

The background image features a stack of various coins on the left side. Overlaid on this are several financial charts: a line graph with blue and white lines showing fluctuations, and a bar chart with grey bars of varying heights. The overall scene is set against a blurred cityscape at night with lights reflecting on water.

# Financial statements

December 31, 2020

# Disclaimer

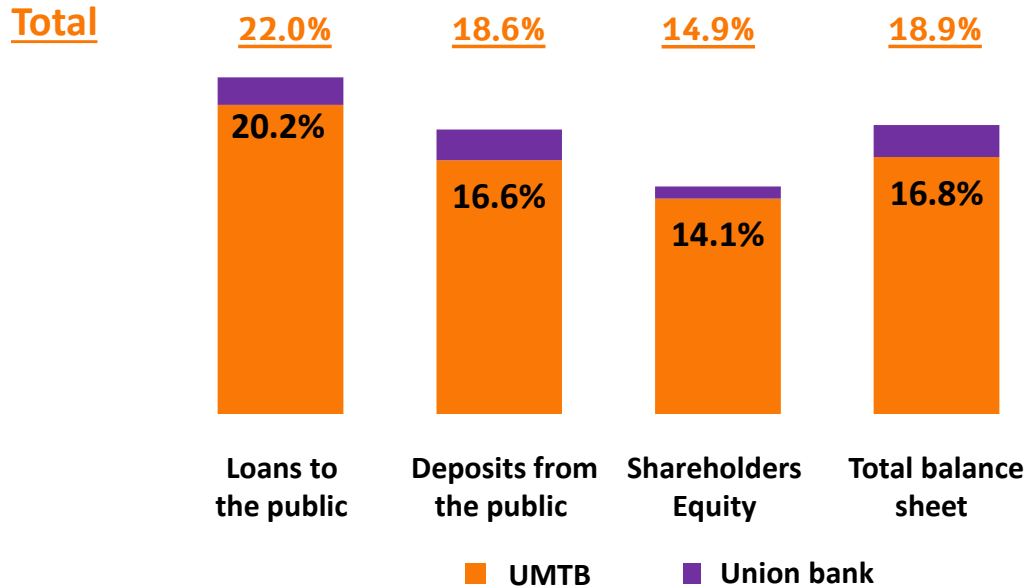
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- Accordingly, the information contained in this document is only partial, is not exhaustive and does not include the full details regarding the bank and its operations or regarding the risk factors involved in its activity and certainly does not replace the information included in the periodic, quarterly or immediate reports published by the bank. In order to receive the full picture regarding the bank's 2020 quarterly reports, the aforesaid reports should be perused fully, as published to the public.
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- The forecasting information may change subject to risks and uncertainty, due to being based on the management's estimations regarding future events, which include, *inter alia*: global and local economic development forecasts, particularly regarding the economic situation in the market, including the effect of macro-economic and geo-political conditions; expectations for changes and developments in the currency and equity markets; forecasts related to other various factors affecting exposure to financial risks; forecasts with respect to changes to borrowers' financial strength, public preferences, changes in legislation and the provisions of regulators, competitors' behavior, the status of the bank's perception, technological developments and human resources developments.
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# Accounting effect of incorporation of **Union bank** into **UMTB's** consolidated financial reports

