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Ratings

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Bank Hapoalim B.M.

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Bank Hapoalim B.M.

Ratings Score Snapshot

Issuer Credit Rating
BBB+/Negative/A-2

SACP: bbb+ → **Support: 0** → **Additional factors: 0**

Anchor	bbb	
Business position	Strong	+1
Capital and earnings	Strong	+1
Risk position	Moderate	-1
Funding	Adequate	0
Liquidity	Adequate	
CRA adjustment		0

ALAC support	0
GRE support	0
Group support	0
Sovereign support	0

Issuer credit rating
BBB+/Negative/A-2

ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Credit Highlights

Overview

Key strengths	Key risks
Market leader in Israel, with a strong presence in all key business lines.	Uncertain macroeconomic environment and exposure to security and geopolitical risk.
Resilient operating performance through tough economic conditions.	High concentration in the real estate sector.
Large domestic customer deposit base.	Operating in a competitive environment.

Geopolitical tensions imply potential downside risks for Israeli banks, including Hapoalim. Military operations in the region have introduced considerable risks to Israel's economic outlook, raising concerns that banks such as Hapoalim might face protracted effects from changed macroeconomic prospects and credit conditions. The long-term impact on the economy and on its attractiveness also remain uncertain.

Hapoalim is an Israeli domestic champion and benefits from large and stable deposit base. We believe that Hapoalim will continue to enjoy robust liquidity, bolstered by its extensive domestic funding sources, particularly a strong retail base. The bank remains mostly deposit funded, with core deposits forming around 90% of the funding base, but its dominant position in the Israeli banking sector has translated into investors' continuous and strong market appetite for Hapoalim's funding instruments throughout the conflicts.

Efficiency efforts and higher-for-longer interest rates are a tailwind to Hapoalim's profitability. We anticipate that profitability reached its peak in 2023, with return on average equity reaching 14.9%, despite large collective provisions due to the war, and will gradually decline to reach a healthy 12.2% by year-end 2026. We expect returns to decrease due to compression of the net interest margin (NIM) although we project rates to remain high to tackle war-induced inflation. Solid lending growth will also support profitability, along with tight control over operating expenses. Under those assumptions, we expect Hapoalim's risk-adjusted capital (RAC) ratio to range between 9.9%-10.1% over 2025-2026.

Asset quality appears resilient to the current environment but remains a key downside risk. We expect credit losses to normalize to around 30 basis points (bps) per year on average in 2025-2026, given the already large stock of collective provisions banks have realized and the positive signals of economic recovery. However, Hapoalim's geographic focus on Israel and high exposure to real estate and the construction sector in particular, leave the bank's performance highly sensitive to domestic developments.

Outlook

The negative outlook on Hapoalim indicates our view that further escalation of the war could have negative implications for Hapoalim's creditworthiness over the next 12-24 months.

Downside scenario

We could lower the rating on Hapoalim if we downgraded Israel and considered that economic risks for banks in Israel had structurally increased to such an extent that it would undermine Hapoalim's asset quality, capitalization, or earnings.

Upside scenario

We could revise the outlook to stable if we thought that security risks and the pressure on domestic economic prospects had lessened.

Hybrids

We do not assign outlooks to bank issue ratings. However, we will continue to notch down the ratings on Hapoalim's hybrids from the stand-alone credit profile (SACP). Therefore, we would lower our rating on the bank's rated subordinated instruments if we were to lower our SACP on Hapoalim.

Key Metrics

Bank Hapoalim B.M.--Key ratios and forecasts

	--Fiscal year ended Dec. 31--				
(%)	**2022a**	**2023a**	**2024f**	**2025f**	**2026f**
Growth in operating revenue	25.6	19.1	2.4-2.9	0.9-1.1	(0.9)-(1.1)

Bank Hapoalim B.M.--Key ratios and forecasts (cont.)					
	--Fiscal year ended Dec. 31--				
(%)	2022a	2023a	2024f	2025f	2026f
Growth in customer loans	10.2	5.3	5.4-6.6	7.2-8.8	6.3-7.7
Growth in total assets	4.2	3.2	4.3-5.3	5.2-6.4	4.7-5.7
Net interest income/average earning assets (NIM)	2.8	3.0	2.9-3.2	2.7-2.9	2.4-2.7
Cost-to-income ratio	43.4	37.7	36.7-38.5	36.8-38.7	37.2-39.1
Return on average common equity	14.6	14.9	13.4-14.8	12.1-13.4	11.5-12.8
Return on assets	1.0	1.1	1.0-1.2	0.9-1.1	0.9-1.1
New loan loss provisions/average customer loans	0.0	0.5	0.1-0.1	0.3-0.3	0.3-0.3
Gross nonperforming assets/customer loans	1.0	1.1	0.9-1.0	0.9-1.0	1.0-1.1
Net charge-offs/average customer loans	0.0	0.1	0.1-0.1	0.1-0.1	0.1-0.1
Risk-adjusted capital ratio	9.3	9.3	9.5-10.0	9.6-10.1	9.8-10.3

All figures include S&P Global Ratings' adjustments. a--Actual. e--Estimate. f--Forecast. NIM--Net interest margin.

