

CREDIT OPINION

15 June 2021

Update

 Rate this Research

RATINGS

Bank Hapoalim B.M.

Domicile	Tel Aviv, Israel
Long Term CRR	A1
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	Not Assigned
Long Term Deposit	A2
Type	LT Bank Deposits - Fgn Curr
Outlook	Stable

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Bank Hapoalim B.M.

Update to credit analysis

Summary

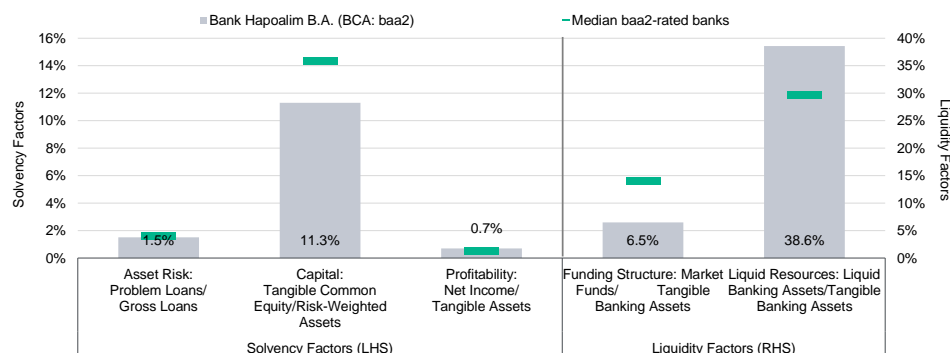
[Bank Hapoalim B.M.](#) (Bank Hapoalim)'s A2 long-term deposit ratings reflect (1) the bank's baa2 Baseline Credit Assessment (BCA); and (2) three notches of rating uplift from our assessment of a very high likelihood of support from the [Government of Israel](#) (A1 stable), in case of need.

Bank Hapoalim's baa2 standalone BCA reflects the bank's (1) strong deposit-based funding structure and sound liquidity; (2) adequate capitalisation, with a tangible common equity (TCE)/risk-weighted assets (RWAs) ratio of 11.3% as of March 2021, which is below similarly-rated international peers mainly reflecting the Bank of Israel's (BoI) more conservative risk weights; and (3) low levels of problem loans. At the same time, Bank Hapoalim's BCA also reflects downside risks from persistent geopolitical events and a significant exposure to the Israeli property market.

We expect the economic downturn in 2020 will drive moderate asset quality deterioration from strong levels as support measures for borrowers are gradually lifted, mitigated by existing collective provisions. We also expect the recent recovery in profits to be sustained and profitability to be moderate, aided by Israel's robust economic rebound and supported by the bank's continuing focus on cost efficiency.

Exhibit 1

Rating Scorecard - Key financial ratios



These are our Banks Methodology scorecard ratios. Asset risk and profitability reflect the weaker of either the latest figure and the three-year and latest figure average. Capital is the latest reported figure. Funding structure and liquid resources reflect the latest fiscal year-end figures.

Source: Moody's Investors Service

Credit strengths

- » Strong retail deposit-based funding structure and sound liquidity
- » Low levels of problem loans, with reduced single name concentrations and deleveraging from higher risk segments
- » Very high likelihood of government support, in case of need, underpins the deposit ratings

Credit challenges

- » Profitability is moderate
- » Asset quality expected to deteriorate moderately; geopolitical tensions and exposure to Israel's property market present tail risks

Outlook

The stable outlook on the bank's long-term deposit ratings reflects our expectation that the bank's low levels of problem loans and sound funding and liquidity profile balance downside risks from exposure to the property market and adequate but stable capitalisation.

Factors that could lead to an upgrade

- » Upward pressure on Bank Hapoalim's ratings could originate from (1) materially stronger capital buffers; and/or (2) significantly higher sustained profitability without an increase in asset risk.

Factors that could lead to a downgrade

- » Bank Hapoalim's ratings could face downward pressure if deteriorating operating conditions lead to material weakening of asset quality.
- » Lower capital levels, an increase in the bank's asset risk profile, or a persistent weakening in the bank's recurring earnings power could also put pressure on the ratings.
- » There could also be negative rating pressure if we consider that the government's willingness or capacity to provide extraordinary support has materially declined.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moody's.com for the most updated credit rating action information and rating history.