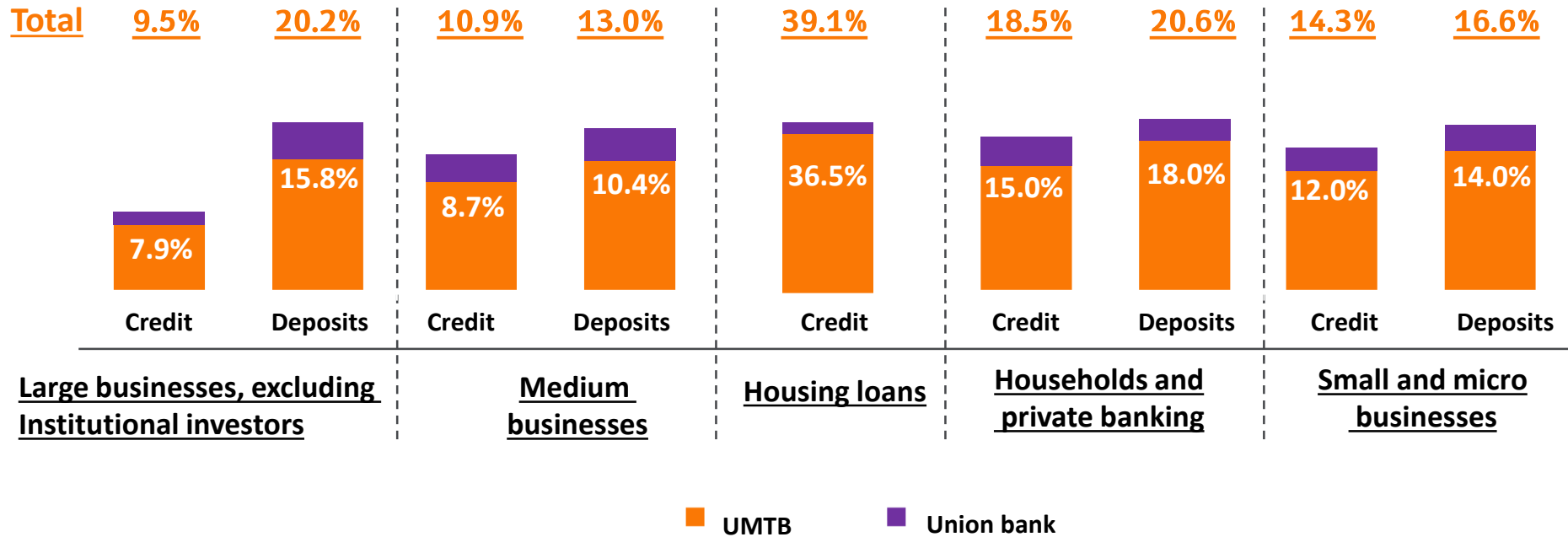


Deferred credit balance from acquisition of Union Bank (Negative Goodwill), after completion of the Purchase Price Allocation (PPA), amounts to approx. **NIS 1.2 billion**

# Effect of **Union bank transaction** on market shares



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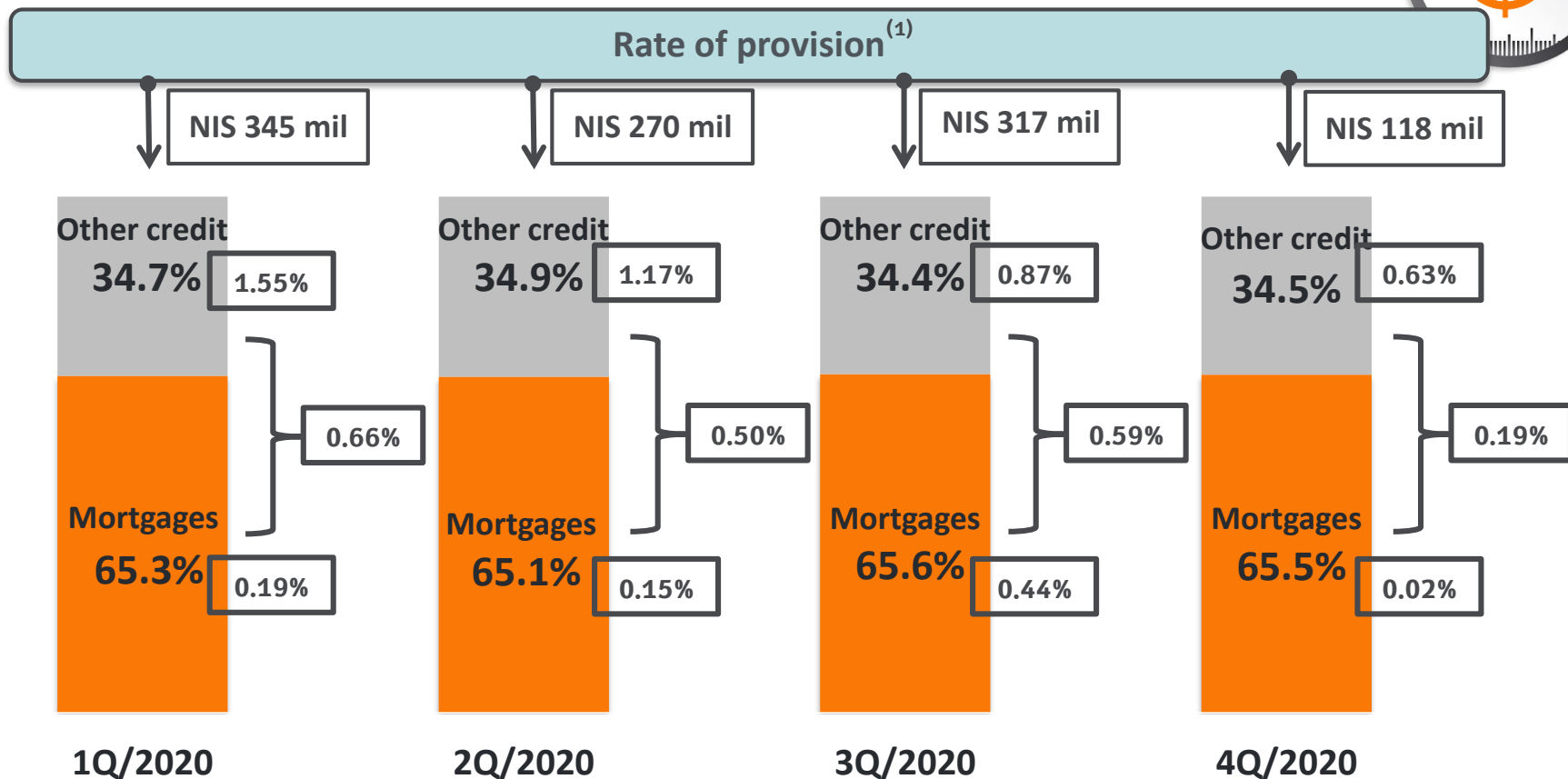