Anchor: 'bbb' For Banks Operating In Israel

We use our Banking Industry Country Risk Assessment's (BICRA) economic risk and industry risk scores to determine a bank's anchor, the starting point in assigning an issuer credit rating. The anchor for banks operating only in Israel is 'bbb'.

Israeli banks benefit from the wealthy and diversified domestic economy, although they display some concentration in their lending books and are vulnerable to geopolitical and security risks. High geopolitical and security risks are impeding Israel's economic performance. We expect real GDP to expand by a low 2.2% in 2025, after stagnating in 2024. Israel's real estate sector, which represents 20%-25% of banks' loan books, is among the most vulnerable to the current developments, as are tourism, small businesses, and the services sector. We think economic slowdown, coupled with prolonged high cost of debt service, will dent borrowers' creditworthiness. We therefore expect banks' asset quality to deteriorate over the near term. In our base case, we assume credit losses will increase to 30-35 bps over 2025-2026 from estimated about 20 bps in 2024

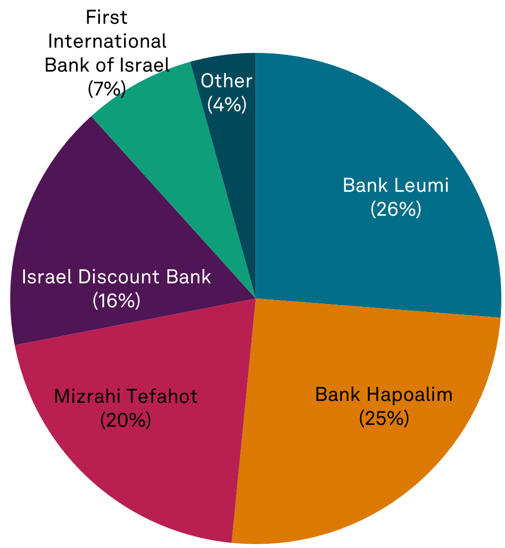
Low funding risk and the proactive regulator support Israel's banking industry. The banking sector benefits from a large domestic funding base and a net external creditor position, which provide a cushion in the challenging environment. Prudent regulatory oversight from Bank of Israel (BoI) partly mitigates risks of concentration and geopolitical instability. Israeli banks' profitability is benefiting from still-high interest rates, durable inflation amid the significant indexation of the balance sheet, strong cost containment efforts introduced after the pandemic, and high recourse to digital solutions. Competition among banks and nonbank financial institutions remains a potential constraint on margins and fees.

Business Position: One Of The Leading Domestic Players

Hapoalim's business franchise benefits from its leading position in Israel in various segments of the Israeli market, where its diversified loan portfolio has remained resilient to economic shocks in recent years.

Chart 1

Israeli banking system lending market share
Data as of September 2024



Source: S&P Global Ratings.

