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

To	**Israel Securities Authority**	**To**	**Tel Aviv Stock Exchange Ltd**	T125 (Public)	Date of transmission: August 7 2024
	www.isa.gov.il		**www.tase.co.il**		Ref: 2024-01-084940

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

On August 7 2024 *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 negative*

Comments/Notice summary: *Rating affirmation*

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

Date	Rating subject	Rating	Comments/Notice summary
May 2 2024	*Mizrahi Tefahot Bank Ltd*	*S&P Maalot ilAAA negative*	*Rating Affirmation*
October 31 2023	*Mizrahi Tefahot Bank Ltd*	*S&P Maalot ilAAA negative*	*Other Rating/Outlook reduction*
July 23 2023	*Mizrahi Tefahot Bank Ltd*	*S&P Maalot ilAAA stable*	*Rating Affirmation*
July 26 2022	*Mizrahi Tefahot Bank Ltd*	*S&P Maalot ilAAA stable*	*Rating Affirmation*
January 23 2022	*Mizrahi Tefahot Bank Ltd*	*S&P Maalot ilAAA stable*	*Rating Affirmation*

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
Subordinated debentures	0	S&P Maalot	*S&P Maalot stable ilAA-*	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
Subordinated debentures	May 2 2024	0	*Subordinated debentures with a loss absorption mechanism*	*S&P Maalot stable ilAA-*	Rating confirmation
Subordinated debentures	October 31 2023	0	*Subordinated debentures with a loss absorption mechanism*	*S&P Maalot stable ilAA-*	Rating confirmation
Subordinated debentures	July 23 2023	0	*Subordinated debentures with a loss absorption mechanism*	*S&P Maalot stable ilAA-*	Rating confirmation
Subordinated debentures	July 26 2022	0	*Subordinated debentures with a loss absorption mechanism*	*S&P Maalot stable ilAA-*	Rating confirmation
Subordinated debentures	January 23 2022	0	*Subordinated debentures with a loss absorption mechanism*	*S&P Maalot stable ilAA-*	Rating confirmation

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

Attached rating report MaalotandSPGlobalRatings 07082024 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	*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 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

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

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 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

[S&P Maalot Letterhead]

Mizrahi Tefahot Bank Ltd

Mizrahi Tefahot Issuance Company Ltd

August 7 2024

Rating Affirmation

Affirmation of ‘ilAAA’ Rating; Outlook Negative

Primary Credit Analyst:

Regina Argenio, Milan	39-02-72111208	regina.argenio@spglobal.com

Additional Contact Person:

Pierre Hollegien, Paris	33-14-0752513	pierre.hollegien@spglobal.com
Matan Benjamin, Ramat Gan	972-3-7539716	matan.benjamin@spglobal.com

Table of Contents

Rating Affirmation

Affirmation of ‘ilAAA’ Rating; Outlook Negative

Overview

Key Strengths	Key Risks
• A leading position in Israel’s mortgage market	• Uncertain macroeconomic and banking sector operating environment due to increased geopolitical tensions
• Resilient profitability and strong efficiency despite the slowdown in the Israeli economy	• High exposure to the local residential real estate sector
• A large domestic customer deposit base and ongoing access to capital markets	• Accelerated growth in the middle market and other retail segments, which could lead to higher credit losses

The Israel-Hamas war has added significant risks to Israel's economic outlook. In this context, mortgage-focused Mizrahi Tefahot Bank Ltd (“Mizrahi Tefahot” or the “Bank”) is better positioned than the rest of the banking sector to face higher economic risk, in our view. About two-thirds of the Bank’s credit portfolio is made up of mortgages, which we see as more resilient than Israel's construction and commercial real estate sectors, in light of our anticipation that the inelastic demand for housing and the low unemployment rates will persist. That said, the very high focus on real-estate-related lending exacerbates the Bank’s exposure to tail risk.

The Bank’s Profitability Will Sustain Its Capital Basis through the Slower Economic Environment. We expect Mizrahi Tefahot's risk-adjusted capital (RAC) ratio to gradually improve to about 10.0%-10.5% in 2026 from 9.3% on Dec. 31, 2023, prior to the update of Israel’s banking sector risk evaluation (see “Various Rating Actions On Israeli Banks On Increased Geopolitical Risks; All Outlooks Negative,” published on May 2, 2024).

A large and granular deposit base supports the Bank’s funding profile. In our assessment, Mizrahi Tefahot’s large stock of liquid assets is sufficient to appropriately cover its liquidity needs and limits the need for potential short-term wholesale funding.

