

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: November 1 2023
	www.isa.gov.il		www.tase.co.il		Ref: 2023-01-120786

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

On October 31 2023 *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:
Outlook/Projection reduction

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

Date	Rating subject	Rating	Comments/Notice summary
July 23 2023	<i>Mizrahi Tefahot Bank Ltd</i>	<i>S&P Maalot ilAAA stable</i>	<i>Other Affirmation</i>
July 26 2022	<i>Mizrahi Tefahot Bank Ltd</i>	<i>S&P Maalot ilAAA stable</i>	<i>Other Affirmation</i>
January 23 2022	<i>Mizrahi Tefahot Bank Ltd</i>	<i>S&P Maalot ilAAA stable</i>	<i>Other Affirmation</i>
July 22 2021	<i>Mizrahi Tefahot Bank Ltd</i>	<i>S&P Maalot ilAAA stable</i>	<i>Other Affirmation</i>
July 21 2020	<i>Mizrahi Tefahot Bank Ltd</i>	<i>S&P Maalot ilAAA stable</i>	<i>Other 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	S&P Maalot	<i>S&P Maalot ilAA-None/NOO</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>	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
<i>Subordinated debentures</i>	January 23 2022	0	<i>Subordinated debentures with a loss absorption mechanism</i>	<i>S&P Maalot stable ilAA-</i>	Rating confirmation
<i>Subordinated debentures</i>	July 22 2021	0	<i>Subordinated debentures with a loss absorption mechanism</i>	<i>S&P Maalot stable ilAA-</i>	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 [Maalot SandPGlobalRatings 31102023 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>Menahem Aviv</i>	<i>Other Chief Accountant</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 October 24, 2023, S&P Global Ratings changed the State of Israel's rating outlook to negative. On October 31, 2023, a negative outlook was set for the bank's rating, while at the same time, the bank's issuer rating (ilAAA) and issuances ratings were reaffirmed.

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

2023-01-083862

Securities of a Corporation Listed for Trading on _____ Form structure revision date: October 10 2023

the Tel Aviv Stock Exchange

Abbreviated Name: Mizrahi Tefahot

Address: 7 Jabotinsky Street, Ramat Gan, 52520 Tel:03-7559720 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: _____ Position: _____ Name of Employing

Kikozashvili Hanan _____ Bank Secretary _____ Company: Mizrahi Tefahot
Bank Ltd

Address: 7 Jabotinsky Street, Ramat Gan, Tel: _____ Fax: _____ E-mail: _____
52520 03-7559219 03-7559923 management@umtb.co
.il

Mizrahi Tefahot Bank Ltd

Mizrahi Tefahot Issuance Company Ltd

October 31 2023

Rating Update

Change of Outlook to Negative Amid A Rise in Geopolitical Risks

Primary Credit Analyst:

Pierre Hollegien, Paris 33-14-0752513 pierre.hollegien@spglobal.com

Additional Contact Person:

Matan Benjamin, Ramat Gan 972-3-7539716 matan.benjamin@spglobal.com

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Rating Update

Change of Outlook to Negative Amid A Rise in Geopolitical Risks

Summary

- On October 24, 2023, S&P Global Ratings changed the rating outlook of the State of Israel from stable to negative amid the war between Israel and Hamas.
- The war may have negative effects on the economy in general and the banking industry in particular, among other things on banks' credit losses and capital ratios.
- Despite the growing risks, we are of the opinion that Israel's banking system arrives at the current military conflict after a number of years during which banks demonstrated substantial credit portfolio growth and an ongoing improvement in profitability and capital.
- We are updating Mizrahi Tefahot Bank Ltd's rating outlook from stable to negative, and affirm its issuer rating and issuances ratings.
- The negative rating outlook reflects the risk of deterioration in Israel's macro-economic environment, which may negatively affect the bank's credit profile in the next 12-24 months.

The Rating Action

On October 31, 2023, S&P Maalot updated Mizrahi Tefahot Bank Ltd's rating outlook from stable to negative. At the same time, S&P Maalot affirmed the bank's issuer rating, 'ilAAA', as well as the ratings of its issuances and its issuance company.

Primary Considerations

The change of the rating outlook to negative reflects the risk that the war between Israel and Hamas may have a significant negative impact on Israel's economy in general, and on the bank's operational performance and capital ratios in particular.