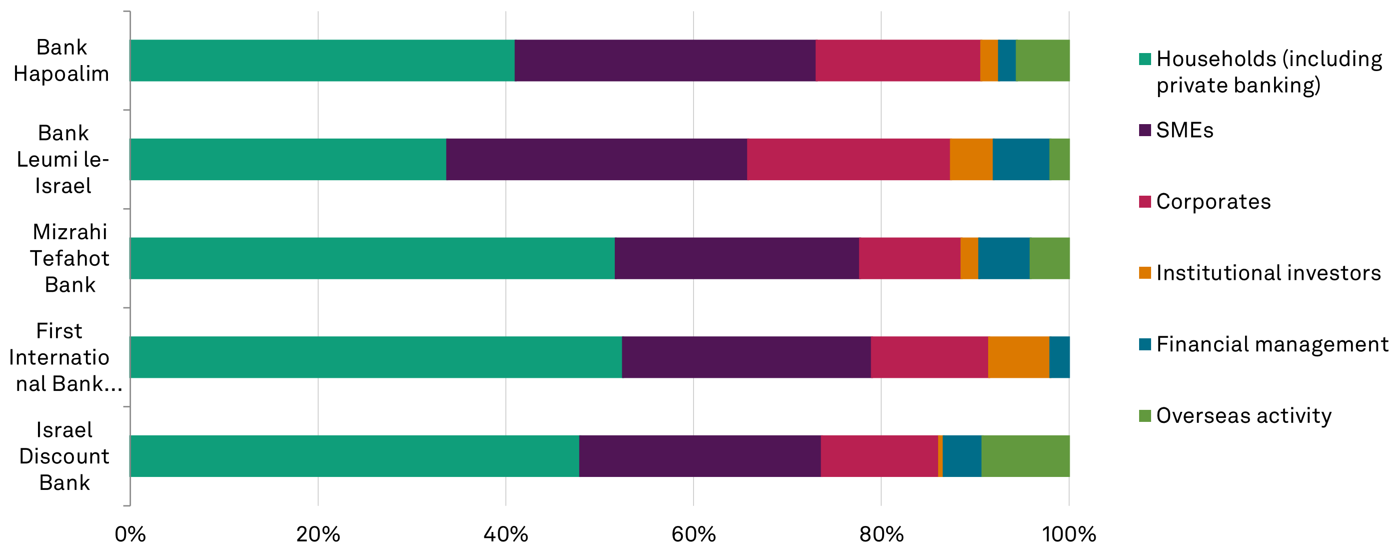
The bank's revenue is well-diversified across several sectors, with a notable emphasis on mortgages as a key target within the Israeli market. Despite growing competition in this area, which may put pressure on profit margins, we expect that the risks associated with mortgage exposure will remain under control, according to our base case. This expectation is supported by Hapoalim's full recourse to borrowers and the macroprudential measures that the BoI has previously implemented, which enforce strict underwriting standards and require substantial capital buffers for mortgages compared with peers in other jurisdictions.

Besides managing the impact of the current war in the short term, Hapoalim's medium-term strategy under the 2023-2026 strategic plan consists of increasing its loan book across all lending segments and exercising a controlled risk appetite, leveraging on digital channels. Hapoalim is also committed to gradually developing a portfolio of investments in private small and midsize enterprises (SMEs), under Poalim Equity. The bank's investment in Poalim Equity totaled ILS4.3 billion on Sept. 30, 2024, and the investment commitment amounted to ILS1.4 billion on the same date. The bank expects Poalim Equity to support profitability and increase diversification. The bank has also recently opened five new specialist business branches, complementing the two that were already in operation. However, given that SMEs are among the sectors most affected by the current economic turmoil, we believe Hapoalim will continue approaching this investment strategy with caution. We consider equity investment activity to typically carry a higher risk profile than traditional lending, but we expect Hapoalim to manage its exposure to equity risk carefully. In the first 9 months of 2024, the associated result of Poalim Equity was a loss of about Israeli new shekel (ILS) 3 million against a net gain of ILS126 million over the same period in 2023.