Government support will continue to benefit the ratings. We factor into our ratings our view that Israel (A+/Negative/A-1) would provide extraordinary support to the bank in the event of financial distress.

Rating Outlook

The negative rating outlook mirrors the State of Israel's negative rating outlook and the risk that the war could expand to other areas, to another reduction of the State of Israel's rating and an erosion of the Bank's credit profile over the next 12-24 months.

The Downside Scenario

We would consider a rating reduction should the State of Israel's rating be lowered again, in such manner that we would consider extraordinary government support less likely to be provided in the event of financial strife, or if the security risk will escalate materially with negative consequences for the banking sector. We would likewise consider a rating reduction should the Bank's financial performance become less resilient to the current environment than we currently assume, in such manner that the Bank's RAC ratio would be under 10% over the next 24 months due to significant asset quality deterioration.

The Upside Scenario

We would consider revising the Bank's outlook should the State of Israel's rating be revised to stable, and the security risks and pressures on domestic economic prospects will have lessened, in our view.

Key Metrics

Mizrahi Tefahot Bank Ltd.--Key ratios and forecasts

	--Fiscal year ended Dec. 31--				
(%)	2022a	2023a	2024f	2025f	2026f
Growth in operating revenue	31.3	11.2	(6.6)-(8.0)	(2.1)-(2.6)	2.4-2.9
Growth in customer loans	13.4	6.2	4.5-5.5	5.4-6.6	5.4-6.6
Growth in total assets	9.2	4.6	3.5-4.3	4.3-5.2	4.7-5.7
Net interest income/average earning assets (NIM)	3.3	3.5	2.9-3.2	2.7-3.0	2.6-2.9
Cost to income ratio	46.4	37.7	38.8-40.8	41.0-43.1	41.9-44.1
Return on average common equity	20.1	19.2	14.2-15.7	12.4-13.7	12.4-13.7
Return on assets	1.1	1.2	0.9-1.1	0.8-1.0	0.8-1.0
New loan loss provisions/average customer loans	0.2	0.5	0.3-0.3	0.2-0.3	0.2-0.2
Gross nonperforming assets/customer loans	1.0	1.3	1.2-1.4	1.1-1.2	1.0-1.1
Net charge-offs/average customer loans	0.1	0.1	0.3-0.3	0.3-0.3	0.1-0.1
Risk-adjusted capital ratio	10.2	9.2	9.5-9.9	9.7-10.2	9.9-10.4

All figures are S&P Global Ratings-adjusted. a--Actual. f--Forecast. NIM--Net interest margin.

Anchor: Reflects Operation Focus on Israel

We use the Banking Industry Country Risk Assessment to determine the Bank's anchor, the starting point in assigning an issuer credit rating. Israel's banking sector benefits from the robust and diversified domestic economy, but displays some concentration in its credit portfolio and exposure to geopolitical risk.

In our view, the material escalation of the geopolitical and security risks that Israel faces following the onset of the Israel-Hamas war will affect Israel's economic performance in 2024. We project real economic growth at 0.5% in 2024, which, excluding the pandemic year, 2020, will be the weakest performance year in decades. While we expect growth will rebound in 2025 by 5%, there could be long-term impacts on the Israeli economy as a result of the war, in our view. In addition, an escalation of conflict could present additional security and social risks, with a deeper impact on the domestic economy; an economic slowdown coupled with a heavier debt, could impact asset quality, in our view. The real estate and construction sector, which represents approx. 20% of banks' credit portfolio, is particularly vulnerable to current developments, as is consumer credit, tourism, services, and small businesses. In this context, we expect credit losses to remain elevated in 2024 as well, having reached about 50 bps in 2023.