# 2020 – operation during Corona virus crisis



- After reducing the number of branches open to clients during the first lockdown (following the instruction of the Supervisor of Banks) - the Bank's branches were open in full layout.
- Operating the Bank's headquarter in capsules. Splitting units between locations.
- In order to break COVID-19 contagion chains the bank used monitoring and questioning tools. Applying quarantines when needed.
- Operating control, monitoring and reporting systems regarding business activities and risk parameters

# Adjusting provisions to market conditions



# Adjusting provisions to market conditions

(NIS mil)



Applying a dynamic methodology suitable for developments throughout the year

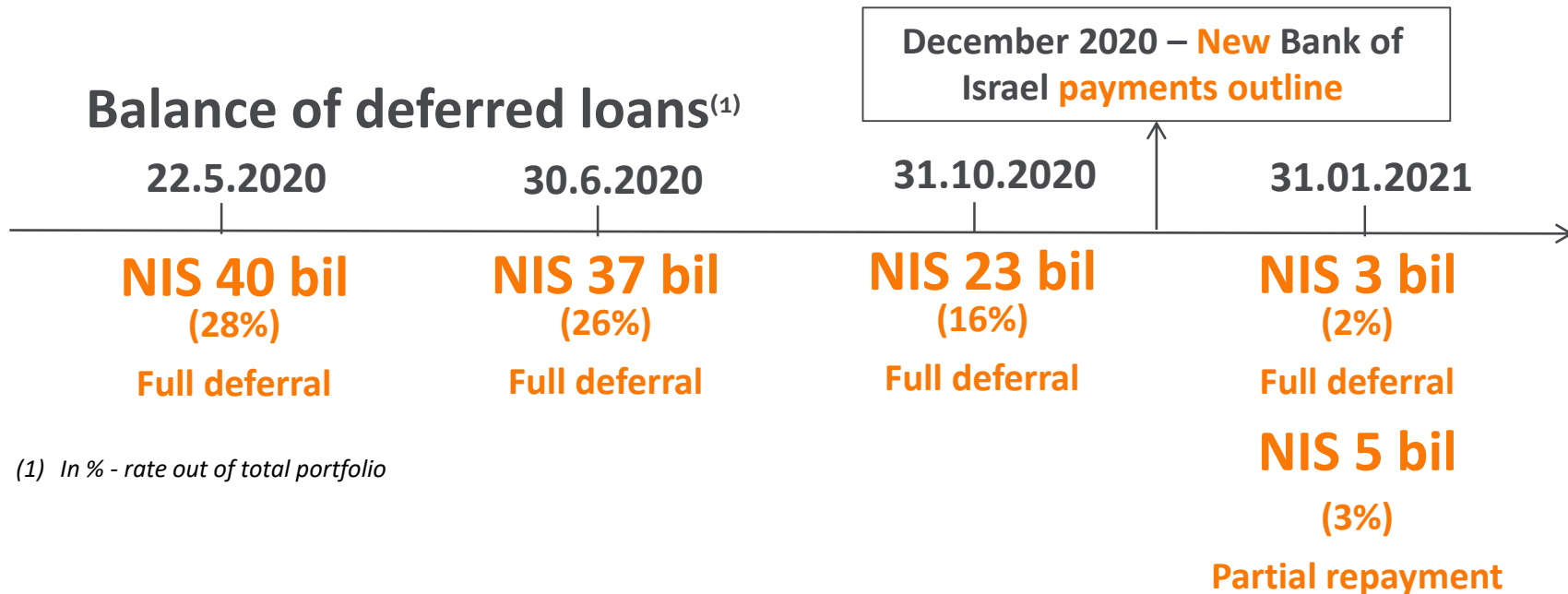
Segment	2020		2019		Q4/2020		Q4/2019	
	Provision	Rate of provision	Provision	Rate of provision	Provision	Rate of provision	Provision	Rate of provision
Housing loans	279	0.18%	44	0.03%	7	0.02%	12	0.04%
Households and Private banking	136	0.53%	101	0.46%	14	0.22%	28	0.51%
Small and micro businesses	321	1.11%	166	0.80%	103	1.43%	56	1.08%
Medium businesses	136	1.44%	42	0.59%	36	1.54%	23	1.31%
Large businesses, Institutional investors and Overseas operations	177	0.68%	14	0.07%	(42)	(0.64%)	1	0.02%
Financial management	1	-	(3)	-	-	-	(1)	-
<b>Total</b>	<b>1,050</b>	<b>0.43%</b>	<b>364</b>	<b>0.18%</b>	<b>118</b>	<b>0.19%</b>	<b>119</b>	<b>0.23%</b>



# Mortgages - return to orderly repayments of most of deferrals



Requested deferrals of housing loans since the outbreak of the Corona virus situation until today totaled NIS 46 bil



