

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

To	<u>Israel Securities Authority</u>	To	<u>Tel Aviv Stock Exchange Ltd</u>	T125 (Public)	Date of transmission: December 22 2023
	www.isa.gov.il		www.tase.co.il		Ref: 2023-01-139512

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

On December 21 2023 S&P Maalot published:

A rating report/notice *initial*

A notice regarding rating cessation

1. Rating report or notice

Corporation's rating: *ilAAA*

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&P Maalot None/NOO ilAAA</i>	Initial rating
<i>Contingent convertible</i>	0	S&P Maalot	<i>S&P Maalot None/NOO ilAA-</i>	Initial rating

<i>bonds – Series 69</i>				
<i>Commercial papers (Series 2)</i>	0	S&P Maalot	<i>S&P Maalot None/NOO ilA- 1+</i>	Initial rating

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 21122023 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>Hanan Kikozashvili</i>	<i>Other Bank Secretary & 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 limits update is given in connection with the issuance of bonds (Series 68), contingent convertible bonds (Series 69), and commercial papers (Series 2), which is 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):

2023-01-135204 2023-01-137430

the Tel Aviv Stock Exchange

Abbreviated Name: Mizrahi Tefahot

Address: 7 Jabotinsky Street, Ramat Gan, 52520 Tel:03-7559720 Fax:03-7559923

E-mail: mangment@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:	Position:	Name of Employing
Kikozashvili Hanan	Bank Secretary	Company: Mizrahi Tefahot Bank Ltd

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

Mizrahi Tefahot Issuance Company Ltd

December 21 2023

New Issuance

Granting of an 'ilAAA' Rating to an Issuance of Bonds at up to ILS 2.9 Billion N.V.; an 'ilAA-' Rating to an Issuance of Contingent Convertible Bonds with a Loss Absorption Mechanism at up to ILS 635 Million N.V.; and an 'ilA-1+' Rating to an Issuance of Commercial Papers at up to ILS 1.43 Billion N.V.

Primary Credit Analyst:

Pierre Hollegien, Paris 33-1-40752513 pierre.hollegien@spglobal.com

Additional Contact Person:

Matan Benjamin, Ramat Gan 972-3-7539700 matan.benjamin@spglobal.com

New Issuance

Granting of an ‘ilAAA’ Rating to an Issuance of Bonds at up to ILS 2.9 Billion N.V.; an ‘ilAA-’ Rating to an Issuance of Contingent Convertible Bonds with a Loss Absorption Mechanism at up to ILS 635 Million N.V.; and an ‘ilA-1+’ Rating to an Issuance of Commercial Papers at up to ILS 1.43 Billion N.V.

Further to our announcement from December 12, 2023, S&P Maalot hereby announces that the ‘ilAAA’ rating granted to bonds to be issued by Mizrahi Tefahot Bank Ltd (ilAAA/Negative/ilA-1+) through the issuance of a new series, Series 68, is valid for an amount of up to ILS 2.9 billion N.V.; and that the ‘ilAA-’ rating for the issuance of contingent convertible bonds with a loss absorption mechanism through the issuance of a new series, Series 69, is valid for an amount of up to ILS 635 million N.V.

In addition, further to our announcement from December 19, 2023, S&P Maalot hereby announces that the ‘ilA-1+’ rating for commercial papers to be issued by Mizrahi Tefahot Bank Ltd through the issuance of a new series, Series 2, is valid for an amount of up to ILS 1.43 billion N.V.

The issuances will be made by Mizrahi Tefahot Issuance Company Ltd, a subsidiary fully owned by Mizrahi Tefahot Bank Ltd (the “Bank”), and their consideration will be used for the bank’s current activity.

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 additional details regarding Mizrahi Tefahot Bank Ltd.'s rating and further regulatory requirements, see the rating report from 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
Issuer Rating			
Long term	ilAAA/Negative	Oct 9 2003	Oct 31 2023
Issuance rating(s)			
<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 69	ilAA-	Dec 12 2023	Dec 12 2023
Contingent convertible bonds with loss absorption mechanism Series 65	ilAA-	Dec 5 2022	Oct 31 2023
<u>Short term debt</u>			
Series 1 – CP	ilA-1+	Feb 13 2023	Oct 31 2023
Series 2 – CP	ilA-1+	Dec 18 2023	Dec 18 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
Issuer rating(s)			
Long term	ilAAA/Negative	Oct 9 2003	Oct 31 2023
Issuance rating(s)			
<u>Complex subordinated debt</u>			
Contingent convertible bonds with loss absorption mechanism	ilAA-	Nov 19 2015	Oct 31 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+		

Additional details			
Time of the event's occurrence	December 21 2023 14:05		
Time at which the event first became known	December 21 2023 14:05		
Rating initiator	The rated company		

[legal disclaimer]