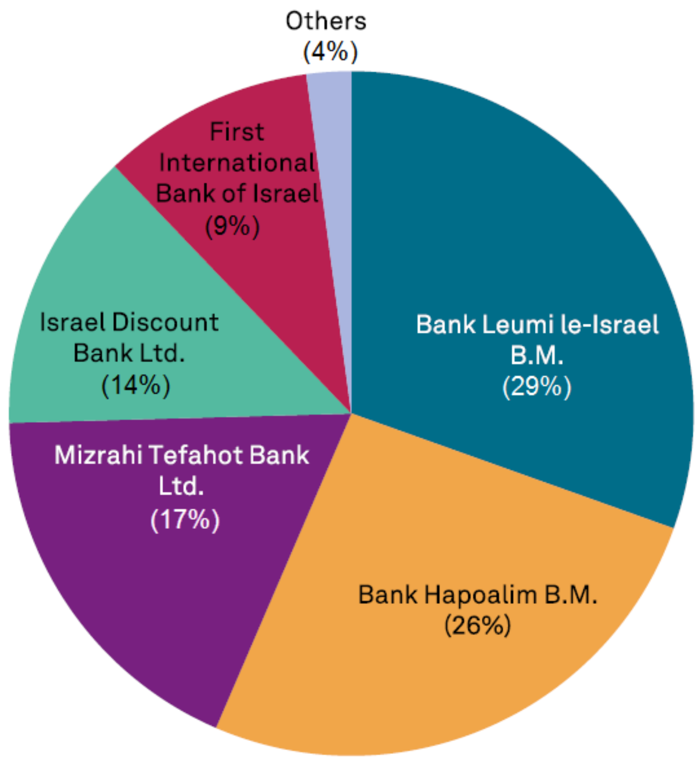
Israel's banking sector benefits from a strong funding profile, a large base of customers' core deposits, and a surplus of external assets, which provide a safety buffer in a challenging environment. Regulation in the field greatly matches international standards, and prudent regulatory oversight mitigates risks of concentration and geopolitical instability. The banks' profitability strengthened from a business upswing, high interest rates, and continuous cost-cutting initiatives. However, competition among banks and nonbank financial institutions limits margins and fees.

Business Position: Mizrahi Tefahot Leads the Mortgage Market and Operates in Diversified Business Segments

The Bank maintains a solid domestic position as the leading mortgage lender in Israel, with a 36% market share as of March 31, 2024. Mizrahi Tefahot's assets total ILS 451 billion as of March 31, 2024, and it is the third largest in Israel with a market share of loans and deposits of about 21% and 18%, respectively (chart 1).

Chart 1

Mizrahi is the third largest bank in Israel
Domestic deposits market share as of March 31, 2024



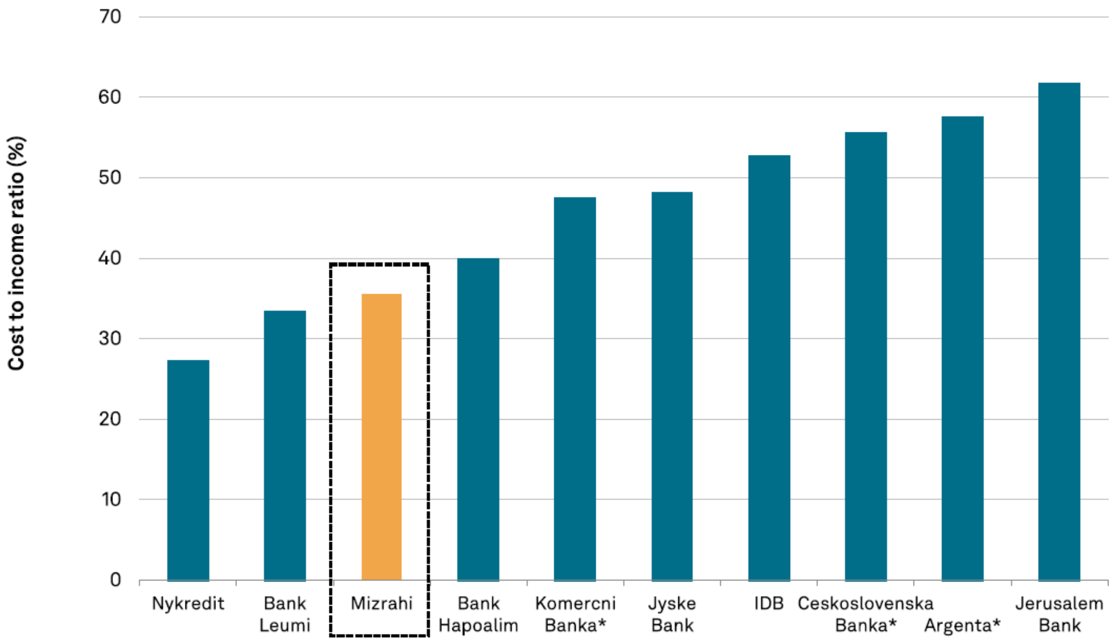
Mizrahi Tefahot's credit portfolio is retail-focused, but the Bank has accelerated its efforts to expand into the small and midsize business and corporation segments. The Bank has also expanded its operations in the construction and real estate segment, which represented 12% of its credit portfolio as of March 31, 2024, up from 9.2% as of Q1/2021. While we view the Bank's trong and fast growth in the construction and real estate segment as somewhat risky, it is less exposed to the segment than its domestic competitors, both in absolute and relative terms. We expect the growth of the Bank's portfolio will gradually slow down to 5%-6% per year over the next two-to-three years, due to the economic slowdown, uncertainy, and tight financing conditions. We also anticipate the Bank's focus will remain on retaining its market shares in the mortgage segment, where competition is fierce.