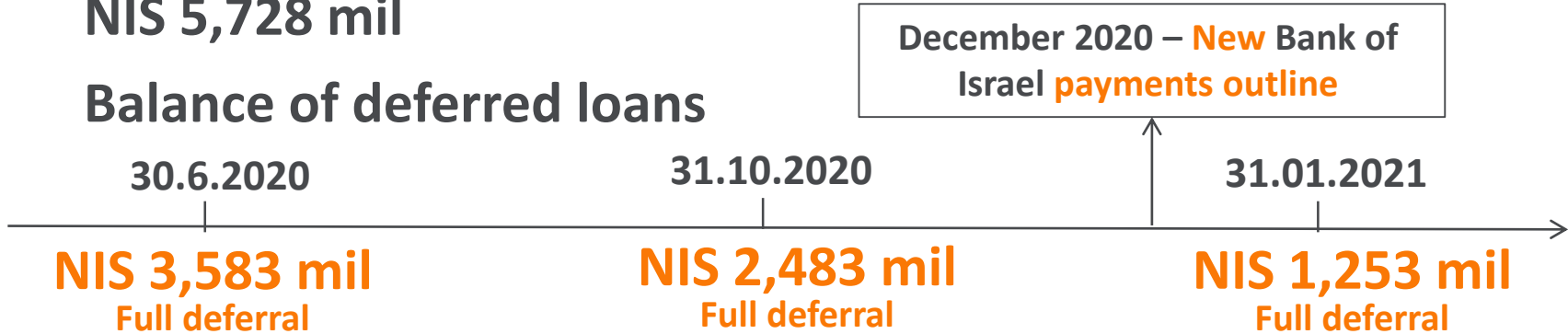
(1) In % - rate out of total portfolio

# Commercial loans deferred



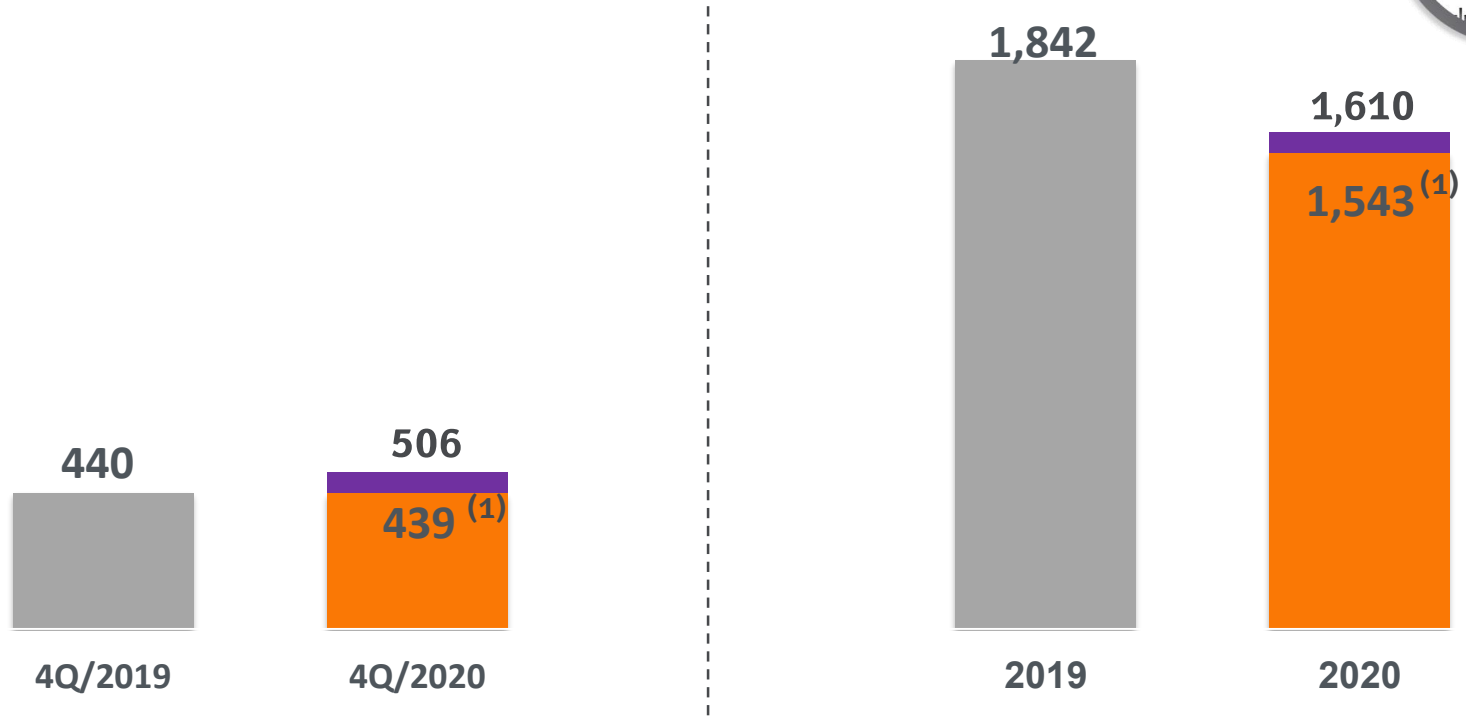
Requested deferrals of commercial loans since the outbreak of the Corona virus situation until today totaled NIS 5,728 mil

