affirmation</i>
July 26 2022	<i>Mizrahi Tefahot Bank Ltd</i>	<i>S&P Maalot ilAAA stable</i>	<i>Rating Affirmation</i>

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

☒ Rating of the corporation's debentures:

Name and type of security	Security number on the stock exchange	Rating company	Current rating	Comments/Notice summary
<i>Subordinated debentures</i>	0	<i>S&P Maalot</i>	<i>S&P Maalot ilAA- stable</i>	Rating confirmation

Ratings history for the three years prior to the rating/notice date:

Name and type of security	Security number on the stock exchange	Date	Type of rated security	Rating	Comments/Notice summary
<i>Subordinated debentures</i>	Oct 9 2024	0	<i>Subordinated debentures with a loss absorption mechanism</i>	<i>S&P Maalot stable ilAA-</i>	Rating confirmation
<i>Subordinated debentures</i>	Aug 7 2024	0	<i>Subordinated debentures with a loss absorption mechanism</i>	<i>S&P Maalot stable ilAA-</i>	Rating confirmation
<i>Subordinated debentures</i>	May 2 2024	0	<i>Subordinated debentures with a loss absorption mechanism</i>	<i>S&P Maalot stable ilAA-</i>	Rating confirmation
<i>Subordinated debentures</i>	October 31 2023	0	<i>Subordinated debentures with a loss absorption mechanism</i>	<i>S&P Maalot stable ilAA-</i>	Rating confirmation
<i>Subordinated debentures</i>	July 23 2023	0	<i>Subordinated debentures with a loss absorption mechanism</i>	<i>S&P Maalot stable ilAA-</i>	Rating confirmation

<i>Subordinated debentures</i>	July 26 2022	0	<i>Subordinated debentures with a loss absorption mechanism</i>	<i>S&P Maalot stable ilAA-</i>	Rating confirmation
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Explanation: The ratings history should only detail the rating history of the company rating the subject of the immediate report

Attached rating report [Maalot SandPGlobalRatings 29052025 isa.pdf](#)

2. On _____, _____ announced that it would cease rating _____

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

	Signatory's Name	Position
1	<i>Menaheem Aviv</i>	<i>Other Head of the Information & Financial Reporting Division</i>
2	<i>Adi Shachaf</i>	<i>Other Head of the Finance Division</i>

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

On May 29, 2025, S&P Maalot announced an update to the bank's rating outlook to stable from negative, and affirmed the bank's issuer rating (ilAAA) and its issuances ratings.

The reference numbers of previous documents on the subject (reference does not constitute incorporation by reference):

2024-01-609673

Securities of a Corporation Listed for Trading on

Form structure revision date: August 6 2024

the Tel Aviv Stock Exchange

Abbreviated Name: Mizrahi Tefahot

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Fax:03-7559923

E-mail:

Company website:

management@umtb.co.il

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

Previous name of the reporting entity: United Mizrahi Bank Ltd

Name of the person reporting electronically:

Kikozashvili Hanan

Position:

Bank Secretary

Name of Employing

Company: Mizrahi Tefahot

Bank Ltd

Address: 7 Jabotinsky Street, Ramat Gan,

52520

Tel:

03-7559219

Fax:

03-7559923

E-mail:

management@umtb.co
.il

Mizrahi Tefahot Bank Ltd
Mizrahi Tefahot Issuance Company Ltd

May 29 2025

Rating Update

**Rating Outlook Changed to Stable from Negative Amid
Solid Operating Performance; ‘ilAAA’ Rating
Affirmed**

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Table of Contents

Overview	2
The Rating Action	2
Primary Considerations	2
Rating Outlook	3
The Negative Scenario	3
Methodology & Related Articles	4
Rating List	5

Overview

- Despite the challenging macroeconomic environment, Mizrahi Tefahot Bank Ltd (“**Mizrahi Tefahot**” or the “**Bank**”) has so far demonstrated high resilience and its operating performance has remained solid.
- The Bank’s issuer rating is supported by its systemic importance in Israel and the government’s supportive policy of the local banking system. However, at the Bank’s current rating level, a downgrade of the State of Israel’s rating by one rating level (notch), by itself, is not expected to impact the Bank’s rating.
- We affirm Mizrahi Tefahot Bank Ltd’s at ‘ilAAA’, as well as its debt ratings, and change the rating outlook to stable from negative.
- The stable rating outlook reflects our assessment that Mizrahi Tefahot Bank will maintain its business profile, capital base, and position in its business lines over the next 12-18 months, despite a challenging macroeconomic environment.

The Rating Action

On May 29, 2025, S&P Maalot affirmed Mizrahi Tefahot Bank Ltd’s issuer rating of ‘ilAAA’, and changed the rating outlook to stable from negative. At the same time, S&P Maalot affirmed the debt ratings of the Bank and its issuing company, Mizrahi Tefahot Issuance Company Ltd.