Mizrahi Tefahot is structurally more efficient than most of its peers, and its profitability should support its performance through the war and as margins continue to compress. Following the Union Bank merger in 2020, Mizrahi Tefahot has been focusing on realizing synergies through closing branches and making headcount cuts. The profitability of the move is still materializing, as expressed by payroll expenses going down by 8.1% in Q1/2024 compared to Q1 of last year.

The Bank now has one of the Israeli banking system's best efficiency ratios: 35.5% as of end-March 2024.

Chart 2

Mizrahi's efficiency is better than most of its peers
Q1 2024



Capital and Earnings: The Bank's Profitability Will Sustain Its Capital Basis through the Slower Economic Environment

We estimate the the Bank's profitability will remain resilient, having peaked in Q2/2023. The Bank's profitability has benefited from increasing interest rates and strong growth in the credit portfolio, which has boosted revenues substantially over the past three years. The Bank's performance in the past months was supported by resilient asset quality and an interest environment that remained high as the Bank of Israel's tool to handle war-related risks. That said, assuming geopolitical risk recedes, we expect interest rates will moderately decline from 2025, and that the Bank's return on equity (RoE) will normalize to about 13% in 2025-2026.

We expect the Bank's capitalization to gradually progress. In our outlook, we assume that the RAC ratio will gradually improve to approx 10.0%-10.5% in 2026, versus 9.3% in December 2023, prior to the update of Israel's banking sector risk evaluation. We factor in:

- A recovery of the growth rate of the Bank's portfolio, which was slowed down by the war for two quarters, averaging about 5.7% per year in 2024-2026.
- Net interest margin declining from about 3.5% in 2023 to about 2.8% in 2025-2026 as the Bank of Israel's monetary policy will likely become looser and the CPI contribution to the Bank's margin declines.
- Credit loss provision that will get closer to historical levels, since we anticipate concentration in lower-risk mortgage loans that will mitigate the impact of the economic slowdown. We factor in that credit losses will reach about 30 basis points (bps) in 2024 before gradually declining toward 20 bps by 2026. These rates remain some of the lowest risk costs in Israel's banking system.
- A 40% dividend payout over 2024-2026 due to a more moderate growth in the credit portfolio, and a return to normal levels of loss provisions, which may allow for increasing shareholders' rewards.
- A temporary tax on the banking sector to be imposed until end-2025.

The Bank's regulatory Tier 1 capital ratio stood at about 10.6% as of March 31, 2024, compared with the 9.6% required by the Supervision of Banks. In our view, the Bank's management will calibrate the distribution of dividends and growth of risk-weighted assets to safeguard capital from unexpected events, reduce the large capital buffer it had accumulated relative to the minimum regulatory requirement.

Risk Profile: High Exposure to the Mortgage Market

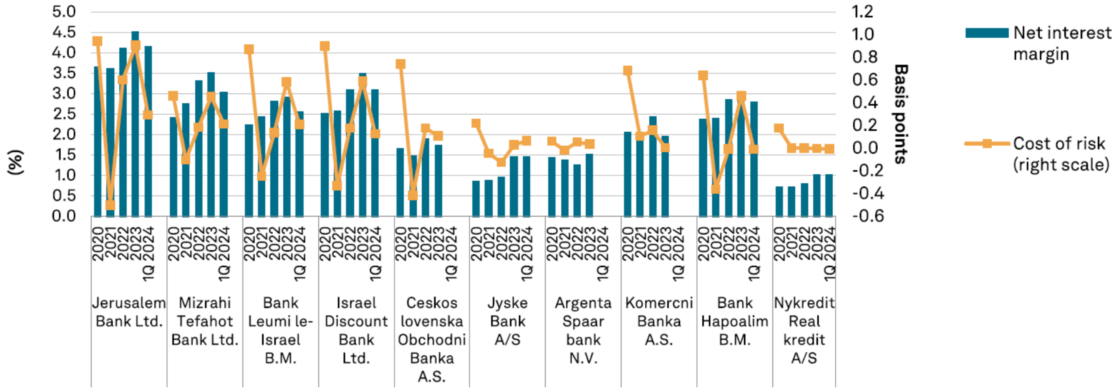
We anticipate that Mizrahi Tefahot's asset quality will remain resilient despite the current environment. With the outbreak of the war with Hamas, the Bank extended relief measures and benefits to its customers impacted by the conflict. The Bank estimated the related cost could be ILS 589 million, although customer take up and utilization had reached only 37% as of March 31, 2024. Because of its focus on the retail market, the share of loans within the credit portfolio eligible to term changes brought on by the war is relatively high at 5.9%.