Key indicators

Exhibit 2

Bank Hapoalim B.M. (Consolidated Financials) [1]

	03-21 ²	12-20 ²	12-19 ²	12-18 ²	12-17 ²	CAGR/Avg. ³
Total Assets (ILS Million)	554,398.0	539,602.0	463,688.0	460,926.0	454,424.0	6.3 ⁴
Total Assets (USD Million)	166,251.2	168,058.4	134,246.7	123,349.4	130,895.7	7.6 ⁴
Tangible Common Equity (ILS Million)	40,732.0	39,363.8	37,860.7	37,708.0	35,337.6	4.5 ⁴
Tangible Common Equity (USD Million)	12,214.6	12,259.8	10,961.4	10,091.1	10,178.9	5.8 ⁴
Problem Loans / Gross Loans (%)	1.5	1.5	1.8	1.2	1.3	1.5 ⁵
Tangible Common Equity / Risk Weighted Assets (%)	11.3	11.0	11.0	10.9	10.6	11.0 ⁶
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	10.3	10.3	12.6	8.5	9.1	10.2 ⁵
Net Interest Margin (%)	1.6	1.8	2.1	2.0	1.9	1.9 ⁵
PPI / Average RWA (%)	1.9	1.7	1.6	1.8	1.4	1.7 ⁶
Net Income / Tangible Assets (%)	1.0	0.4	0.6	0.8	0.6	0.7 ⁵
Cost / Income Ratio (%)	51.9	54.6	58.4	55.5	62.4	56.6 ⁵
Market Funds / Tangible Banking Assets (%)	5.3	6.5	6.4	6.3	6.7	6.2 ⁵
Liquid Banking Assets / Tangible Banking Assets (%)	40.1	38.6	31.5	30.2	33.4	34.8 ⁵
Gross Loans / Due to Customers (%)	68.8	71.1	82.7	81.9	78.2	76.6 ⁵

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; LOCAL GAAP. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.

Sources: Moody's Investors Service and company filings

Profile

Bank Hapoalim provides banking and financial services to households, small businesses, middle-market companies and large corporate customers mainly in Israel. Internationally, Bank Hapoalim's New York branch focuses on providing commercial banking services in North America to local middle-market customers and Israeli companies that are active abroad.

In line with its strategy, Bank Hapoalim has reduced its international private banking activities through the sale or transfer of the customer portfolio of its Swiss subsidiary. At present, there are no remaining customers in the bank's Swiss subsidiary, and the bank is in the process of surrendering its banking license.

The bank has also stepped up its efforts to sell its entire stake (69.8% as of March 2021) in Bank Pozitif in Turkey, which specialises mainly in corporate banking. In February 2021, the bank together with the minority shareholder, entered into an agreement for the sale of the full stake in Bank Pozitif to a buyer.

Following the divestment by Arison Group of part of its stake in Bank Hapoalim in late 2018, the bank does not have a controlling shareholder.

As of March 2021, Bank Hapoalim had total assets of NIS554.4 billion (\$166.3 billion). Bank Hapoalim was one of the two largest banks in Israel with a market share of 28% in terms of total system assets as of December 2020.

Recent developments

Macroeconomic environment developments

Israel suffered a historic 2.6% contraction in real GDP in 2020 because of the pandemic's economic impact, mainly driven by a sharp decline in private consumption. However, the economy performed better than other advanced economies. We expect economic growth to recover strongly to 4.7% in 2021 and 4.4% in 2022, with Israel's medium-term growth potential remaining largely unaffected by the crisis. Some sectors will take time to recover because the pandemic's impact has been uneven across economic sectors and households, and the reduction in unemployment will be gradual. In addition, the future path of the pandemic still remains uncertain, such as whether vaccinations will remain effective against coronavirus variants, although Israel's globally-leading pace of inoculation is likely to support the recovery this year.

We have [maintained](#) our stable outlook on Israel's banking system. We expect capital buffers will remain steady as Israeli banks retain earnings and profitability recovers gradually along with improving operating conditions. The stable, deposit-based funding structure

and robust liquidity remain strengths for the banks. Asset quality will deteriorate moderately as support measures to businesses and households are gradually lifted, but existing collective provisions will mitigate the impact from higher problem loans.

