

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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In the event of any discrepancy or inconsistency between the Hebrew version and the translation to English, the Hebrew version shall prevail and supersede, for all purposes and in all respects.

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

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To	<u>Israel Securities Authority</u>	To	<u>Tel Aviv Stock Exchange Ltd</u>	T125 (Public)	Date of transmission: December 12, 2023
	www.isa.gov.il		www.tase.co.il		Ref: 2023-01-135204

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

On December 12, 2023 S&P Maalot published:

A rating report/notice *initial*

A notice regarding rating cessation

1. Rating report or notice

Corporation's rating:

Comments/Notice summary:

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

Date	Rating subject	Rating	Comments/Notice summary

**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>Bonds – Series 68</i>	0	S&P Maalot	<i>S&amp;P Maalot None/NOO ilAAA</i>	Initial rating
<i>Contingent convertible</i>	0	S&P Maalot	<i>S&amp;P Maalot None/NOO ilAA-</i>	Initial rating

<i>bonds – Series 69</i>				
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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

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

Attached rating report [maalot 12122023 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
<b>1</b>	<i>Hanan Kikozashvili</i>	<i>Other Bank Secretary &amp; Head of the Bank's Headquarters</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](#)

*S&P Maalot's rating is given in connection with the issuance of bonds (Series 68) and contingent convertible bonds (Series 69), which are being examined by Mizrahi Tefahot Issuing Company Ltd, a subsidiary fully owned by the bank. It is hereby clarified that as of this report's date, there is no certainty regarding the execution of the issuance, its timing, its size and its terms.*

*No change was made to the bank's rating*

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

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Securities of a Corporation Listed for Trading on the Tel Aviv Stock Exchange  
 Form structure revision date: December 5 2023  
 Abbreviated Name: Mizrahi Tefahot  
 Address: 7 Jabotinsky Street, Ramat Gan, 52520 Tel:03-7559720 Fax:03-7559923



## **Mizrahi Tefahot Bank Ltd**

## **Mizrahi Tefahot Issuance Company Ltd**

December 12, 2023

New Issuance

**Granting of an 'ilAAA' Rating to an Issuance of Bonds at up to ILS 800 Million N.V. & Granting of an 'ilAA-' Rating to an Issuance of Contingent Convertible Bonds with a Loss Absorption Mechanism at up to ILS 200 Million N.V.**

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## New Issuance

# **Granting of an ‘ilAAA’ Rating to an Issuance of Bonds at up to ILS 800 Million N.V. & Granting of an ‘ilAA-’ Rating to an Issuance of Contingent Convertible Bonds with a Loss Absorption Mechanism at up to ILS 200 Million N.V.**

S&P Maalot hereby announces the granting of an ‘ilAAA’ rating to bonds at up to ILS 800 million to be issued by Mizrahi Tefahot Bank Ltd (ilAAA/Negative) through the issuance of new series, Series 68,; and the granting of an ‘ilAA-’ rating to the issuance of contingent convertible bonds with a loss absorption mechanism at up to ILS 200 million, to be issued by the bank through the issuance of new series, Series 69. The bonds and the contingent convertible bonds with the loss absorption mechanism will be issued via Mizrahi Tefahot Issuing Company Ltd.

In determining the rating of the contingent convertible bonds with a loss absorption mechanism, we implement, among other things, the methodology for rating banks’ complex instruments and the methodology to determine regional scale ratings. The rating’s starting point is the bank’s stand-alone credit profile (SACP), and not the issuer’s rating, which also includes state support, as we estimate that these instruments will not receive support from the state. We are removing two rating levels (notches) off the SACP as follows:

- One notch to reflect the loss absorption mechanism embedded in the instrument in the form of a principal write-off of the deferred bonds, should any of the trigger events defined in their conditions occur, i.e. a “formative principal loss absorption event”, wherein the bank’s tier 1 equity ratio would fall below 5%, or a “formative nonviability event”, which is defined as the earliest between a written notice from the Supervisor of Banks to the bank that a write-off of contingent subordinated bonds is necessary, since without it the bank would reach the point of nonviability, in the opinion of the Supervision of Banks; or a written notice from the Supervisor of Banks to the bank regarding a decision to inject capital from the public sector, or support of equivalent value, without which the bank would reach the point of nonviability, as determined by the Supervision of Banks (insolvency).
- One notch to reflect the contractual deferral of the instrument, compared with the bank’s more senior debt (deferral).