Over the past two decades, Mizrahi Tefahot has demonstrated strong resilience in its mortgage portfolio, even amid a persistently deteriorating macroeconomic environment. This resilience can be attributed to the stability of the residential property market in Israel, and the Bank's low-risk mortgage portfolio, which is characterized by low loan-to-value (LTV) ratios, and low payment-to-income (PTI) ratios. Typically, the Bank caps the LTV for a mortgage loan at 75%, which effectively secures the loans even in the event of a substantial 25% decline in the value of the property pledged as collateral. As of March 31, 2024, the average LTV ratio for the Bank's mortgage portfolio was 54.9%, while the PTI ratio was

26.3%. Additionally, the Bank's focus on the mortgage market also places it better compared to its peers vis-à-vis the exposure to the risks involved in single-party credit concentration.

Chart 3

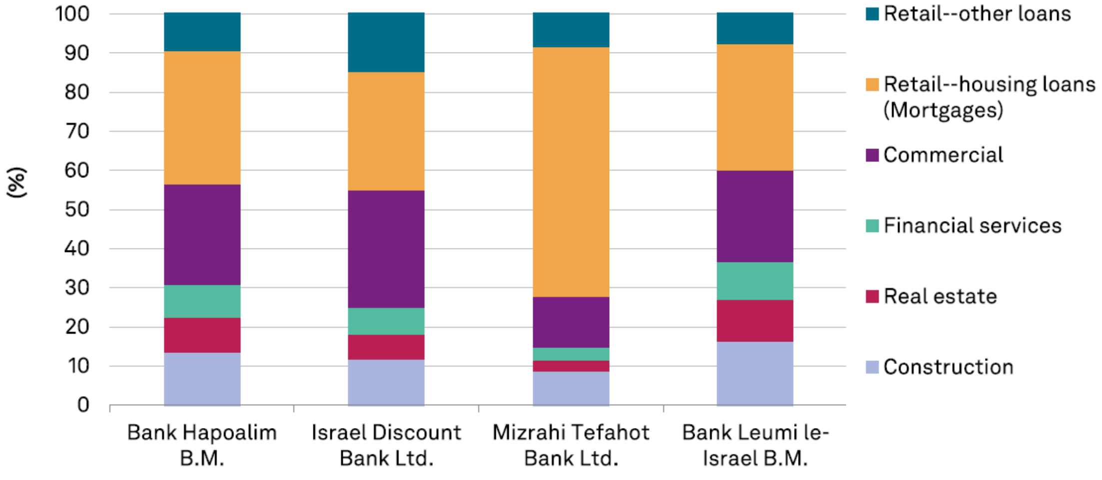
Mizrahi versus peers
Net interest margin and cost of risk



Recent fast expansion in other sectors could threaten asset quality. In our opinion, risks stem mainly from rapid growth in credit to small and midsize businesses and to the construction sector, due to concern that later projects might rely on pricing assumptions that could prove to be challenging amid the current macroeconomic conditions. However, the Bank's exposure to those segments is limited. Credit loss expenses peaked at 86 bps in the third quarter of 2023 mainly due to group provisioning amid a heightened credit risk in the economy. As of March 31, 2024, the Bank's credit loss expenses were down to 21 bps and we anticipate they will be 25-30 bps in 2024-2025. The rate of nonperforming loans within the Bank's credit portfolio amounted to about 1.27% as of March 31, 2024.

Chart 4

Compared to local peers, Mizrahi's loan book is skewed more towards mortgage lending



Data as of March 31, 2024. Source: S&P Global Ratings.