Detailed credit considerations

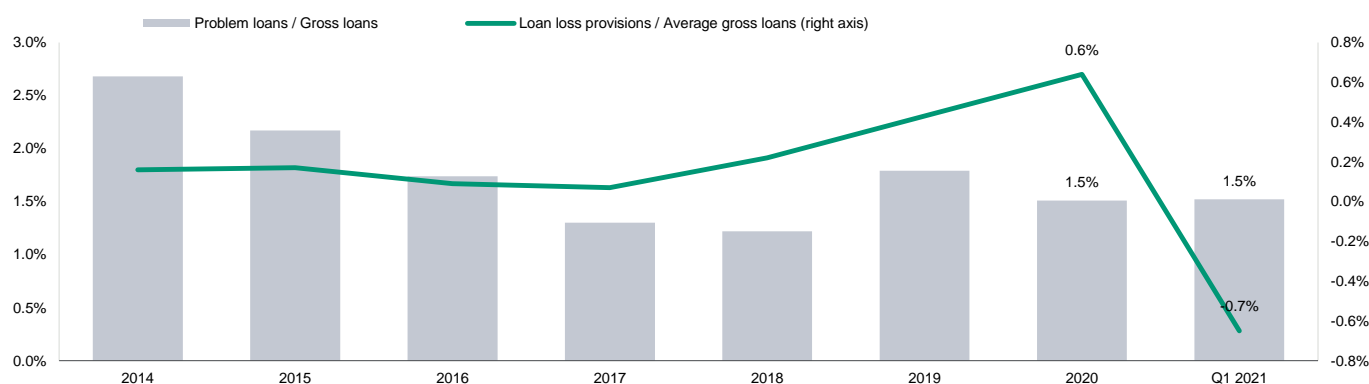
Asset quality to deteriorate moderately, mitigated by accumulated provisions; geopolitical tensions and exposure to Israel's property market present tail risks

We expect loan quality to deteriorate moderately in the coming quarters in a lagged response to the economic downturn in 2020 and as support measures for businesses and households are gradually lifted. However, the increase in problem loans will be from recently low levels and will be mitigated by lower single-name concentrations and deleveraging from higher risk segments in recent years, as well as, a significant built-up of collective provisions. We also expect Bank Hapoalim's credit costs to stay lower in 2021 compared to 2020, before normalising in 2022. Persistent geopolitical tensions and significant exposure to Israel's real estate market continue to present downside risks for the bank's asset quality.

Bank Hapoalim's problem loans (impaired loans and loans in arrears of 90 days or more) to gross loans were stable at 1.5% as of March 2021 compared to the end of 2020 (see Exhibit 3), and down from 1.8% as of the end of 2019 when the bank recognised some of the impact of the outbreak of the coronavirus on its borrowers in its full-year 2019 results. This positive trend reflected measures by the Israeli authorities to support businesses and households, as well as, loan payment deferrals extended by the bank that deferred the impact of the crisis on asset quality. Loans with payment deferrals carry a higher risk of underperformance in the future. However, loans subject to deferred payments declined to just 1.6% of the total loan book as of March 2021, compared to the peak level of 14.5% as of June 2020.

Exhibit 3

Bank Hapoalim's asset quality will deteriorate moderately from recently strong levels Evolution of problem loans ratio and annualised credit costs



Source: Moody's Investors Service

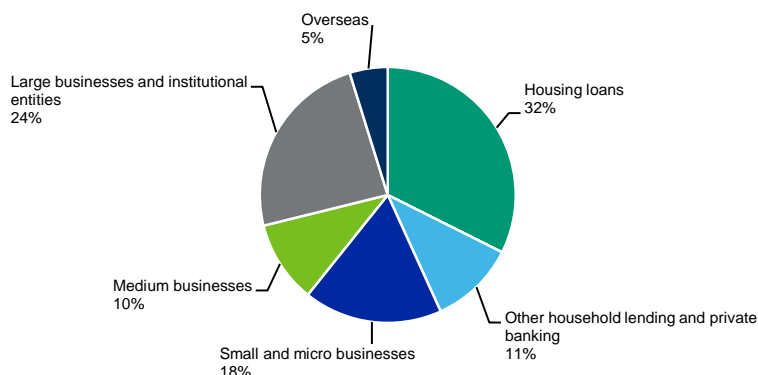
Credit costs (loan loss provision expenses/average gross loans) increased to 0.6% in 2020 from 0.4% in 2019 that included an initial assessment of the impact of the pandemic made by the bank in its full-year 2019 financials, and just 0.1% for the period 2014-2018. More than 80% of the provisions booked in 2020 were collective provisions. The build-up of provisions provides a buffer against the expected increase in specific losses as defaults start to emerge. In light of the improved macroeconomic outlook and the sharp decrease in loans under deferral, the bank reversed some of these collective provisions in the first quarter of 2021, reporting loan provision reversals equivalent to 0.7% of average gross loans on an annualised basis. However, the bank maintained a significant buffer for potential losses, with allowances on non-impaired loans accounting for 1.4% of gross non-impaired loans as of March 2021, from 1.1% as of the end of 2019.