Balance of deferred loans



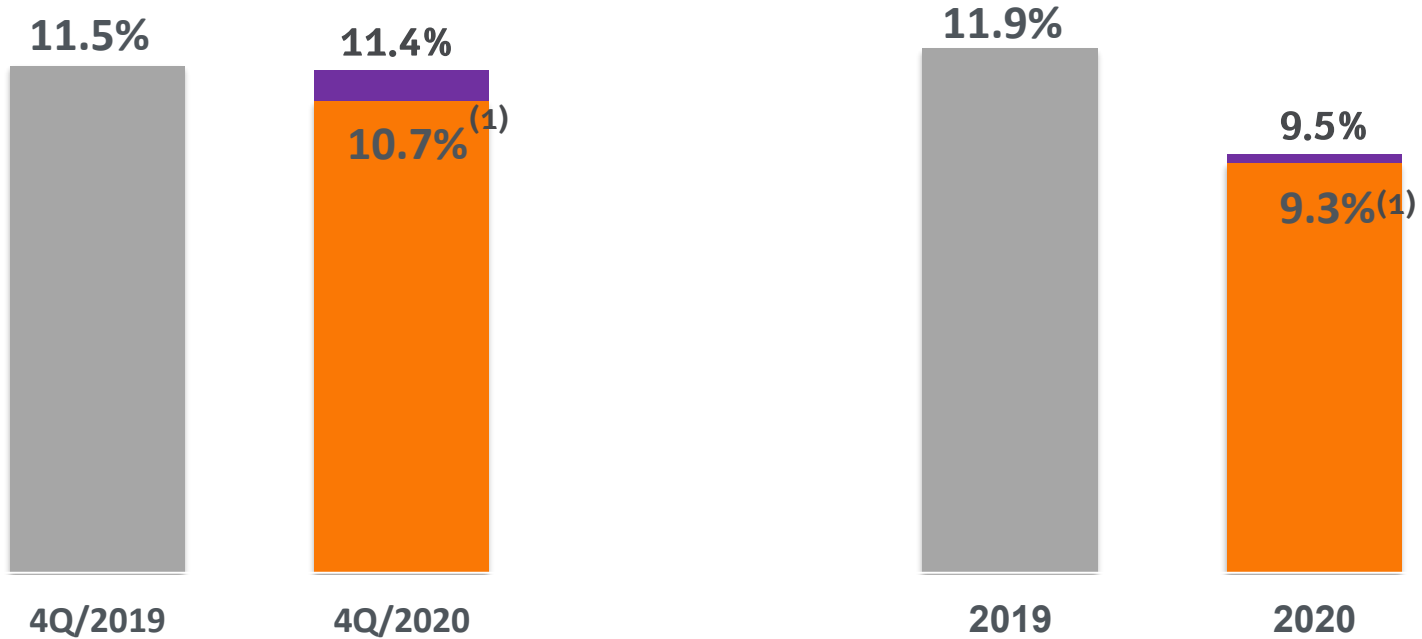
# Net profit

(NIS mil)



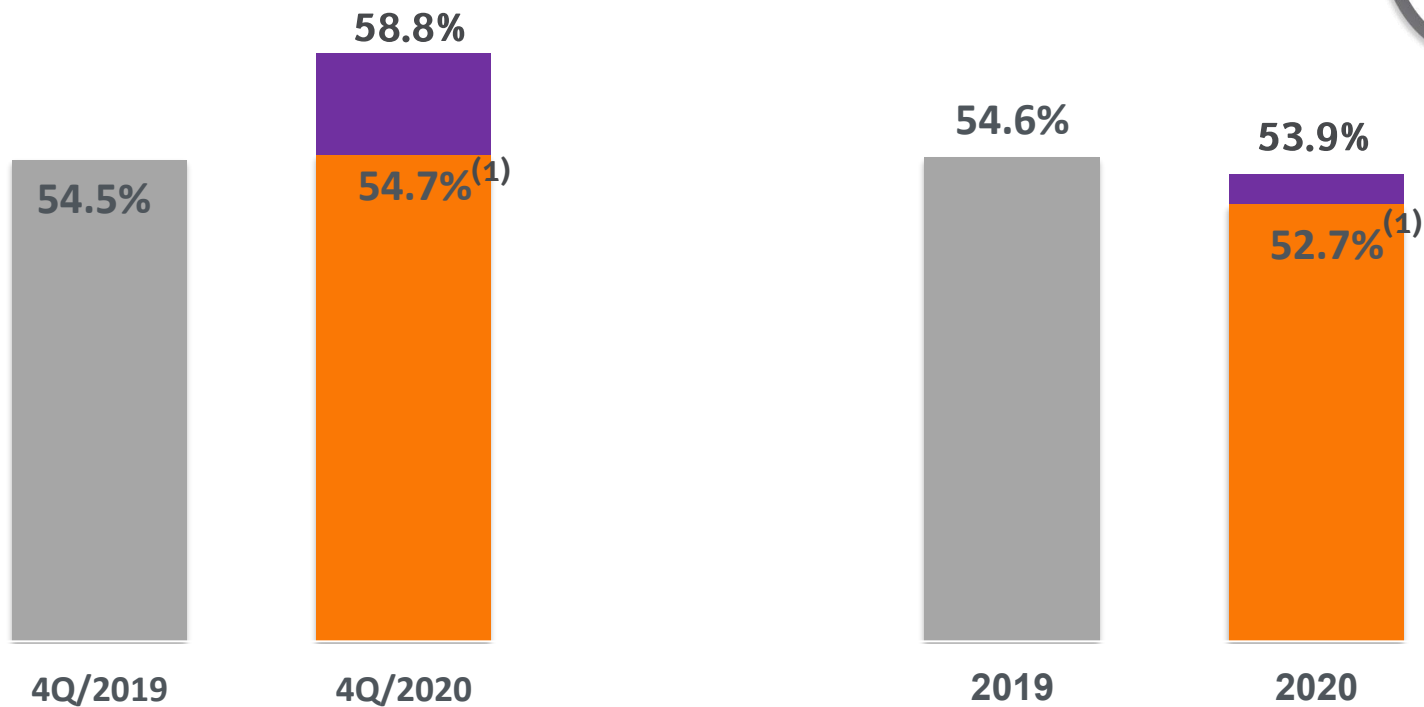
(1) Excluding profitability deriving from Union Bank transaction recorded in 4Q/2020