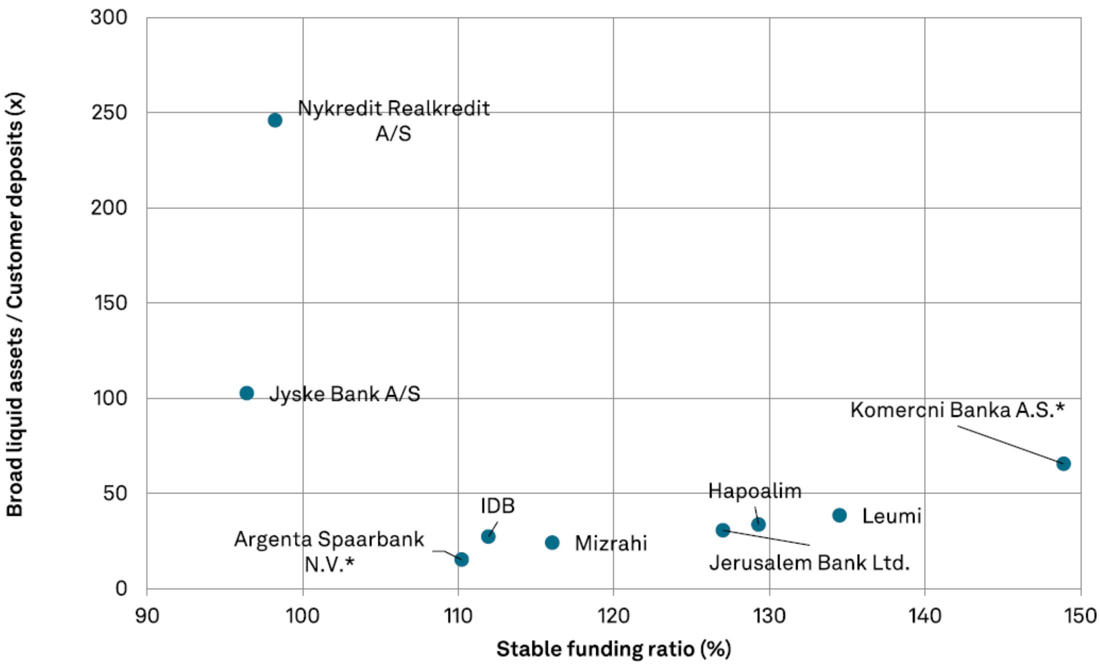
The Bank is not exposed to other material risks. In our view, Mizrahi Tefahot's exposure to other market risks is not significant, given the relatively small size of its nostro portfolio. The Bank's securities portfolio comprises highly rated sovereign bonds. It is relatively small and its unrealized losses are very limited. The bank has some unhedged exposure to inflation and interest rate risks, as only one-third of its mortgage loans are at variable rates and one-third are linked to inflation.

The Bank has material operational risks that are not unique to it, as they are connected to the geopolitical tensions in the region, and the potential damage to the Bank from adverse events. These risks, including the latest developments since October 2023, are reflected in the adjustments we make to our anchor for Israeli banks. At the same time, the Bank continues to strengthen its cyber risk management array.

Funding and Liquidity: The Large Deposit Volume Supports the Bank's Liquidity Profile

Since the war began, we have not witnessed any volatility in Mizrahi Tefahot's deposits and funding base. In our view, the Bank has a sound funding profile, and its high liquidity is supported by stable domestic funding sources, primarily a strong retail base. These are reflected in solid funding and liquidity metrics that compare adequately with the domestic and international comparison group, and have proven resilient to the current and challenging operation environment.

Mizrahi Tefahot--Solid liquidity support its metrics
1M 2024



Mizrahi Tefahot's funding base comprised 90% core deposits from domestic customers. The Bank has minimal dependence on wholesale funding, which consists of senior unsecured bond debt and Tier 2 instruments. These funding sources have longer maturities that align with the Bank's asset profile and offer some CPI hedging given that most of them are CPI-linked. The share of non-interest-bearing deposits from the public had been reduced to approximately 21% as of March 31, 2024, from about 24% as of the year before. The depositor base continues to increase, as reflected in a market share close to 18%.

The Bank also maintains sound liquidity, as reflected in liquid banking assets accounting for 20% of total banking assets as of the end of Q1/2024. The Bank holds 19% of its assets in cash and deposits with the Bank of Israel and other banks, and an additional 5% in securities. As of March 31, 2024, the Bank's liquid assets amounted to 5.72x of its short-term wholesale funding, and the liquidity coverage ratio stood at 139%.

External Support: Potential for Government Support

Mizrahi Tefahot's long-term issuer rating is supported by its systemic importance and the government's policy of support towards the domestic banking system. We will reconsider our evaluation of government support if the regulatory authorities will change the regulatory framework of bank support, but we do not anticipate such a development in the medium term.

