

ISRAEL DISCOUNT BANK LTD.

Registration no.: 520007030

FAO: Israel Securities Authority
www.isa.gov.il

FAO: The Tel Aviv Stock Exchange Ltd.
www.tase.co.il

T125 (Public)

Magna transmission date: January 17, 2023
Reference No.: 2023-01-008259

Immediate Report Regarding Rating of Debentures/Rating of Corporation or Withdrawal of Rating

On January 17, 2023, *Other* Moody's published:

An initial rating report/notice

A withdrawal of rating notice

1. Rating report or notice

Rating of Corporation: _____

Comments/Nature of the Notice: _____

Rating history during the three years prior to the rating/notice date:

Date	Subject of Rating	Rating	Comments/Nature of the Notice
_____	_____	_____	_____

Rating of debentures of the Corporation

Name and Class of Security	Stock Exchange Security Registration Number	Rating Company	Current Rating	Comments/Nature of the Notice
<i>USD Notes</i>	<i>000000</i>	<i>Other Moody's</i>	<i>Other A2</i> _____ <i>stable</i>	<i>Initial rating</i> _____

Rating history during the three years prior to the rating/notice date:

Name and Class of Security	Stock Exchange Security Registration Number	Date	Class of Security Being Rated	Rating	Comments/Nature of the Notice
_____	_____	_____	_____	_____	_____

Moody's rating report is attached

2. On _____, _____ announced that the rating for ... _____ had been withdrawn.

Details of signatories authorized to sign in the name of the Corporation:

	Name of Signatory	Position
1	<i>Assaf Pasternak</i>	<i>Other Executive Vice President, Head of Financial Markets Division</i>
2	<i>Barak Nardi</i>	<i>Other Executive Vice President, Head of Strategy, Finance and Holdings Division</i>

For information concerning the rating of the Bank by Moody's, see the Immediate Report dated December 22, 2022 (reference no.: 2022-01-153994).

Reference numbers of previous documents relating to this topic (their mention does not constitute their inclusion by way of reference):

The securities of the Corporation are listed for trade on the Tel Aviv Stock Exchange Date of updating structure of form: 29/12/2022
 Abbreviated name: Discount
 Address: 23 Yehuda Halevi St., Tel Aviv 6513601, Israel Tel: +972-3-9439111; Fax: +972-3-5171674
 Email: michal.sd@dbank.co.il

Prior names of the reporting entity:

Name of person making electronic report: Tenne, Ayelet Position: General Secretary Name of Employing Company:
 Address: 23 Yehuda Halevi St., Tel Aviv 6513601, Israel Tel: +972-76-8058862; Fax: +972-3-5171674 Email: ayelet.tenne@dbank.co.il

Israel Discount Bank's Immediate Reports are published in Hebrew on the website of the Israel Securities Authority and the Tel Aviv Stock Exchange.

The English translation is prepared for convenience purposes only.

In the case of any discrepancy between the English and Hebrew versions, the Hebrew will prevail.



Rating Action: Moody's assigns A2 rating to Israel Discount Bank's proposed senior unsecured issuance; outlook stable

Please say tl

17Jan2023

Limassol, January 17, 2023 – Moody's Investors Service ("Moody's") has today assigned an A2 long-term foreign currency rating to Israel Discount Bank Ltd. (IDB)'s proposed issuance of USD-denominated senior unsecured notes. The assigned outlook on this rating is stable.

RATINGS RATIONALE

– SENIOR UNSECURED RATING

The proposed notes will constitute IDB's direct, unsecured and unsubordinated obligations and the A2 long-term senior unsecured rating assigned to them reflects IDB's baa2 Baseline Credit Assessment (BCA) and three notches of rating uplift based on Moody's assessment of a very high probability of support from the Government of Israel (A1 positive). This assessment is based on IDB's systemic importance as one of the country's five-largest banking groups and the Israeli government's long standing practice of injecting capital into systemically important banks in case of need.

IDB's baa2 BCA is supported by (1) its stable deposit-based funding structure along with comfortable liquidity; (2) strong asset quality, with low levels of problem loans equivalent to 0.7% of gross loans as of September 2022; and (3) strengthened recurring profitability supported by efficiency gains. IDB's standalone BCA also reflects (1) adequate but modest capital buffers, with a tangible common equity/risk-weighted assets ratio of 10.3% as of September 2022, below similarly-rated international peers mainly reflecting Bank of Israel's (the central bank) more conservative risk-weighting; (2) somewhat higher operating cost base compared to peers, despite substantial improvement in recent years; and (3) downside risks from a significant exposure concentration to the Israeli property market, and potential geopolitical events.

– STABLE OUTLOOK

The assigned stable outlook is in line with the stable outlook on IDB's long-term deposits ratings and reflects Moody's expectation that the bank will sustain recent profitability improvements and will continue to moderate asset risk by growing into lower risk segments, and that its capital will remain broadly stable.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATING

The A2 senior unsecured rating could be upgraded following a combination of both stronger sovereign creditworthiness and an improvement in the bank's standalone credit profile.

The bank's standalone BCA could be upgraded following (1) materially strengthened capital; and (2) a sustained improvement in the bank's recurring profitability beyond what the rating agency currently expects, without an increase in credit risk.

The A2 senior unsecured rating could be downgraded if operating conditions deteriorate, for example in case of a real estate price correction, higher unemployment and an economic slowdown, and lead to a material weakening in asset quality.

If the bank's capitalisation declines from current levels or if the bank does not sustain the ongoing improvements in its profitability and efficiency, or the reduction in asset risk, there could also be negative pressure on the ratings. Please say t

There could also be negative rating pressure if Moody's considers that the government's willingness or capacity to provide support has materially declined.

PRINCIPAL METHODOLOGY

The principal methodology used in this rating was Banks Methodology published in July 2021 and available at <https://ratings.moodys.com/api/rmc-documents/71997>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

For ratings issued on a program, series, category/class of debt or security this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series, category/class of debt, security or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the issuer/ deal page for the respective issuer on <https://ratings.moodys.com>.

For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this credit rating action, and whose ratings may change as a result of this credit rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the following disclosures, if applicable to jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.

The rating has been disclosed to the rated entity or its designated agent(s) and issued with no amendment resulting from that disclosure.

This rating is solicited. Please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on its website <https://ratings.moodys.com>.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at https://ratings.moodys.com/documents/PBC_1288235.

The Global Scale Credit Rating on this Credit Rating Announcement was issued by one of Moody's affiliates outside the UK and is endorsed by Moody's Investors Service Limited, One Canada Square, Canary Wharf, London E14 5FA under the law applicable to credit rating agencies in the UK. Further information on the UK endorsement status and on the Moody's office that issued the credit rating is available on <https://ratings.moodys.com>.

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