Primary Considerations

Despite the challenging geopolitical environment, the Bank has been demonstrating a solid operating performance. The Bank’s portfolio of credit to the public grew by 10.3% at the end of the first quarter compared to a year earlier, and the Bank’s deposits from the public grew by 9.3% in the same period. There was no significant change to asset quality, as reflected in the Bank’s credit loss expenses - which amounted to 0.11% of total credit in the first quarter of 2025, compared to 0.21% in the corresponding quarter last year. The Bank’s non-performing assets ratio remained stable at 1.08% of the credit portfolio as of March 31, 2025, compared to 1.17% at the end of 2024. The Bank’s return on equity ratio was approximately 16.2% as of March 31, 2025. In our baseline scenario, we expect credit losses of 30-35 basis points in 2025-2026.

We expect some erosion in profitability amid the anticipated interest rate cut and dividend distribution at a rate of 50% of net profit in 2025-2026. The Bank’s capital base continues to be strong. In March 2025, the Bank’s Tier 1 capital ratio stood at 10.37%, above the minimum ratio of 9.6% required by the Bank of Israel.

The State of Israel's rating was affirmed but the outlook remains negative. On May 9, 2025, S&P Global Ratings affirmed the long-term rating of the State of Israel at 'A', and maintained the negative rating outlook. Under the baseline scenario, we now estimate that the growth rate in Israel will be approximately 3.3% in 2025 and approximately 3.9% in 2026. In addition, we expect the government deficit to be approximately 6% in 2025 and approximately 5% in 2026, and that the debt-to-GDP ratio will be approximately 69% in the coming years. The negative outlook reflects the risk that the continuation of the war will weaken the Israeli economy over time, increase the debt and the deficit, and lead to an erosion in the balance of payments. The Bank's issuer rating is supported by its systemic importance in Israel and the government's supportive policy of the local banking system. At the Bank's current rating level, a downgrade of the State of Israel's rating by one rating level (notch), by itself, is not expected to impact the Bank's rating.

Rating Outlook

The stable rating outlook reflects our assessment that Mizrahi Tefahot Bank will maintain its business profile, and position in its business lines over the next 12-18 months, despite a challenging macroeconomic environment. The stable rating outlook also reflects our assessment that the Bank's strong capital base will be maintained and that asset quality will remain stable.

The Negative Scenario

We would consider a downgrade should the security risk worsen with negative implications for the banking sector, as well as for the quality of the Bank's assets, capital ratios or profits.

Methodology and Related Articles

- General Criteria: Principles Of Credit Ratings, Feb. 16 2011
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7 2017
- General Criteria: Group Rating Methodology, July 1 2019
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10 2021
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9 2021
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9 2021
- General Criteria: National And Regional Scale Credit Ratings Methodology, June 8 2023
- General Criteria: Hybrid Capital: Methodology And Assumptions, February 10 2025
- S&P Global Ratings Rating Definitions, December 2 2024
- The Connection Between the Global Rating Scale and the Israeli Rating Scale, March 27 2025

Ratings List

Mizrahi Tefahot Bank Ltd	Rating	Date on which rating was first published	Date on which rating was last updated
Issuer Rating(s)			
Mizrahi Tefahot Bank Ltd			
Long term	ilAAA/Stable	Oct 9 2003	Oct 9 2024
Issuer rating history			
Long term			
May 29 2025	ilAAA/Stable		
October 31 2023	ilAAA/Negative		
December 25 2014	ilAAA/Stable		
November 15 2010	ilAA+/Stable		
September 14 2009	ilAA+/Negative		
May 28 2007	ilAA+/Stable		
October 9 2003	ilAA+		
Mizrahi Tefahot Issuance Company Ltd	Rating	Date on which rating was first published	Date on which rating was last updated
Issuance rating(s)			
<u>Complex subordinated debt</u>			
Contingent subordinated bonds with loss absorption capacity Series 53	ilAA-	Dec 9 2020	Oct 9 2024
Contingent subordinated bonds with loss absorption capacity Series 69	ilAA-	Dec 12 2023	Oct 9 2024
Contingent subordinated bonds with loss absorption capacity Series 65	ilAA-	Dec 5 2022	Oct 9 2024
Contingent subordinated bonds with loss absorption capacity Series 71	ilAA-	Sep 16 2024	Oct 9 2024
<u>Short-Term Debt</u>			
Series 3 - CP	ilA-1+	Jun 2 2024	Oct 9 2024
Series 4 - CP	ilA-1+	Jan 26 2025	Jan 26 2025
<u>Senior unsecured debt</u>			
Series 40, 42	ilAAA	May 21 2015	Oct 9 2024
Series 46	ilAAA	Sep 11 2017	Oct 9 2024
Series 62	ilAAA	Oct 6 2021	Oct 9 2024
Series 63, 64	ilAAA	Mar 28 2022	Oct 9 2024
Series 67	ilAAA	May 29 2023	Oct 9 2024
Series 68	ilAAA	Dec 12 2023	Oct 9 2024
Series 49	ilAAA	Jun 6 2019	Oct 9 2024
Series 52	ilAAA	Jun 17 2020	Oct 9 2024
Series 66	ilAAA	Dec 5 2022	Oct 9 2024
Series 70	ilAAA	Sep 16 2024	Oct 9 2024
Additional details			
Time of the event's occurrence	May 29 2025 13:42		
Time at which the event first became known	May 29 2025 13:42		
Rating initiator	The rated company		

[legal disclaimer]