

**S&P Global Ratings Maalot Ltd.**  
No. with the Registrar of Companies: 514045038

|           |  |           |  |                  |                                       |
|-----------|--|-----------|--|------------------|---------------------------------------|
| <b>To</b> | <b><u>Israel Securities Authority</u></b>          | <b>To</b> | <b><u>Tel-Aviv Stock Exchange Ltd</u></b>          | D125<br>(Public) | Date of transmission:<br>May 27, 2026 |
|           | <a href="http://www.isa.gov.il">www.isa.gov.il</a> |           | <a href="http://www.tase.co.il">www.tase.co.il</a> |                  | Ref: 2026-15-049429                   |

**Immediate Report on Rating Related Events**

Regulations 13(g)(2), 14, 16(a) of the Credit Rating Companies Activity Regulation  
Regulations, 5774-2014

Type of event:

1 Rating

S&P Maalot affirms 'iAAA' rating, stable outlook

The publication/rating action heading:

1. Rated corporation details and the corporations to execute the transaction:

1.1. Rated corporation name: *Mizrahi Tefahot Bank Ltd.*

Identification number type: *a Companies Registrar registration number*

Identifiable number: *520000522*

Must execute a transaction to the corporation's report: *Yes*

1.2. Additional corporations to execute a transaction to the corporations' reports in addition to section 1.1: *None*

|  |       |
|--|-------|
| 1. Name of the additional corporation: | _____ |
| Type of identification number:         | _____ |
| Identification number:                 | _____ |

Note:

1. It is emphasized that the details in this section are used to present the report as part of the reports of the corporations the details of which were specified above.
2. If the amending report includes only technical detail corrections (e.g. correcting an erroneous detail in a form) you may elect to present the report among the rated corporation's reports. An election not to execute a transaction is intended only for cases of reports concerning a correction of technical details, which means that the report will not be presented close to the rated company report.

2. Details concerning a rating report:

© File [S 520000522 157 2026 05 27.txt](#)

Explanation: A TXT type file which will include details about the rating in a structure pre-coordinated with the authority. [A link to the characterization document](#)

○ Table:

| SN | General details  | Rating details   | Additional details   |
|----|--|--|--|
| 1  | Instrument internal identification number<br><br>Rating subject<br><br>Issuance date<br><br>Stock exchange security number:<br><br><br>Rating initiated by<br>Chief rating author<br>Chief rating author internal number<br>Secondary rating author<br>Secondary rating author internal number | Rating<br><br>Adding a ticker to the rating<br><br><input type="checkbox"/> Nature of the notice:<br><br><br><input type="checkbox"/> Rating discontinued<br><br>Determined on | First rating publication date:<br><br>Last rating update date:<br><br>Rating cessation reason: |

3. If a rating cessation notice was issued, please provide details about the reasons which led to the decision:

Explanation: The reasons may be added to the file, under the note "see details in the file".

4. The event date: May 27, 2026 at 15:44

The Date on which the rating company first learned of the event: May 27, 2026 at 15:44

5. The immediate report: [FARMiz20260527165417\\_isa.pdf](#)

Reference numbers of previous documents on the matter (the reference does not constitute inclusion by reference):

Form revision date: October 21, 2025

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# Mizrahi Tefahot Bank Ltd

# Mizrahi Tefahot Issuing Company Ltd

May 27 2026

Rating Affirmation

## ‘ilAAA’ rating affirmed; Outlook stable

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## Overview

- Mizrahi Tefahot Bank Ltd. (“Mizrahi Tefahot” or the “Bank”) continues to demonstrate stability in terms of asset quality indices, and its business status remains solid despite the economic uncertainty given the high geopolitical risk in the country.
- The Bank’s capital ratio, as we measure it using our Risk Adjusted Capital (RAC) ratio, stabilizes under 10%, following a strong business growth and the Bank’s commitment to increase dividend distribution.
- We affirm an issuer rating of ‘ilAAA’ for Mizrahi Tefahot Bank Ltd.
- The stable rating outlook reflects our assessment that the Bank will maintain its business profile, capital base and its business line status in the upcoming 12-18 months, despite the challenging macro-economic environment.