Bank Hapoalim's loan book is relatively diversified. Its exposure to small businesses (regulatory definition¹) in Israel, which could be hardest hit by the economic disruption, was 18% of total gross loans as of March 2021 (see Exhibit 4). However, the bank had been deleveraging from the small business segment, as well as, consumer loans (11% of loans as of March 2021) in recent years in view of their higher risk. Also, the bank has replaced part of its small business portfolio with credit under government guarantee, reducing credit

risk. Improved diversification and lower borrower concentration levels, which was an issue in the past, also improved the quality of Bank Hapoalim's loan book, with no exposure exceeding 15% of the bank's capital as of March 2021. The bank had 15 borrowers with total indebtedness (on and off-balance sheet) exceeding NIS1.2 billion as of March 2021, accounting for 6% of total credit risk², with no exposure being to sectors most vulnerable in this economic downturn.

Exhibit 4

Bank Hapoalim's loan book is relatively diversified because segments
Loan book breakdown as of March 2021 (supervisory operating segments)



Source: Bank's financial results

Similarly to other Israeli banks, our assessment of Bank Hapoalim's asset risk considers persistent geopolitical tensions that could compromise business confidence and economic activity. In addition, the bank has significant exposure to residential mortgages and the real estate sector that render its asset quality susceptible to developments in the Israeli property market. Housing loans made up 32% of Bank Hapoalim's total loans to the public as of March 2021 and its exposure to the domestic construction and real estate sectors accounted for a further 18%. High house prices expose banks to a potential house price correction and banks are also exposed to potentially increased risk in the mortgage book from unexpectedly higher interest rates and a rise in unemployment. For housing loans, risks are mitigated by the low level of household debt, macroprudential measures³, which enforce tight underwriting standards and high capital buffers against mortgages. House prices have continued to increase during the current crisis and a structurally limited supply of new housing units provides price support. We see higher risk in the office and retail space market from the fallout of coronavirus pandemic. Income-generating properties accounted for 27% of the bank's total on- and off-balance sheet exposure to the construction and real estate sectors as of March 2021.

Adequate risk-weighted capitalisation, although below global peers, but with a stronger leverage ratio

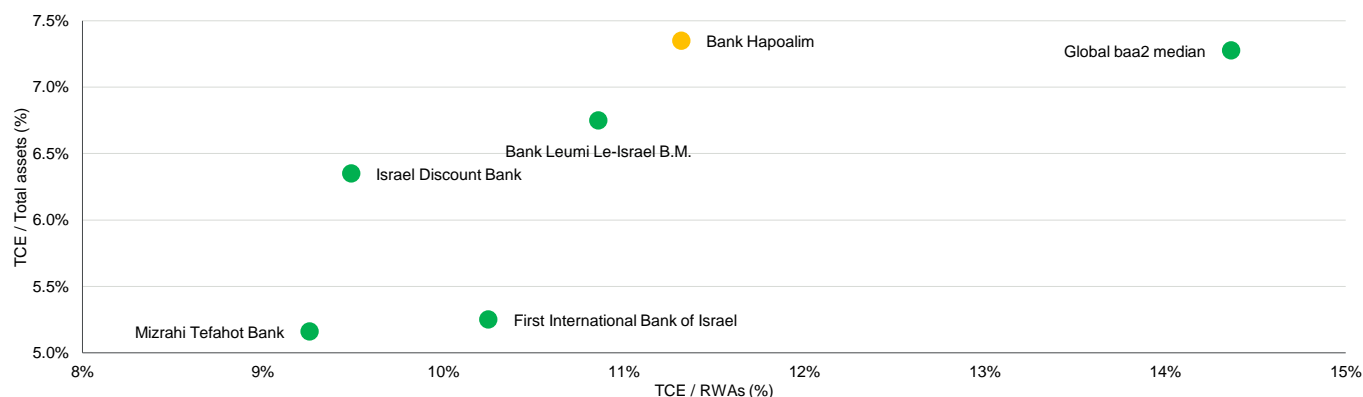
We consider Bank Hapoalim's risk-weighted capitalisation to be adequate. The bank's loss-absorption buffers are supported by relatively conservative regulatory risk-weights, especially on mortgage lending. Over the coming 12-18 months, we expect the bank's capital ratios to decline slightly from recent levels that are higher than in the past, once profit distribution resumes. Capitalisation will remain supported by sufficient internal capital generation against growth targets.