Increase in the Israeli Banking System's Risk amid the Military Conflict

Following the developments in recent weeks, there is now a great deal of uncertainty regarding the scope of the war in Israel, among other things with regard to the length of time it may take and its consequences. An expansion of the conflict to additional fronts, should it occur, may substantially increase the risk of damage to Israel's macroeconomic parameters. There is already a concern that Israel's main economic indicators will be weak compared to expectations (see the change of Israel's rating outlook to negative from October 24, 2023).

We estimate that banks' revenues may decrease and their credit losses may increase if a significant weakening occurs in Israel's economic activity. Likewise, we estimate that the tourism and services sectors, as well as small and medium businesses are more exposed to the current situation and the weakening of macroeconomic parameters. We will continue to track also the banks' exposure to the real estate industry, which is currently suffering from a sharp activity decline, and the pressure that may be on the liquidity profile of entrepreneurs and real estate companies.

Despite the growing risks, we are of the opinion that Israel's banking system arrives at the current military conflict after a number of years during which banks demonstrated substantial credit portfolio growth and an ongoing improvement in profitability and capital. Moreover, the liquidity profile of the banks remains stable, and so far no volatility has been felt in the volume of deposits, nor has there been a high volume of withdrawals. The local capital market remains active and no significant change has been observed in banks' debt prices. Another factor which is expected to mitigate the impact of the crisis is the government's support of affected individuals and businesses, although its scope is currently unclear. According to the Bank of Israel's directive, all banks in Israel are currently working to provide support to individuals and businesses affected by the conflict, among other things by providing an exemption from mortgage payments for the next three months.

Rating Outlook

The negative rating outlook reflects the risk of deterioration in Israel's macro-economic environment, which may negatively affect the bank's credit profile in the next 12-24 months.

Downside Scenario

We may consider a rating downgrade if macroeconomic conditions weaken so as to negatively affect the bank's performance, among other things, if there is a significant increase in the volume of credit losses and a weakening of its capital ratios and liquidity profile.

Upside Scenario

We may upgrade the rating outlook to stable if we shall see that no significant deterioration has occurred in the macroeconomic parameters and that the bank's performance has not substantially eroded.

Methodology and Related Articles

- General Criteria: Principles Of Credit Ratings February 16 2011
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings April 7 2017
- Risk-Adjusted Capital Framework Methodology July 20 2017
- Group Rating Methodology July 1 2019
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings October 10 2021
- Financial Institutions Rating Methodology December 9 2021
- Banks: Banking Industry Country Risk Assessment Methodology And Assumptions December 9 2021
- Hybrid Capital: Methodology And Assumptions March 2 2022
- National And Regional Scale Credit Ratings Methodology June 8 2023
- S&P Global Ratings Rating Definitions June 9 2023
- The Connection Between the Global Rating Scale and the Israeli Rating Scale June 26 2018

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	Oct 31 2023
Issuance rating(s)			
Mizrahi Tefahot Bank Ltd			
Complex subordinated debt			
Contingent subordinated bonds with loss absorption capacity	ilAA-	Nov 19 2015	Jul 23 2023
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	Jul 23 2023
Contingent subordinated bonds with loss absorption capacity Series 50	ilAA-	Jun 6 2019	Jul 23 2023
Contingent subordinated bonds with loss absorption capacity Series 65	ilAA-	Dec 5 2022	Jul 23 2023
Short-Term Debt			
Series 1 - CP	ilA-1+	Feb 13 2023	Jul 23 2023
Senior unsecured debt			
Series 40, 42	ilAAA	May 21 2015	Jul 23 2023
Series 45, 46	ilAAA	Sep 11 2017	Jul 23 2023
Series 62	ilAAA	Oct 6 2021	Jul 23 2023
Series 63, 64	ilAAA	Mar 28 2022	Jul 23 2023
Series 67	ilAAA	May 29 2023	Jul 23 2023
Series 49	ilAAA	Jun 6 2019	Jul 23 2023
Series 52	ilAAA	Jun 17 2020	Jul 23 2023
Series 66	ilAAA	Dec 5 2022	Jul 23 2023
Additional details			
Time of the event's occurrence	Oct 31 2023 12:51		
Time at which the event first became known	Oct 31 2023 12:51		
Rating initiator	The rated company		

[legal disclaimer]