## The Rating Action

On May 27, 2026, S&P Maalot affirmed Mizrahi Tefahot Bank’s issuer rating at ‘ilAAA’, with a stable outlook. At the same time, S&P Maalot affirmed the debt ratings of the Bank and its issuing company, Mizrahi Tefahot Issuing Company Ltd.

## Rationale

**The State of Israel’s rating was affirmed with a stable outlook.** On May 8 2026, [S&P Global Ratings affirmed the ratings for the State of Israel, at ‘A/A-1’, with a stable outlook.](#)

**The Bank’s performance metrics remain solid, however, the security and geopolitical risks remain high following the war with Iran, and in other fronts, in the beginning of 2026, including the risk of further escalation.** Given the ongoing and continued military operations on several fronts, we assess that Israel’s gross state product will remain below its pre-war trend. The geopolitical risk remains high given a possible re-escalation of the confrontation, which might impact the Bank negatively.

**The profitability outlook remains strong despite an expected gradual normalization of the margins.** Mizrahi Tefahot presented a high profitability, with an ROE of 17% in 2025 and 14.1% in Q1 2026. That strong profitability relies on a solid business status, high asset quality and efficiency. We expect that the profitability will remain strong, and that the ROE will moderate to a level of around 14%-15% in the upcoming two years, given the rise in taxes and a less supportive interest rate environment.

**We expect that the Bank’s capital base will remain solid, however, we further assess that the capital ratio will be low compared to our past expectations.** We assess that Mizrahi Tefahot’s Risk Adjusted Capital (RAC) ratio will stabilize around the 9% mark by 2028, unlike our past assessment that the ratio would exceed 10%. The reason for that is the

strong growth of the Bank's credit portfolio, and a significant dividend distribution. The bank's credit portfolio grew by about 12% in 2025, as the bank exploited the high demand for residential mortgages – which is the Bank's core field – and an increase in corporate loans, as per the business plan. The Bank announced that it intends to increase its total market share to about 23%-24% by 2027, from about 21.5% in 2025, and increase its market share in the business sector to about 15%-16% from about 11.7% as of the end of 2024, respectively. Under the premise that the security situation in Israel does not deteriorate, we assess that the Bank's credit portfolio will grow by about 8%-10% in 2026. Our forecasts for the RAC ratio include a gradual increase in dividend distribution to about 50% of the profit, from about 45% in 2025. The Bank's tier 1 capital ratio as of the end of March 2026 was 10.17%, which is above the minimum ratio of 9.6% required by the Bank of Israel.

**The Bank's asset quality remains without a significant change, given the limited impact of the war on the performance metrics of the Bank and its large mortgage portfolio.** Mortgages constitute about two thirds of the Bank's credit portfolio, and we assess that this field is highly resilient and is characterized by a low risk level, given the intrinsic demand for housing. The recent rapid expansion to new fields might, potentially, introduce new risks to Mizrahi Tefahot's asset quality, however, it is our understanding that the Bank's underwriting criteria remain meticulous. The rate of the Bank's non-performing assets remains stable at about 0.97% of the credit portfolio, as of the end of 2025, and in our base scenario we expect that level to remain stable. The Bank's provisions for credit losses remains stable at about 0.03% of the credit portfolio as of Q1 2026, compared to 0.06% in 2025.

### **The Rating Outlook**

The stable outlook reflects a balance between the high geopolitical and economic risks in Israel and our assessment that the Bank will continue to demonstrate strong operating performance in the upcoming two years. We further expect the Bank's profitability to remain stable, with an RAC ratio of about 9.0%. The stable outlook takes into account the high systemic importance of the Bank in Israel.

