

04 APR 2024

Fitch Removes Four Israeli Banks from Rating Watch Negative; Affirms at 'A', Outlook Negative

Fitch Ratings - London - 04 Apr 2024: Fitch Ratings has removed the support-driven Long-Term Issuer Default Ratings (IDRs) of four Israeli banks from Rating Watch Negative (RWN) following similar action on the sovereign, and affirmed the Long-Term IDRs at 'A'. The Outlooks are Negative. The banks' 'F1+' Short-Term IDRs, their 'a' Government Support Ratings (GSRs), and their 'A' senior debt ratings, where relevant, were also removed from RWN and affirmed. A full list of rating actions is below.

The banks' 'a-' Viability Ratings (VRs) and other ratings are not affected by the sovereign rating action.

For additional details on the sovereign rating action see "Fitch Removes Israel from Rating Watch Negative; Affirms IDR at 'A+' with Negative Outlook" dated 2 April 2024.

Key Rating Drivers

The IDRs, GSRs and, where relevant, senior debt ratings of Bank Leumi Le-Israel B.M., Bank Hapoalim B.M., Mizrahi Tefahot Bank Ltd and Israel Discount Bank Limited reflect our view of a very high probability that Israel (A+/Negative/F1+) would support the banks, if needed. Fitch assesses Israel's propensity to support these banks as very high, particularly given their systemic importance, as each represents between 15% and 30% of banking system assets.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

A downgrade of the sovereign rating is likely to result in a downgrade of the banks' GSRs, IDRs and senior debt ratings (where relevant). A significant weakening in the sovereign's ability to support the banking sector could also result in a downgrade of the banks' GSRs and IDRs.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

An upgrade of the IDRs is unlikely due to the Negative Outlook on the sovereign's Long-Term IDR, as the banks' IDRs are driven by sovereign support.

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 banks' IDRs and GSRs reflect Fitch's expectation of a very high probability of state support from Israel.

ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' 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. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

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Rating Actions

ENTITY/DEBT	RATING		RECOVERY	PRIOR
Bank Leumi Le-Israel B.M.	LT IDR	A 	Affirmed	A 
	ST IDR	F1+	Affirmed	F1+ 
	Government Support	a	Affirmed	a 
• senior unsecured	LT	A	Affirmed	A 
• senior unsecured	LT (xgs)	A-(xgs)	Affirmed	A-(xgs)

ENTITY/DEBT	RATING		RECOVERY	PRIOR
USD 500 mln 5.125% bond/ note 27-Jul-2027 IL0060406878	LT (xgs)	A-(xgs)	Affirmed	A-(xgs)
Bank Hapoalim B.M.	LT IDR	A 	Affirmed	A 
	ST IDR	F1+	Affirmed	F1+ 
	Government Support	a	Affirmed	a 
Israel Discount Bank Limited	LT IDR	A 	Affirmed	A 
	ST IDR	F1+	Affirmed	F1+ 
	Government Support	a	Affirmed	a 
senior unsecured	LT	A	Affirmed	A 
Mizrahi Tefahot Bank Ltd	LT IDR	A 	Affirmed	A 
	ST IDR	F1+	Affirmed	F1+ 

ENTITY/DEBT	RATING		RECOVERY	PRIOR
	Government Support	a	Affirmed	a 
RATINGS KEY	OUTLOOK	WATCH		
POSITIVE				
NEGATIVE				
EVOLVING				
STABLE				

Applicable Criteria

[Bank Rating Criteria \(pub.15 Mar 2024\) \(including rating assumption sensitivity\)](#)

Additional Disclosures

[Solicitation Status](#)

Endorsement Status

Bank Hapoalim B.M.	UK Issued, EU Endorsed
Bank Leumi Le-Israel B.M.	UK Issued, EU Endorsed
Israel Discount Bank Limited	UK Issued, EU Endorsed
Mizrahi Tefahot Bank Ltd	UK Issued, EU Endorsed

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