# Return on equity



*(1) Excluding profitability deriving from Union Bank transaction recorded in 4Q/2020*

# Cost/income ratio



(1) Excluding the effect of Union Bank transaction in 4Q/2020

# Effect of **Union bank consolidation** on capital ratios



	2020	2019
Tier 1 capital adequacy	10.04%	10.14%
Total capital adequacy ratio	13.62%	13.88%
Leverage ratio	5.19%	5.55%
LCR	133%	121%
Deposits/loans ration	116%	103%

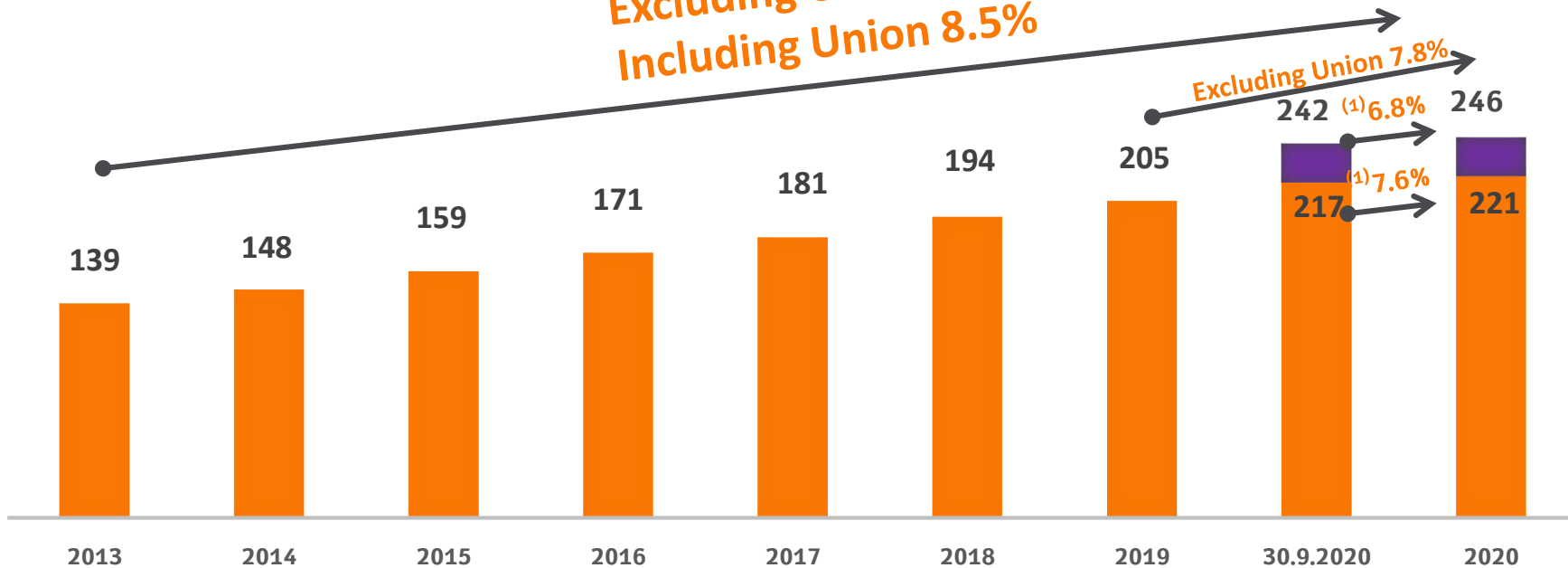
**According to the Bank of Israel the capital relief due to Corona virus crisis will be extended until 30.9.2021**

# Continuous loan growth

(NIS mil)



Average annual growth rate  
Excluding Union 6.8%  
Including Union 8.5%



# Continuous loan growth led by business and mortgages



(NIS mil)