### **The Downside Scenario**

We might lower the rating if the rating of the State of Israel is downgraded, or if the Bank's profitability and capital erode. That scenario may materialize if the war's spill-over becomes more significant than expected and the Bank's asset quality significantly weakens,

or if the credit portfolio growth accelerates and jeopardizes the Bank's capital adequacy, with a significant decrease in the RAC ratio.

**Methodology and Related Articles**

- General Criteria: S&P Principles of Credit Ratings, February 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, October 10, 2021
- Criteria | Financial Institutions | Banks: Financial Institutions Rating Methodology, December 9, 2021
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology and Assumptions, December 9, 2021
- General Criteria: Methodology for National And Regional Scale Credit Ratings, June 8, 2023
- General Criteria: Hybrid Capital: Methodology And Assumptions, October 13, 2025
- Criteria | Financial Institutions | General: Risk Adjusted Capital Framework Methodology, May 5 2026
- Ratings and Definitions: The Connection Between the Global Rating Scale and the Israeli Rating Scale, March 27, 2025
- Ratings and Definitions: S&P Global Ratings Definitions, December 16, 2025

## Rating List

| Mizrahi Tefahot Bank Ltd  | Rating         | First published on        | Last updated on        |
|---|----------------|---------------------------|------------------------|
| <b>Issuer Rating(s)</b>   |                |                           |                        |
| Long term   | ilAAA/Stable   | Oct 9 2003                | May 29 2025            |
| <b>Issuer rating history</b>  |                |                           |                        |
| 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+          |                           |                        |
| <b>Mizrahi Tefahot Issuing Company Ltd</b>                            | <b>Rating</b>  | <b>First published on</b> | <b>Last updated on</b> |
| <b>Issuance rating(s)</b>   |                |                           |                        |
| <u>Complex subordinated debt</u>                                      |                |                           |                        |
| Contingent subordinated bonds with loss absorption capacity Series 53 | ilAA-          | Dec 9 2020                | May 29 2025            |
| Contingent subordinated bonds with loss absorption capacity Series 69 | ilAA-          | Dec 12 2023               | May 29 2025            |
| Contingent subordinated bonds with loss absorption capacity Series 65 | ilAA-          | Dec 5 2022                | May 29 2025            |
| Contingent subordinated bonds with loss absorption capacity Series 71 | ilAA-          | Sep 16 2024               | May 29 2025            |
| Contingent subordinated bonds with loss absorption capacity Series 73 | ilAA-          | May 25 2026               | May 25 2026            |
| <u>Short-Term Debt</u>  |                |                           |                        |
| Series 5  | ilA-1+         | Jul 13 2025               | Jul 13 2025            |
| Series 6  | ilA-1+         | May 25 2026               | May 25 2026            |
| <u>Senior unsecured debt</u>  |                |                           |                        |
| Series 42   | ilAAA          | May 21 2015               | May 29 2025            |
| Series 46   | ilAAA          | Sep 11 2017               | May 29 2025            |
| Series 62   | ilAAA          | Oct 6 2021                | May 29 2025            |
| Series 63, 64   | ilAAA          | Mar 28 2022               | May 29 2025            |
| Series 67   | ilAAA          | May 29 2023               | May 29 2025            |
| Series 68   | ilAAA          | Dec 12 2023               | May 29 2025            |
| Series 49   | ilAAA          | Jun 6 2019                | May 29 2025            |
| Series 52   | ilAAA          | Jun 17 2020               | May 29 2025            |
| Series 66   | ilAAA          | Dec 5 2022                | May 29 2025            |
| Series 70   | ilAAA          | Sep 16 2024               | May 29 2025            |
| Series 72   | ilAAA          | May 25 2026               | May 25 2026            |

| Additional details                        |                   |
|---|-------------------|
| Event date and time                       | May 27 2026 15:44 |
| Date and time of the event becoming known | May 27 2026 15:44 |
| The rating initiator                      | The rated company |

[legal disclaimer]

[Maalot disclaimer]