Chart 2

Hapoalim's diversified revenue base supports revenue stability

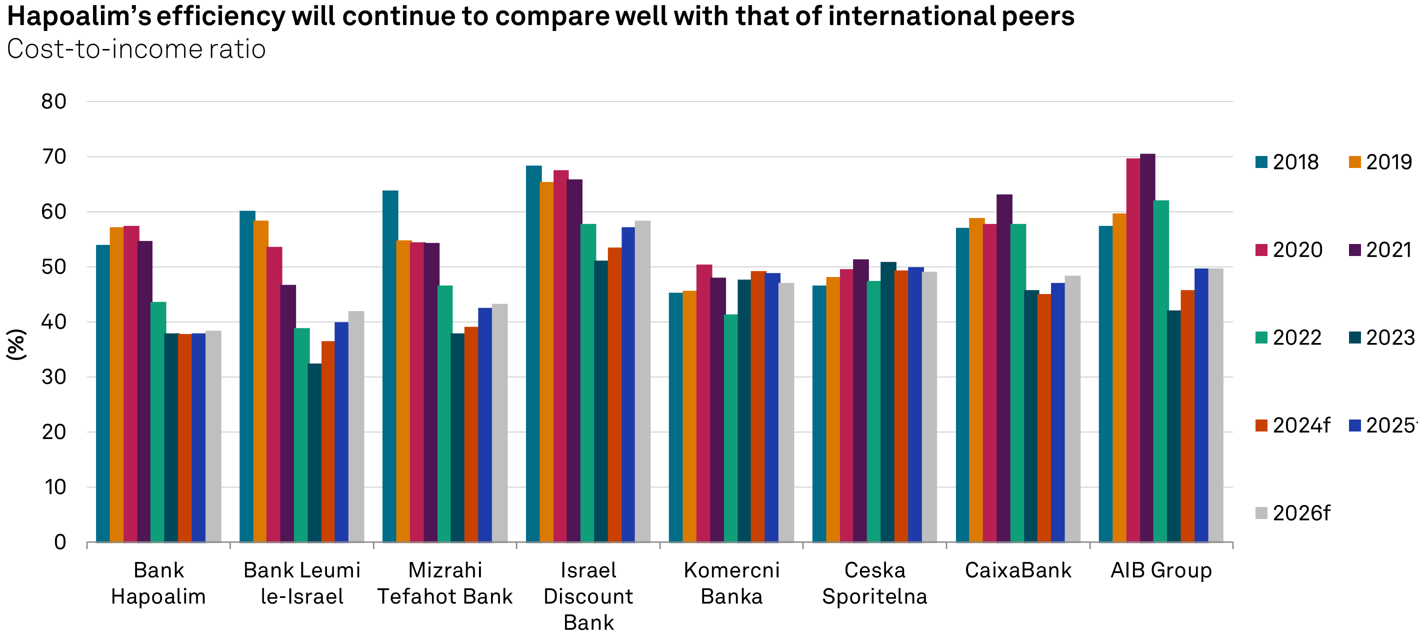
Revenue distribution per segment as of Sept. 30, 2024



Source: S&P Global Ratings.

We see positively that the bank is targeting better efficiency, including more optimized allocation of capital, infrastructure modernization and other costs-reduction measures. On December 2024, the bank announced a voluntary retirement plan targeting about 10% of the workforce over the next three to four years, generating a ILS300 million savings per year. Hapoalim also intends to cut costs associated with physical branches, thanks to its numerous digital solutions and strong digital franchise. We consider the bank is well position to reap the benefits of the ongoing shift in customer preferences. Also, thanks to cost containment initiative and higher digital proposition, Hapoalim has managed to improve its efficiency over the past several years.

Chart 3



f--Forecast. Source: S&P Global Ratings.

Most of Hapoalim's international business activity continues to be conducted through the New York branch. It is primarily focused on strengthening Hapoalim's commercial banking business in the U.S., offering investment services to middle market companies. International exposure accounted for less than 5% of customer loans as of Sept. 30, 2024, and most stems from its U.S. branch.

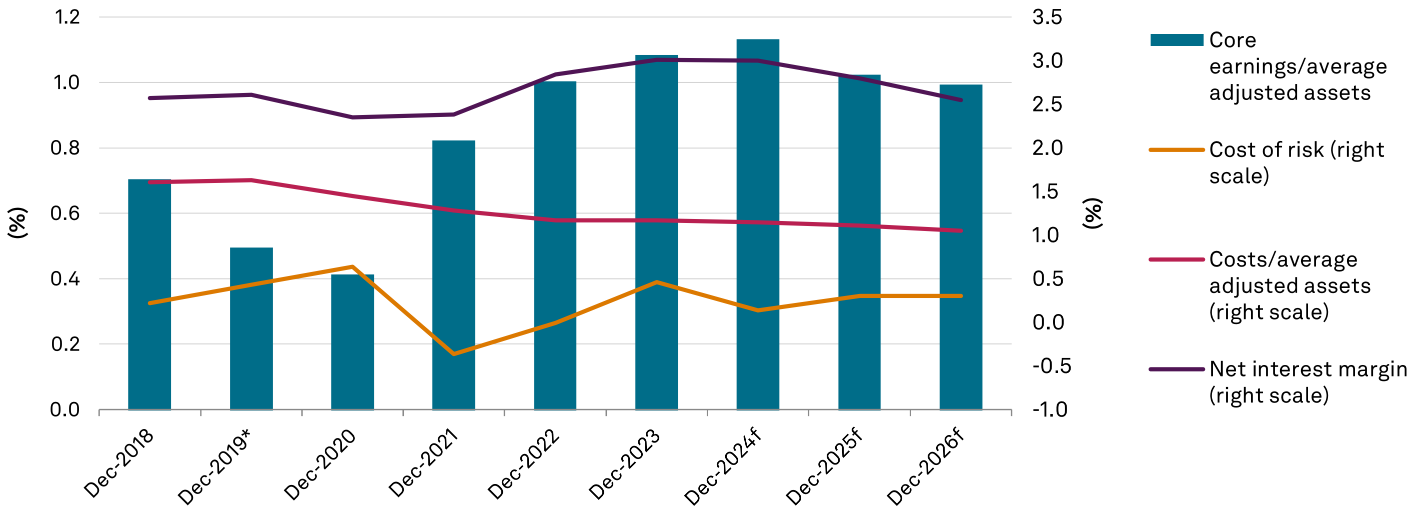
Capital And Earnings: Resilient Profitability Supports Hapoalim's Sound Capital Cushion Amid Economic Challenges