Bank Hapoalim's TCE/RWAs ratio was 11.3% as of March 2021, below that of similarly-rated international peers (see Exhibit 5). However, the BoI maintains a conservative approach to risk-weighting that results in higher loss-absorption buffers than capital ratios show. Banks use the standardised approach to risk-weighting and mortgages are risk-weighted according to loan-to-value, resulting in an average risk weight of over 50% in Israel, against much lower risk weights applied by banks using the internal ratings-based approach and even the 35% normally used in the standardised approach.

The bank's TCE-to-total assets ratio was 7.4% as of March 2021, comparing more favorably with international peers. The Basel leverage ratio declined to 6.7% as of March 2021, from 7.6% as of the end of 2019, reflecting large deposit inflows driving growth in cash and placements at the central bank during 2020 and early 2021, above the 5.5% minimum regulatory requirement that applied at that time.

Exhibit 5

Bank Hapoalim's risk-weighted capitalisation is lower than global peers, but leverage is in line with peers driven by conservative risk weights
Risk-weighted capitalisation and leverage of Israeli banks and the global median



Data for Israeli banks are as of March 2021, with the exception of First International Bank of Israel (December 2020)

Source: Moody's Investors Service

Bank Hapoalim also reported a common equity tier 1 (CET1) ratio of 11.7% as of March 2021, the highest level in recent years, exceeding the 9.2% minimum regulatory requirement and the bank's own internal target of 9.5%. The Bol extended its leniency on lower banks' capital requirements by 1 percentage point until September 2021 in order to support the provision of credit to the real economy. This reduced Bank Hapoalim's minimum CET1 ratio requirement from 10.3% as of the end of 2019. Following this period, banks will be required to replenish capital, in case it is reduced, over a period of two years. At the same time, the Bol also extended the recommendation that banks suspend dividend distributions and share buybacks until 30 September 2021. In line with the Bol's recommendation, Bank Hapoalim has refrained from dividend distributions from ongoing earnings, with the bank halting ordinary dividend payments from quarterly profit since Q2 2018 while it was being investigated by the US authorities.

Profitability is moderate, but supported by continued cost control focus

Bank Hapoalim's ongoing profitability is moderate, helped by its strong franchise in Israel and the country's robust economic growth potential and population growth that afford new business opportunities. We expect the recovery in the bank's net profits following a decline in 2020 to be sustained, owing to lower loan-loss provisions, higher lending growth as Israel's economy reopens and the bank's ongoing cost cutting initiatives, which have significantly lowered its cost base in recent years.

Bank Hapoalim's profitability recovered in the first three months of 2021, with net income accounting for 1.0% of tangible assets, up from 0.4% in 2020, driven by significant loan loss provisioning reversals during the quarter, as mentioned earlier. For the year as a whole, we expect that the bank will continue to report somewhat elevated provisions compared to the low levels reported in recent years but that these will be below those reported in 2020, aided by the improved operating conditions and the significant stock of provisions built in 2020, supporting the bank's bottom-line profitability.

Strong competition, low interest rates and a significant deposit surplus will continue to exert pressure on the bank's margins over the next few quarters, with its net interest margin declining to 1.6% in the first three months of 2021 (2020: 1.8%; 2019: 2.1%). However, we expect loan growth to pick up because of strong housing demand and higher demand for corporate credit, partly offsetting margin pressure. CPI – which was negative in 2020 and weighed on banks' margins – is also likely to normalise this year. Fees will also recover, in line with the increased business and credit card activity, with the improvement partly offset by a higher amount of digital transactions, which are associated with lower fees.

