

19 OCT 2023

Fitch Places Four Israeli Banks on RWN after Sovereign Action

Fitch Ratings - London - 19 Oct 2023: Fitch Ratings has placed the support-driven 'A' Long-Term Issuer Default Ratings (IDRs) of four Israeli banks on Ratings Watch Negative (RWN) following similar action on the sovereign. The banks' 'F1+' Short-Term IDRs, their 'a' Government Support Ratings (GSRs) and their 'A' senior debt ratings were also placed on RWN. A full list of rating actions is below.

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

For additional details on the sovereign rating action see "Fitch Places Israel's 'A+' IDRs on Rating Watch Negative" dated 17 October 2023.

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+/RWN/F1+/RWN) 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. However, the RWN reflects increased risks to the sovereign's ability to provide support.

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).

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

The banks' IDRs are likely to be affirmed and removed from RWN if Israel's ratings are affirmed and removed from RWN.

An upgrade of the IDRs is unlikely due to the RWN on the sovereign IDRs.

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.

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 	Rating Watch On	A 
	ST IDR	F1+ 	Rating Watch On	F1+

ENTITY/DEBT	RATING		RECOVERY	PRIOR
	Government Support	a 	Rating Watch On	a
• senior unsecured	LT	A 	Rating Watch On	A
Bank Hapoalim B.M.	LT IDR	A 	Rating Watch On	A 
	ST IDR	F1+ 	Rating Watch On	F1+
	Government Support	a 	Rating Watch On	a
Israel Discount Bank Limited	LT IDR	A 	Rating Watch On	A 
	ST IDR	F1+ 	Rating Watch On	F1+
	Government Support	a 	Rating Watch On	a
• senior unsecured	LT	A 	Rating Watch On	A
Mizrahi Tefahot Bank Ltd	LT IDR	A 	Rating Watch On	A 
	ST IDR	F1+ 	Rating Watch On	F1+

ENTITY/DEBT	RATING		RECOVERY	PRIOR
	Government Support	a 	Rating Watch On	a

RATINGS KEY OUTLOOK WATCH

POSITIVE		
NEGATIVE		
EVOLVING		
STABLE		

Applicable Criteria

[Bank Rating Criteria \(pub.01 Sep 2023\) \(including rating assumption sensitivity\)](#)

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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central repository in accordance with Articles 11(2) of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 and The Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019 respectively.

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The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Fitch also provides information on best-case rating upgrade scenarios and worst-case rating downgrade scenarios (defined as the 99th percentile of rating transitions, measured in each direction) for international credit ratings, based on historical performance. A simple average across asset classes presents best-case upgrades of 4 notches and worst-case downgrades of 8 notches at the 99th percentile. Sector-specific best- and worst-case scenario credit ratings are listed in more detail at

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