We expect Hapoalim will continue to adequately cover the risks it takes by capital, as indicated by our forecast of a RAC ratio of 9.9%-10.1% by 2026. Hapoalim's capital ratios have been deteriorating in recent years on the back of our view of increased economic risk in Israel and rapid lending expansion. Its RAC ratio fell to 9.3% as of Dec. 31, 2023, pro forma for new BICRA parameters (see "Various Rating Actions On Israeli Banks On Increased Geopolitical Risks; All Outlooks Negative," published May 2, 2024, on RatingsDirect), compared with 11.2% at end-2020. At the same time, Hapoalim's regulatory capital and leverage ratios are comfortably above regulatory requirements. The group's common equity Tier 1 ratio stood at a high 11.9% as of Sept. 30, 2024, above the minimum target of 10.23%. We do not expect the bank would maintain its current level of capitalization in a more stable geopolitical environment, as it usually works with narrow buffers. This is because Israeli banks use the standardized approach to calculating risk-weighted assets and apply the BoI's more conservative requirements to some real estate-related exposures. We don't regard this as a risk because we understand that the regulator is comfortable with these narrow margins and that the bank is not willing to approach the minimum threshold.

Interest rates remained high in 2024 as a result of the BoI's cautious approach in this uncertain environment, thereby providing a tailwind to revenue. Assuming geopolitical risk recedes, we expect interest rates will moderately decline from 2025. We anticipate a still-high NIM, robust lending expansion, and cost-containment measures to sustain return on equity (ROE).

Chart 4

Profitability should remain resilient



*2019 provisions includes about 20 basis points of Covid related provisions. f--Forecast. Source: S&P Global Ratings.

Our forecast is based on the following:

- The NIM gradually declining toward about 2.6% in 2026 from 3.0% as of December 2023.
- Loan growth projected at 6% in 2024, increasing to 7%-8% in 2025-2026.
- Expenses to grow moderately in 2024 and 2025 before stabilizing in 2026 as the positive impact from the early retirement scheme starts to kick-in.
- Hapoalim projected to post lower cost of risk (COR) to about 15 bps for 2024 (due to recoveries in the first and second quarter), stabilizing at 30 bps in 2025-2026. Typically, upcoming austerity measures are expected to be implemented by the government in face of the war-induced deficit, could contribute to lead to higher level of credit losses.
- ROE is projected to decline to 12.7% by the end of 2025, and 12.2% by the end of 2026 from about 14% at end-2024.
- Our forecast does not account for a prolongation of the government windfall tax slated to end in 2025, although the impact would be manageable for Hapoalim.
- We forecast a dividend payout ratio of 35% in 2024, increasing to 45% in 2025-2026.

Risk Position: War Consequences On A Concentrated Loan Book So Far Manageable But Downside Risk Remains Elevated

In our opinion, Hapoalim's risk exposures are more concentrated than those of most international peers. Due to the relatively small size of Israel's economy, Hapoalim's prominent position in corporate lending results in a higher level of single-name borrower concentration risk compared to banks in larger and more diversified economies.