The bank's ongoing cost reduction efforts will continue to support profitability. The bank has operated several voluntary retirement schemes, which reduced its workforce by 27% during the period 2012-2019. During 2020, the bank's headcount declined by a further 4.4%, facilitated by its fifth-consecutive efficiency plan, which will lead to an additional reduction in headcount over the next two years. The bank is also looking to further streamline its branch network, which it reduced by 12% in 2020, and to consolidate its headquarters. As a result of these initiatives, Bank Hapoalim's efficiency improved in recent years, with operating costs declining to 1.4% of total assets in the first three months of 2021, despite the resumption in bonus payments to employees from improved financial

performance, compared to over 2.0% before 2017. Bank Hapoalim's historical high cost base reflected in part the banking sector's high unionisation and resultant high staff costs, and more recently material legal expenses from its investigation by US authorities.

Strong retail deposit-based funding structure and sound liquidity

Bank Hapoalim benefits from a strong funding profile driven by a large and stable deposit base in Israel. Customer deposits were equivalent to 82% of total assets as of March 2021, helped by Israel's strong savings culture. The bank's large deposit base comfortably funds its loan portfolio. Bank Hapoalim's net-loans-to-deposits ratio was 68% as of March 2021, improved from 81% as of the end of 2019 because of large deposit inflows over the past year. This exceptional growth in customers deposits was driven by lower consumption during the pandemic, fiscal stimulus and because the public shifted funds from the capital markets following market volatility to the Israeli banks.

Granular household and small business deposits accounted for 62% of total deposits as of March 2021. Potentially less stable deposits from institutional investors were 16% of total deposits in Israel as of the same date, but slightly lower than peers, and foreign deposits were contained at 4% of the total. Generally, however, both domestic and foreign deposits had remained broadly stable during past systemic shocks in Israel.

Ample deposits drive a low reliance on market funding, with market funds accounting for 5.3% of tangible banking assets as of March 2021, part of which reflects senior issuances⁴. The bank had around NIS21 billion (4% of total assets) of bonds and subordinated notes outstanding as of March 2021. These balances were sourced mainly from the local capital market and allow for better matching of the bank's assets and liabilities maturities.

The bank also maintains sound liquidity, underscored by a conservative investment policy. Liquid banking assets were 40% of tangible banking assets as of March 2021, increasing from 31% at the end of 2019 following the large deposit inflows over the past year. Bank Hapoalim kept 29% of assets in the form of cash and deposits with banks, and an additional 12% in securities. Bank Hapoalim's securities portfolio primarily consists of investments in Israeli government bonds (70% of total) and, to a lesser extent, US government bonds (15% of total), while only 4% of the securities portfolio were investments in shares. The bank's liquidity coverage ratio was 139% as of March 2021.

Source of facts and figures cited in this report

Unless noted otherwise, we have sourced data relating to systemwide trends and market shares from the central bank. Bank-specific figures originate from the banks' reports and are based on our own chart of accounts and may be adjusted for analytical purposes. Please refer to [Financial Statement Adjustments in the Analysis of Financial Institutions](#) published on 9 August 2018. We do not use the Bank of Israel's exchange rates in converting figures from Israeli shekel into US dollars, so US dollar figures may differ from bank reported figures.

ESG considerations

In line with our general view for the banking sector, Bank Hapoalim has a low exposure to Environmental risks. See our [Environmental](#) risks heatmap for further information. Although Israel is exposed to environmental risk through rising temperatures, drought episodes and water scarcity given its geographical location in a semiarid climate zone, the authorities have taken a number of steps to address these risks, including through seawater desalination and wastewater recycling.

Overall, we believe banks, including Bank Hapoalim, face moderate Social risks, see our [Social](#) risks heatmap. The most relevant social risks for banks arise from the way they interact with their customers. Social risks are particularly high in the area of data security and customer privacy, which is partly mitigated by sizeable technology investments and banks' long track record of handling sensitive client data. Fines and reputational damage because of product mis-selling or other types of misconduct is a further social risk. Societal trends are also relevant in a number of areas, such as shifting customer preferences towards digital banking services, increasing information technology cost, ageing population concerns in several countries, impacting demand for financial services or socially driven policy agendas that may translate into regulation that affects banks' revenue base. In Israel, authorities are taking measures to promote competition in the banking system, which will weigh on the banks' profitability. We also regard the coronavirus outbreak as a social risk under our ESG framework, given the substantial implications for public health and safety.

Governance is highly relevant for Bank Hapoalim, as it is to all entities in the banking industry. Corporate governance weaknesses can lead to a deterioration in a company's credit quality, while governance strengths can benefit its credit profile. Governance risks are largely internal rather than externally driven. Corporate governance therefore remains a key credit consideration and requires ongoing monitoring.

