

BUSINESS RESULTS FOR THE SECOND QUARTER

# PRESS RELEASE 2 2023



Moving Forward While Staying Personal,  
For 100 Years Now.

August 15, 2023

**Net profit in the second quarter of 2023:  
NIS 1,398 million**

**Compared to NIS 1,053 million in the  
corresponding period last year  
Increase of 32.8%**

**Net profit in the first half of 2023: NIS 2,765 million**  
**Compared to NIS 2,207 million in the  
corresponding period last year  
Increase of 25.3%**

**Financing revenues from current operations**  
**In the second quarter: NIS 2,962 million,  
increase of 41.3%**  
**from the corresponding period in 2022**  
**In the first half: NIS 5,904 million,  
increase of 50.2%**  
**from the corresponding period last year**

**Return on equity in the second quarter: 22.0%**  
**Return on equity in the first half: 22.2%**

**Cost-Income Ratio in the second quarter: 38.1%**  
**Cost-Income Ratio in the first half: 37.8%**

**Dividend distribution of NIS 489 million – 35% of the  
profit in the second quarter**

## **Unique benefits for current account and mortgage customers**

In order to assist its customers to optimally address the higher cost of living in these complicated financial times, Mizrahi Tefahot launched, at end of the second quarter of 2023, a diverse, unique bundle of benefits. These benefits, effective as from start of July, are intended for individual household customers, and apply both to managing their current account and mortgages.

### **Interest on current account**

As part of this benefit, the Bank has started paying interest at 2% per annum to customers with a positive balance in their current account of up to NIS 25 thousand, and total assets (across current account, deposits and securities) of up to NIS 50 thousand. Concurrently, the Bank continues to offer to customers with funds in their account which are not immediately required, a wide range of term deposits bearing interest at attractive rates, with fixed or variable interest, for short or long terms and with multiple liquidity options, to suit their needs and preferences.

### **Reduced interest on debit balance**

In order to provide relief to customers with a debit balance in their account, the Bank has reduced by up to 2% the debit interest charge for credit facilities of all individual customers, as follows:

Reduction by 1% from sub-facility A, reduction by 1.5% from sub-facility B and reduction by 2% from sub-facility C.

### **Offset of debit interest**

In addition to both benefits, of interest on positive balance and reduced interest on debit balance, the Bank launched another unique benefit, designated for customers whose account carries a positive balance in some days of the month, and a debit balance in others. An offset of these two balances, up to NIS 10,000, would help customers save on interest cost for the debit balance in their account, and potentially not pay any interest on debit balance for the current month.

### **Annual grant of NIS 1,200 to mortgage customers**

The rapid change in the interest environment in Israel since the second quarter of 2022 has caused an increase of the monthly mortgage repayment and the burden of monthly expenses for households. In order to allow customers with a residential mortgage at Mizrahi Tefahot to address this new and challenging reality, the Bank provides to borrowers, subject to specific criteria, a special grant of NIS 1,200 against mortgage repayments, in 4 installments of NIS 300 each.

### **"Your debit balance is on us" – for customers with a mortgage and current account at the Bank**

In addition to this monetary grant, Mizrahi Tefahot has launched a unique benefit, also designated for mortgage customers, who also have their current account with the Bank. Such customers would be exempt from interest payment on their debit balance in their current account, up to the amount of their monthly mortgage repayment or up to NIS 6,000, whichever is lower.

## Moshe Lari: Second quarter results reflect continued growth momentum for the Bank in a complicated macro-economic environment

"The results we present for the second quarter of 2023 and the first half of this year reflect continued growth momentum for the Bank in recent years, in a complicated macro-economic environment, from both local and global aspects.

The increase in business activity is reflected in major balance sheet items as of end of June 2023. Thus, for example, loans to the public amounted to NIS 316.9 billion, compared to NIS 298.2 billion at end of June 2022, an increase of 6.3%. Deposits from the public amounted to NIS 345.2 billion, compared to NIS 327.9 billion in the corresponding period, an increase of 5.3%; the Bank's shareholder equity amounted to NIS 25.8 billion, compared to NIS 22.2 billion at end of the second quarter of last year, an increase of 16.5%.

Financing revenues from current operations in the first half amounted to NIS 5,904 million, an increase of 50.2% from the corresponding period, also in view of higher interest rates. Expenses with respect to credit losses in this period amounted to NIS 474 million (a rate of 0.30% on annualized basis), compared to NIS 186 million in the first half of last year. The increase is primarily effected by group-based provision due to growth of the Bank's loan portfolio and elevated risk in the market.

Changes in the interest rate environment and elevated economic uncertainty have significantly impacted the cost of living in Israel, presenting a challenging reality for many families who struggle to face the increased burden of current expenses. In order to help our customers face these challenging times in the best way possible, the Bank has launched the most comprehensive and fair bundle of benefits in the banking system. These benefits include, *inter alia*: interest on current account, reduced debit interest, special mechanism to offset positive and debit balances, monetary grant to mortgage customers subject to specific criteria, as well as a unique benefit for mortgage customers who currently have, or will have in future, their current account with the Bank.

Concurrently, the Bank proactively offers diverse solutions to customers who struggle, especially to mortgage borrowers, who have seen their monthly repayment increase significantly over the past year.

Late in the second quarter, the Bank signed a new payroll agreement with the Employees' Union, effective through 2026. This agreement is significant and would allow the Bank to address in a better, more efficient manner, the range of tasks and challenges on its agenda, while continuing to promote and empower Bank employees. The impressive success enjoyed by Mizrahi Tefahot in recent years, and in particular in the first half of 2023, is first and foremost a remarkable achievement of our dedicated, outstanding employees. There is no doubt that this new payroll agreement would have them continue their commitment to the Bank's success in the coming years," said **Bank President & CEO Moshe Lari**.

## Mizrahi Tefahot Ltd.

### Highlights of condensed financial statements

#### As of June 30, 2023 (NIS in millions)

#### Key balance sheet items

	June 30		Rate of
	2023	2022	Change
			in %
Loans to the public, net	316,925	298,233	6.3
Deposits from the public	345,191	327,884	5.3
Shareholders' equity (attributable to shareholders of the Bank)	25,814	22,166	16.5
Total assets	432,722	416,969	3.8

#### Profit and profitability

	Second quarter		Rate of
	2023	2022	Change
			in %
Total financing revenues before expenses with respect to credit losses	3,431	2,629	30.5
Commissions and other revenues	564	574	(1.7)
Total revenues	<b>3,995</b>	<b>3,203</b>	24.7
Expenses (income) with respect to credit losses	247	107	–
Operating and other expenses	1,521	1,442	5.5
Net profit attributable to shareholders of the Bank	<b>1,398</b>	<b>1,053</b>	32.8

#### Key financial ratios (in percent)

	June 30	
	2023	2022

#### Key performance benchmarks

Net profit return on equity:		
For the second quarter	22.0	19.4
For the six-month period	22.2	20.6
Deposits from the public to loans to the public, net	108.9	109.9
Ratio of Tier I equity to risk components	10.23	10.00
Leverage ratio	5.73	5.23
Liquidity coverage ratio (Quarterly)	128	120
Cost-income ratio:		
For the second quarter	38.1	45.0
For the six-month period	37.8	44.1

#### Other information

Share price (in NIS) as of June 30	123.30	115.50
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**מזרחי טפחות**  
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