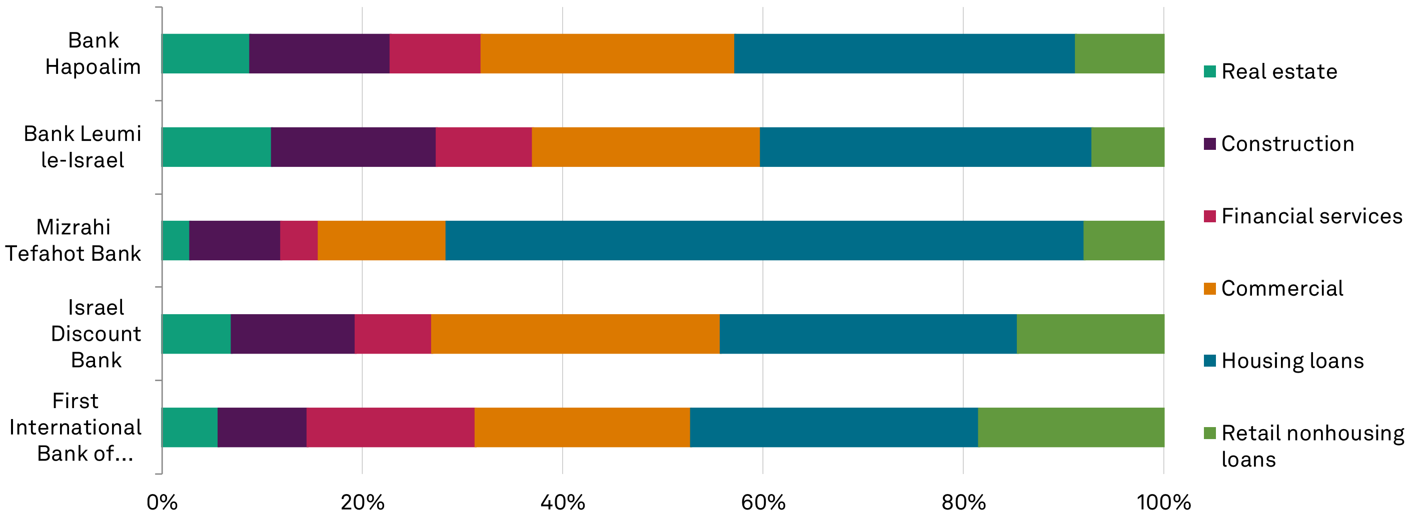
By end-September 2024, nonperforming assets decreased to about 0.93% of total loans (down from 1.1% in September 2023). We expect nonperforming loans will slightly increase over the next couple of years, as more medium-term consequences from the war starts to kick in. However, and despite the current high level of uncertainty, we acknowledge Hapoalim's asset quality--and more broadly that of the Israeli banking sector--has been resilient and the bank accumulated substantial collective provisions to potentially mitigate deterioration in asset quality.

A significant risk factor for Hapoalim and its local peers is their substantial exposure to the construction and real estate sectors, which makes asset quality susceptible to a sharp decline in real estate prices. As of Sept. 30, 2024, exposure to commercial real estate constituted approximately 22.8% of credit exposure. However, the construction sector has shown resilience despite labor shortages resulting from the war, and we expect this resilience to continue, particularly in a declining interest rate environment.

The majority of construction loans is to residential projects, somewhat mitigating the risk. We expect this segment will continue benefiting from structural demand for housing in Israel amid demographic dynamics, once security conditions normalize. Regulatory oversight, including limits and increased scrutiny, is in place for the real estate sector, recognized as a risk by regulators. As part of its exposure's management and compliance with the regulatory limit, Hapoalim uses tools such as the acquisition of insurance from rated foreign insurance companies that protect the bank against credit losses on land, real-estate projects, and housing loans and cover about ILS31.2 billion as of Sept. 30, 2024. That said, this exposure could weigh on the bank's capital and earnings if there is a material property price correction, which could be associated with prolonged consequences of the war on macroeconomic prospects and economic structure. That said, the ongoing structural demand for housing in Israel mitigates the risk of a sharp market correction.

Chart 5

Hapoalim's domestic property-related lending accounts for a high 57% of total loans
Loan breakdown on Sept. 30, 2024



Source: S&P Global Ratings.

We anticipate that the residential mortgages portfolio, which accounted for approximately 34% of loans on Sept. 30, 2024, will remain resilient. Defaults among Israeli households have historically been lower than we have observed in other regions due to the structural housing shortage as well as low unemployment. Additionally, Hapoalim adheres to conservative underwriting standards, including a maximum loan-to-value (LTV) ratio of 75% (with a 46% average LTV ratio for the portfolio), a maximum term of 30 years, and a maximum payment-to-income ratio of 40%. Meanwhile, the BoI enforces capital requirements for these loans that exceed Basel standards. We expect mortgage lending to remain resilient in 2025-2026, driven by increased confidence and more favorable financing conditions.

We view risk controls as robust, although we continue to recognize some potential risks as a result of the war. Furthermore, operational risk, particularly cyber risk, is heightened, and Hapoalim and other banks may face increased exposure to market risks due to the potential impact of different and uncertain war scenarios on the exchange rate, interest rates and inflation.