An examination of the instrument in light of our complex instrument methodology does not, in our assessment, reveal additional default risks that would justify removing more notches beyond those specified above. In particular, we note that the current creditworthiness of the bank does not lead us to think that the likelihood of regulatory intervention with respect to the aforementioned bonds, as described above, requires an additional removal of rating levels.

For further details regarding Mizrahi Tefahot Bank Ltd's rating and for additional regulatory requirements, see the rating report dated October 31, 2023. For further details regarding the methodology of rating the contingent convertible bonds, please consult the list of methodology articles in the aforementioned rating report and the Q&A document "Rating of Complex Bank Instruments – Q&A" (November 29, 2015).

We note that there is a great deal of uncertainty regarding the scope of the war in Israel, its duration and its consequences. An expansion of the conflict to additional fronts, should it occur, could substantially increase the risk of damage to Israel's macro-economic indicators and the volatility in the capital market. There is already concern that the State of Israel's primary economic parameters may be weaker compared to the previous outlook (see [the change of Israel's outlook to negative](#), October 24, 2023). We will update our assumptions and assessments as the situation develops.

Mizrahi Tefahot Issuance Company Ltd	Rating	Date on which rating was first published	Date on which rating was last updated
<b>Issuer Rating</b>			
Long term	ilAAA/Negative	Oct 9 2003	Oct 31 2023
<b>Issuance rating(s)</b>			
<u>Complex subordinated debt</u>			
Contingent convertible bonds with loss absorption mechanism Series 53	ilAA-	Dec 9 2020	Oct 31 2023
Contingent convertible bonds with loss absorption mechanism Series 50	ilAA-	Jun 6 2019	Oct 31 2023
Contingent convertible bonds with loss absorption mechanism Series 65	ilAA-	Dec 5 2022	Oct 31 2023
Series 69	ilAA-	Dec 12 2023	Dec 12 2023
<u>Short term debt</u>			
Series 1 – CP	ilA-1+	Feb 13 2023	Oct 31 2023
<u>Senior unsecured debt</u>			
Series 40, 42	ilAAA	May 21 2015	Oct 31 2023
Series 45, 46	ilAAA	Sep 11 2017	Oct 31 2023
Series 62	ilAAA	Oct 6 2021	Oct 31 2023
Series 63, 64	ilAAA	Mar 28 2022	Oct 31 2023
Series 67	ilAAA	May 29 2023	Oct 31 2023
Series 68	ilAAA	Dec 12 2023	Dec 12 2023
Series 49	ilAAA	Jun 6 2019	Oct 31 2023
Series 52	ilAAA	Jun 17 2020	Oct 31 2023
Series 66	ilAAA	Oct 23 2022	Oct 31 2023

Mizrahi Tefahot Bank Ltd	Rating	Date on which rating was first published	Date on which rating was last updated
<b>Issuer rating(s)</b>			
Long term	ilAAA/Negative	Oct 9 2003	Oct 31 2023
<b>Issuance rating(s)</b>			
<u>Complex subordinated debt</u>			
Contingent convertible bonds with loss absorption mechanism	ilAA-	Nov 19 2015	Oct 31 2023
<b>Issuer rating history</b>			
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+		

Additional details			
Time of the event's occurrence	Dec 12 2023 09:17		
Time at which the event first became known	Dec 12 2023 09:17		
Rating initiator	The rated company		

[legal disclaimer]