

25 JAN 2023

Fitch Assigns Israel Discount Bank's USD800 million Senior Notes 'A' Final Rating

Fitch Ratings - London - 25 Jan 2023: Fitch Ratings has assigned Israel Discount Bank Limited's (IDB; A/Stable) USD800 million senior unsecured notes a final rating of 'A'. IDB's other ratings are unaffected by this rating action.

The final rating is in line with the expected rating that Fitch assigned to the notes on 17 January 2023.

Key Rating Drivers

Fitch rates the notes in line with IDB's 'A' Long-Term IDR and in line with the baseline approach for senior debt ratings under our criteria. This reflects our view that a default on senior unsecured debt equates to a default of the bank. It also reflects Fitch's expectation of average recovery prospects.

IDB's Long-Term IDR reflects Fitch's view of a very high probability that Israel (A+/Stable/F1+) would provide support to IDB, if needed. Fitch assesses Israel's ability and propensity to support IDB as very high, particularly given the bank's systemic importance in the country, with about 15% of banking-system assets.

For further details on IDB's key rating drivers and sensitivities, see 'Fitch Rates Israel Discount Bank 'A'/Stable; Senior Debt 'A(EXP)'.

<https://www.fitchratings.com/site/pr/10223652>

Rating Sensitivities

Factors that could, individually or collectively, lead to negative rating action/downgrade:

The rating on the notes will be downgraded if IDB's Long-Term IDR is downgraded.

Factors that could, individually or collectively, lead to positive rating action/upgrade:

The rating on the notes will be upgraded if IDB's Long-Term IDR is upgraded.

Best/Worst Case Rating Scenario

International scale credit ratings of Financial Institutions and Covered Bond issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade

scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of four notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit <https://www.fitchratings.com/site/re/10111579>

Date of Relevant Committee

12 January 2023

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

Public Ratings with Credit Linkage to other ratings

The senior unsecured debt ratings are driven by IDB's IDR, which in turn reflects Fitch's view of a very high probability of state support from Israel.

ESG CONSIDERATIONS

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

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Rating Actions

ENTITY/DEBT	RATING	RECOVERY	PRIOR
Israel			
Discount			
Bank Limited			
• senior unsecured	LT	A	New Rating
			A(EXP)

RATINGS KEY OUTLOOK WATCH

POSITIVE	⊕	◊
NEGATIVE	⊖	◊
EVOLVING	⊗	◆
STABLE	ⓧ	

Applicable Criteria[Bank Rating Criteria \(pub.07 Sep 2022\) \(including rating assumption sensitivity\)](#)**Additional Disclosures**[Solicitation Status](#)**Endorsement Status**

Israel Discount Bank Limited UK Issued, EU Endorsed

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