Funding And Liquidity: Diversified Funding Base And Sound Liquidity

We believe that Hapoalim will continue to enjoy robust liquidity, bolstered by its extensive domestic funding sources, particularly a strong retail base. This translates into solid funding and liquidity metrics that have proven resilient to the current difficult operating conditions. As of Sept. 30, 2024, the bank's liquidity coverage ratio stood at 132%, and its net stable funding ratio at 125%, both significantly exceeding the 100% minimum regulatory requirement.

Hapoalim is mostly deposit funded with core deposits forming around 90% of the funding base. While remaining resilient, the deposit structure has changed over the past few years, with the proportion of term deposits increasing to approximately 48.3% as of Sept. 30, 2024, from 25.9% as of Dec. 31, 2021.

The bank's loan-to-deposit ratio has remained relatively stable at 76% as of Sept. 30, 2024, consistent with the previous quarter. As of Sept. 30, 2024, customer and small business deposits represented 58% of total deposits, while potentially less stable deposits from corporate investors accounted for around 17%. Hapoalim's deposit base has demonstrated stability during the recent conflict situation and past systemic shocks. Additionally, access to wholesale funding, although contained for Hapoalim, has remained open throughout the conflict at an attractive pricing.

Additionally, the bank maintains a strong liquidity position, supported by a conservative investment policy. Hapoalim holds 16% of its assets in cash and deposits with banks, along with approximately 17% in securities. The securities portfolio is predominantly composed of Israeli government bonds (about 67% of the total) and, to a lesser extent, U.S. government bonds (18% of total), while only 4.2% of the securities portfolio were investments in shares for which mark-to-market value stood marginally above amortized cost.

Support: No Uplift To The SACP

In our view, Hapoalim has high systemic importance in Israel and the government is supportive toward the domestic banking sector. That said, at the current level of rating this does not lead to an uplift to the SACP.

Environmental, Social, And Governance

We think environmental, social, and governance credit factors influence Hapoalim's credit quality similarly to its industry and local peers. We regard the management team as professional and experienced. Environment and social factors do not affect credit quality differently from industry peers. Regarding social risk, we note that Hapoalim carefully managed staff reductions in the past, and we expect this to continue if further layoffs are considered.

Group Structure, Rated Subsidiaries, And Hybrids

We rate Hapoalim's hybrid instruments by applying our standard notching from the group's SACP, because we do not expect these instruments to benefit from state support. This means we currently rate Tier 2 subordinated contingent capital notes 'BBB-' by applying one notch for default risk and one notch for subordination.

Key Statistics

Table 1

Bank Hapoalim B.M.--Key figures					
	--Year-ended Dec. 31--				
(Mil. ILS)	**2023***	**2022**	**2021**	**2020**	**2019**
Adjusted assets	675,988.0	665,353.0	638,781.0	539,602.0	463,688.0

Table 1

Bank Hapoalim B.M.--Key figures (cont.)					
	--Year-ended Dec. 31--				
(Mil. ILS)	**2023***	**2022**	**2021**	**2020**	**2019**
Customer loans (gross)	414,472.0	396,465.0	359,703.0	310,170.0	299,624.0
Adjusted common equity	48,812.0	45,681.0	40,938.0	37,845.0	36,623.0
Operating revenues	16,421.0	17,634.0	14,041.0	12,860.0	13,250.0
Noninterest expenses	6,334.0	7,654.0	7,517.0	7,263.0	7,548.0
Core earnings	5,599.0	6,489.6	4,828.9	2,054.8	2,277.5

*Data as of Sept. 30. ILS--New Israeli Sheqel.

Table 2

Bank Hapoalim B.M.--Business position					
	--Year-ended Dec. 31--				
(%)	**2023***	**2022**	**2021**	**2020**	**2019**
Total revenues from business line (currency in millions)	16,421.0	17,701.0	14,155.0	12,948.0	13,571.0
Commercial banking/total revenues from business line	26.4	27.2	27.4	27.5	25.3
Retail banking/total revenues from business line	60.8	49.8	44.1	49.6	57.5
Commercial & retail banking/total revenues from business line	87.2	77.0	71.5	77.1	82.8
Trading and sales income/total revenues from business line	7.6	17.1	23.3	17.9	11.9
Other revenues/total revenues from business line	5.2	5.9	5.3	5.0	5.2
Investment banking/total revenues from business line	7.6	17.1	23.3	17.9	11.9
Return on average common equity	15.4	14.6	11.9	5.3	4.8

*Data as of Sept. 30.