For Bank Hapoalim in particular, we note that it had, through its subsidiary in Switzerland, assisted US customers in evading taxes during the period 2002-2014, which indicates past internal control lapses. Because of these activities, in April 2020, the bank entered into a deferred prosecution agreement with US authorities for three years and paid a substantial fine. The bank has also taken significant steps to examine its processes that allowed these actions to take place and to address gaps.

Support and structural considerations

Government support considerations

Bank Hapoalim's A2 deposit ratings incorporate three notches of government support uplift from the bank's baa2 Adjusted BCA because of our assessment of a very high likelihood of extraordinary support from the Israeli authorities. This assumption is based on Bank Hapoalim's systemic importance as one of the country's two largest banking groups and the Israeli government's long standing practice of injecting capital into systemically important banks in case of need.

Counterparty Risk Ratings (CRRs)

CRRs are opinions of the ability of entities to honour the uncollateralised portion of non-debt counterparty financial liabilities (CRR liabilities) and also reflect the expected financial losses in the event such liabilities are not honoured. CRRs are distinct from ratings assigned to senior unsecured debt instruments and from issuer ratings because they reflect that, in a resolution, CRR liabilities might benefit from preferential treatment compared with senior unsecured debt. Examples of CRR liabilities include the uncollateralised portion of payables arising from derivatives transactions and the uncollateralised portion of liabilities under sale and repurchase agreements.

Bank Hapoalim's CRR is positioned at A1/Prime-1

For jurisdictions with a non-operational resolution regime, such as Israel, the starting point for the CRR is one notch above the bank's Adjusted BCA. Similarly to deposit ratings, the CRRs of Bank Hapoalim also benefit from three notches of government support uplift.

Bank Hapoalim's Counterparty Risk (CR) Assessment is positioned at A1(cr)/Prime-1(cr) and the approach to reaching this assessment is identical to that for the CRR.

Methodology and scorecard

About Moody's Bank Scorecard

Our Bank Scorecard is designed to capture, express and explain in summary form our Rating Committee's judgment. When read in conjunction with our research, a fulsome presentation of our judgment is expressed. As a result, the output of our scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 6

Bank Hapoalim B.M.

Macro Factors						
Weighted Macro Profile		Strong	100%			
Factor	Historic Ratio	Initial Score	Expected Trend	Assigned Score	Key driver #1	Key driver #2
Solvency						
Asset Risk						
Problem Loans / Gross Loans	1.5%	a2	↓	baa2	Sector concentration	Expected trend
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	11.3%	baa2	↓	baa3	Expected trend	
Profitability						
Net Income / Tangible Assets	0.7%	baa3	↔	baa3	Return on assets	
Combined Solvency Score		baa1		baa3		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	6.5%	a1	↔	a2	Deposit quality	
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	38.6%	a2	↓	a3	Expected trend	
Combined Liquidity Score		a1		a2		
Financial Profile				baa2		
Qualitative Adjustments				Adjustment		
Business Diversification				0		
Opacity and Complexity				0		
Corporate Behavior				0		
Total Qualitative Adjustments				0		
Sovereign or Affiliate constraint				A1		
BCA Scorecard-indicated Outcome - Range				baa1 - baa3		
Assigned BCA				baa2		
Affiliate Support notching				0		
Adjusted BCA				baa2		
Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	1	0	baa1	3	A1	A1
Counterparty Risk Assessment	1	0	baa1 (cr)	3	A1(cr)	
Deposits	0	0	baa2	3	A2	A2

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.

Source: Moody's Investors Service

Ratings

Exhibit 7

Category	Moody's Rating
BANK HAPOALIM B.M.	
Outlook	Stable
Counterparty Risk Rating	A1/P-1
Bank Deposits	A2/P-1
Baseline Credit Assessment	baa2
Adjusted Baseline Credit Assessment	baa2
Counterparty Risk Assessment	A1(cr)/P-1(cr)

Source: Moody's Investors Service

Endnotes

- [1](#) The regulatory definition of small businesses includes those businesses with an annual turnover of up to NIS50 million.
- [2](#) To the public
- [3](#) The measures include loan-to-value limits, a monthly repayment cap at 40% of a borrower's month salary and limit on the variable-rate of interest part of the mortgage.
- [4](#) Market funds exclude subordinated debt, according to our definition.

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