Business segment	31.12.20 Including Union	31.12.20 Excluding Union	30.9.20 Including Union	30.9.20 Excluding Union	31.12.19	% of change (31.12.20- 31.12.19 excluding Union)
Housing loans	155,422	145,043	152,362	142,155	134,637	7.7%
Households and Private banking	25,697	20,997	25,526	20,682	21,856	-3.9%
Small and micro businesses	28,948	24,146	27,911	23,436	20,857	15.8%
Medium businesses	9,427	7,611	9,410	7,441	7,063	7.8%
Large businesses, Institutional investors and Overseas operations	26,031	23,031	26,556	23,063	20,295	13.5%
<b>Total</b>	<b>245,525</b>	<b>220,828</b>	<b>241,765</b>	<b>216,777</b>	<b>204,708</b>	<b>7.9%</b>



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(NIS mil)

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Small and micro businesses	28,948	24,146	27,911	23,436	20,857	15.8%
Medium businesses	<b>54,788</b>	7,611	9,410	7,441	<b>48,215</b>	7.8%
Large businesses, Institutional investors and Overseas operations	26,031	23,031	26,556	23,063	20,295	13.5%
<b>Total</b>	<b>245,525</b>	<b>220,828</b>	<b>241,765</b>	<b>216,777</b>	<b>204,708</b>	<b>7.9%</b>

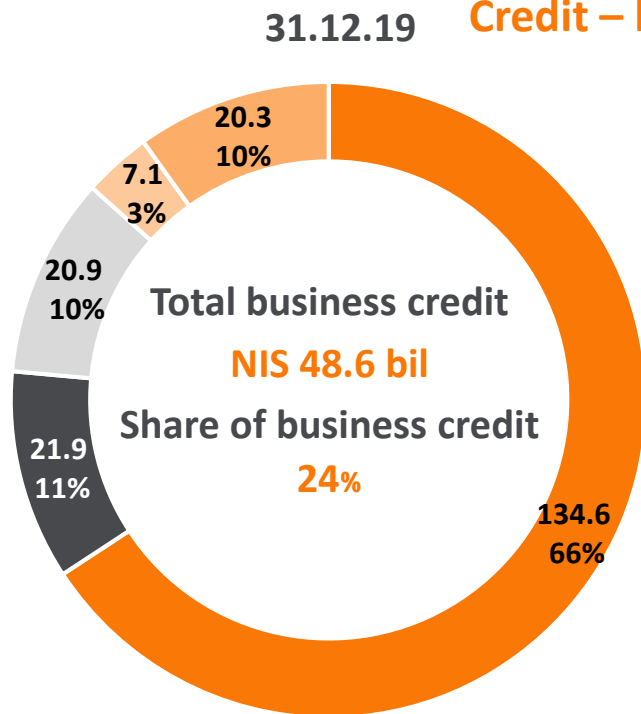
**Annual growth rate of 14% in business loans (excluding Union)**