Table 3

Bank Hapoalim B.M.--Capital and earnings					
	--Year-ended Dec. 31--				
(%)	**2023***	**2022**	**2021**	**2020**	**2019**
Tier 1 capital ratio	11.5	11.3	11.0	11.7	11.8
S&P Global Ratings' RAC ratio before diversification	N/A	10.3	10.4	11.2	11.3
S&P Global Ratings' RAC ratio after diversification	N/A	10.1	9.7	10.1	10.6
Adjusted common equity/total adjusted capital	100.0	100.0	100.0	100.0	100.0
Net interest income/operating revenues	75.1	76.4	69.6	68.4	70.3
Fee income/operating revenues	18.1	19.2	21.9	22.7	24.5
Market-sensitive income/operating revenues	5.8	3.2	7.6	8.3	4.6
Cost to income ratio	38.6	43.4	53.5	56.5	57.0
Preprovision operating income/average assets	2.0	1.5	1.1	1.1	1.2
Core earnings/average managed assets	1.1	1.0	0.8	0.4	0.5

*Data as of Sept. 30. N/A--Not applicable.

Table 4

Bank Hapoalim B.M.--Risk position

	--Year-ended Dec. 31--				
(%)	**2023***	**2022**	**2021**	**2020**	**2019**
Growth in customer loans	6.1	10.2	16.0	3.5	3.8
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	2.7	7.9	10.5	7.2
Total managed assets/adjusted common equity (x)	13.8	14.6	15.6	14.3	12.7
New loan loss provisions/average customer loans	0.5	(0.0)	(0.4)	0.6	0.4
Net charge-offs/average customer loans	0.1	(0.0)	(0.1)	0.1	0.1
Gross nonperforming assets/customer loans + other real estate owned	1.1	1.0	1.2	1.5	1.8
Loan loss reserves/gross nonperforming assets	143.2	134.8	118.1	130.2	87.5

*Data as of Sept. 30. N/A--Not applicable.

Table 5

Bank Hapoalim B.M.--Funding and liquidity

	--Year-ended Dec. 31--				
(%)	**2023***	**2022**	**2021**	**2020**	**2019**
Core deposits/funding base	91.5	91.5	92.7	93.4	92.3
Customer loans (net)/customer deposits	76.1	72.9	67.4	69.7	81.4
Long-term funding ratio	95.0	95.4	96.6	97.7	97.8
Stable funding ratio	129.6	134.5	144.3	140.6	124.8
Short-term wholesale funding/funding base	5.4	5.0	3.7	2.5	2.4
Regulatory net stable funding ratio	125.0	130.0	136.0	N/A	N/A
Broad liquid assets/short-term wholesale funding (x)	6.1	7.1	11.0	15.7	13.2
Broad liquid assets/total assets	28.5	30.9	35.8	33.7	26.6
Broad liquid assets/customer deposits	36.0	38.3	43.5	41.7	34.0
Net broad liquid assets/short-term customer deposits	37.6	41.1	49.4	48.8	39.3
Regulatory liquidity coverage ratio (LCR) (x)	1.2	1.2	1.2	1.4	1.2
Short-term wholesale funding/total wholesale funding	63.8	58.2	50.5	37.6	30.8

*Data as of Sept. 30. N/A--Not applicable.

Bank Hapoalim B.M--Rating component scores

Issuer Credit Rating	**BBB+/Negative/A-2**
SACP	bbb+
Anchor	bbb
Economic risk	4
Industry risk	4
Business position	Strong
Capital and earnings	Strong
Risk position	Moderate
Funding	Adequate
Liquidity	Adequate
Comparable ratings analysis	0
Support	0

Bank Hapoalim B.M--Rating component scores (cont.)	
Issuer Credit Rating	**BBB+/Negative/A-2**
ALAC support	0
GRE support	0
Group support	0
Sovereign support	0
Additional factors	0

ALAC--Additional loss-absorbing capacity. GRE--Government-related entity. SACP--Stand-alone credit profile.

Related Criteria

- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, April 30, 2024
- General Criteria: National And Regional Scale Credit Ratings Methodology, June 8, 2023
- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Ratings Detail (As Of February 4, 2025)*	
Bank Hapoalim B.M.	
Issuer Credit Rating	BBB+/Negative/A-2
Junior Subordinated	BBB-
Issuer Credit Ratings History	
09-Oct-2024	BBB+/Negative/A-2
02-May-2024	A-/Negative/A-2
31-Oct-2023	A/Negative/A-1
Sovereign Rating	
Israel	A/Negative/A-1
Related Entities	
Bank Hapoalim B.M. (New York branch)	
Issuer Credit Rating	BBB+/Negative/A-2

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.