Environmental, Social, and Governance Factors

In our view, environmental, social, and corporate governance factors influence Mizrahi Tefahot's credit quality in a manner that is in line with the industry and other Israeli banks. We are of the opinion that the Bank's management is experienced and professional. Mizrahi Tefahot is committed to reducing its operating carbon footprint by 40% by 2030 and reducing to zero the nostro portfolio exposure to the coal mining and oil drilling sectors.

Regarding social risk, we note that the Bank continues its workforce optimization as part of the strategy to improve efficiency. We are of the opinion that potential risks are limited, since most of the staff reduction will be done through carefully-handled early retirements.

Hybrid Instruments

We rate the subordinated contingent convertible notes with a loss absorption mechanism by removing one rating notch from the Bank's independent credit profile due to the risk of insolvency, since we do not expect these instruments would benefit from state support, and removing another rating notch from the domestic rating due to their subordination. The final rating of these instruments is 'ilAA-'.

Financial Data and Ratios

Table 1.

Mizrahi Tefahot Bank Ltd. Key Figures (Mil. ILS)	YTD Mar-2024	Annual 2023	Annual 2022	Annual 2021	Annual 2020
Adjusted assets	450,543	448,056	428,114	392,063	359,901
Customer loans (gross)	335,027	329,895	310,674	274,008	248,571
Adjusted common equity	28,859	28,038	24,243	20,550	18,745
Operating revenues	3,607	14,781	13,294	10,292	7,893
Noninterest expenses	1,279	5,569	6,173	5,568	4,279
Core earnings	1,318	5,080	4,361	3,278	1,675

Table 2.

Mizrahi Tefahot Bank Ltd. Business Position (Mil. ILS)	YTD Mar-2024	Annual 2023	Annual 2022	Annual 2021	Annual 2020
Total revenues from business line (currency in millions)	3,607	14,781	13,673	10,310	7,934
Commercial banking/total revenues from business line	41.42	39.15	33.34	33.31	37.57
Retail banking/total revenues from business line	52.54	52.03	42.93	46.23	53.76
Commercial & retail banking/total revenues from business line	93.96	91.18	76.27	79.53	91.33
Trading and sales income/total revenues from business line	6.04	8.82	23.73	20.47	8.67
Investment banking/total revenues from business line	6.04	8.82	23.73	20.47	8.67
Return on average common equity	18.16	19.16	20.08	16.11	9.24

Table 3.

Mizrahi Tefahot Bank Ltd. Capital and Earnings	YTD Mar-2024	Annual 2023	Annual 2022	Annual 2021	Annual 2020
Tier 1 capital ratio	10.60	10.32	9.94	10.04	10.04
S&P Global Ratings' RAC ratio before diversification	N/A	9.24	10.21	10.38	10.51
S&P Global Ratings' RAC ratio after diversification	N/A	8.25	9.04	9.09	9.15
Net interest income/operating revenues	74.44	81.02	77.03	74.67	73.74
Fee income/operating revenues	13.92	13.72	15.44	18.92	21.17
Market-sensitive income/operating revenues	17.69	9.98	5.61	3.90	2.80
Cost to income ratio	35.46	37.68	46.43	54.10	54.21
Preprovision operating income/average assets	2.07	2.10	1.74	1.26	1.14
Core earnings/average managed assets	1.17	1.16	1.06	0.87	0.53

N/A – not applicable

Table 4.

Mizrahi Tefahot Bank Ltd. RACF [Risk-Adjusted Capital Framework] Data (Mil. ILS)

	EAD(1)	Basel III RWA(2)	Average Basel III RW(%)	S&P Global RWA	Average S&P Global RW (%)
Credit risk					
Government and central banks	97,632	677	1	789	1
Of which regional governments and local authorities	2,119	388	18	127	6
Institutions and CCPs	15,258	2,858	19	4,936	32
Corporate	119,545	105,033	88	147,030	123
Retail	230,133	132,709	58	98,187	43
Of which mortgage	202,236	111,611	55	73,877	37
Securitization (3)	0	0	0	0	0
Other assets (4)	8,384	9,654	115	16,856	201
Total Credit Risk	**470,952**	**250,930**	**53**	**267,798**	**57**
Total credit valuation adjustment	--	1,282	--	0	--
Equity in the banking book	602	602	100	4,953	823
Trading book market risk	--	1,957	--	2,935	--
Total market risk	--	**2,559**	--	**7,888**	--
Total operational risk	--	**20,641**	--	**27,714**	--

	Basel III RWA	S&P Global RWA	% of S&P Global RWA
RWA before diversification	275,412	303,400	100
Total Diversification/ Concentration Adjustments	--	36,342	12
RWA after diversification	275,412	339,742	112

	Tier 1 capital	Tier 1 ratio (%)	Total adjusted capital	S&P Global RAC ratio (%)
Capital ratio before adjustments	28,434	**10.3**	28,038	**9.2**
Capital ratio after adjustments (5)	28,434	**10.3**	28,038	**8.3**

*Exposure at default. §Securitization Exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. ILS -- New Israeli Shekel. Sources: Company data as of 'Dec. 31 2023', S&P Global Ratings.

Table 5.

Mizrahi Tefahot Bank Ltd. Risk Position (%)

	YTD Mar-2024	Annual 2023	Annual 2022	Annual 2021	Annual 2020
Growth in customer loans	6.22	6.19	13.38	10.23	20.05
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	11.98	13.00	14.22	14.89
Total managed assets/adjusted common equity (x)	15.62	15.99	17.67	19.09	19.21
New loan loss provisions/average customer loans	0.21	0.45	0.18	-0.11	0.46
Net charge-offs/average customer loans	0.16	0.09	0.09	0.05	0.12
Gross nonperforming assets/customer loans + other real estate owned	1.26	1.27	0.97	0.97	1.04
Loan loss reserves/gross nonperforming assets	97.18	97.46	95.81	78.88	94.34

N/A – not applicable

Table 6.

Mizrahi Tefahot Bank Ltd. Funding and Liquidity

	YTD Mar-2024	Annual 2023	Annual 2022	Annual 2021	Annual 2020
Core deposits/funding base	90.27	89.43	89.35	87.09	88.25
Customer loans (net)/customer deposits	90.55	90.85	89.33	88.28	86.58
Long-term funding ratio	96.45	96.38	95.96	95.34	96.21
Stable funding ratio	116.02	116.52	117.33	120.09	121.58
Short-term wholesale funding/funding base	3.81	3.88	4.30	4.95	4.02
Regulatory net stable funding ratio	114.00	114.00	115.00	119.00	N/A
Broad liquid assets/short-term wholesale funding (x)	5.72	5.79	5.43	5.39	6.83
Broad liquid assets/total assets	19.55	20.06	21.02	24.03	24.54
Broad liquid assets/customer deposits	24.11	25.07	26.12	30.61	31.09
Net broad liquid assets/short-term customer deposits	24.87	25.93	26.64	31.16	33.18
Regulatory liquidity coverage ratio (LCR) (%)	139.00	1.31	1.18	1.25	1.33
Short-term wholesale funding/total wholesale funding	39.13	36.68	40.38	38.32	34.17

Data are based on S&P Global Ratings adjusted number and ratios

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: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- General Criteria: National And Regional Scale Credit Ratings Methodology, June 8, 2023
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, April 30, 2024

• S&P Global Ratings Rating Definitions, June 9, 2023

• The Connection Between the Global Rating Scale and the Israeli Rating Scale, February 1, 2024

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/Negative	Oct 9 2003	May 2 2024
Issuer rating history			
Long term			
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)			
Complex subordinated debt			
Contingent subordinated bonds with loss absorption capacity Series 53	ilAA-	Dec 9 2020	May 2 2024
Contingent subordinated bonds with loss absorption capacity Series 50	ilAA-	Jun 6 2019	May 2 2024
Contingent subordinated bonds with loss absorption capacity Series 69	ilAA-	Dec 12 2023	May 2 2024
Contingent subordinated bonds with loss absorption capacity Series 65	ilAA-	Dec 5 2022	May 2 2024
Short-Term Debt			
Series 2 - CP	ilA-1+	Dec 18 2023	May 2 2024
Series 3 - CP	ilA-1+	Jun 2 2024	Jun 2 2024
Senior unsecured debt			
Series 40, 42	ilAAA	May 21 2015	May 2 2024
Series 45, 46	ilAAA	Sep 11 2017	May 2 2024
Series 62	ilAAA	Oct 6 2021	May 2 2024
Series 63, 64	ilAAA	Mar 28 2022	May 2 2024
Series 67	ilAAA	May 29 2023	May 2 2024
Series 68	ilAAA	Dec 12 2023	May 2 2024
Series 49	ilAAA	Jun 6 2019	May 2 2024
Series 52	ilAAA	Jun 17 2020	May 2 2024
Series 66	ilAAA	Dec 5 2022	May 2 2024
Additional details			
Time of the event's occurrence	Aug 7 2024 14:39		
Time at which the event first became known	Aug 7 2024 14:39		
Rating initiator	The rated company		

[legal disclaimer]