# Credit growth mainly in business segments\*

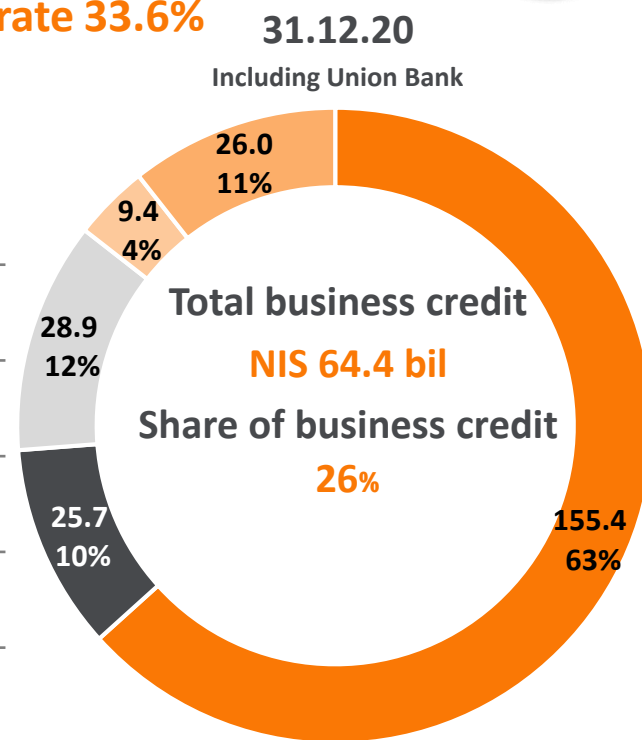


Credit to the public growth rate 19.9%

Credit – business segments growth rate 33.6%



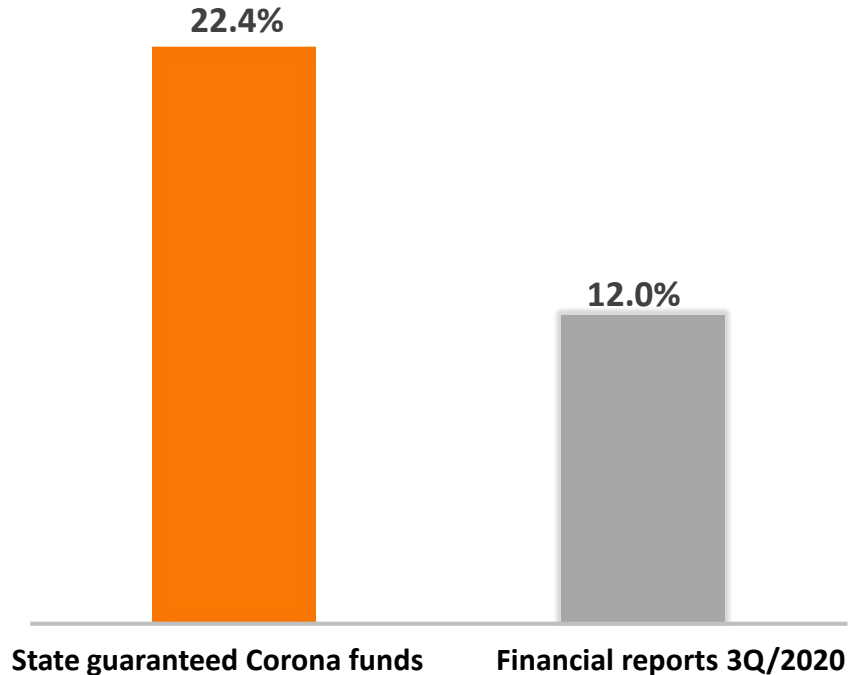
Segment	Rate of change
Mortgages	15.4%
House holds and Private banking	17.6%
Small and micro businesses	38.8%
Medium businesses	33.5%
Large businesses, Institutional investors and Overseas operations	28.3%



# Government guaranteed special Corona program – Bank's share higher than its market share



## Market share of the Bank in Credit to small businesses



**Government  
guaranteed Corona  
program  
for small and medium  
businesses:**

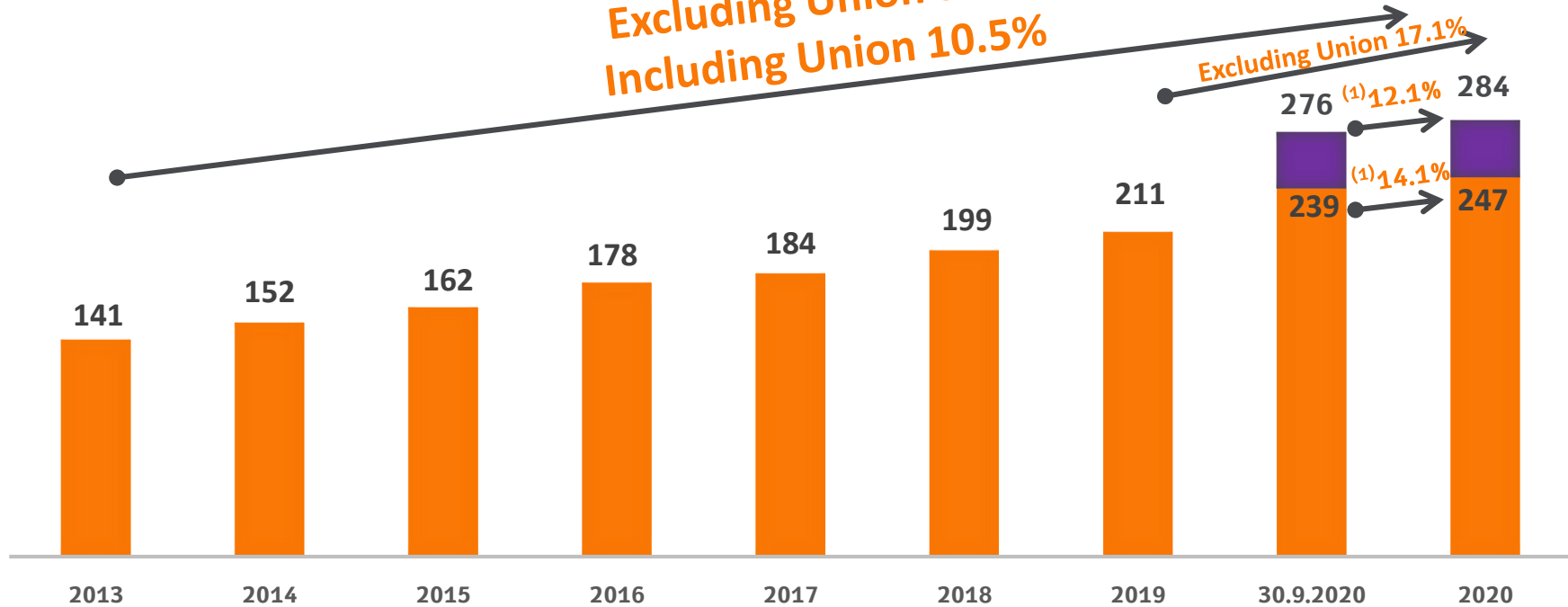
**NIS 4.2 bil**  
(granted, as of January 31, 2021)

# Continuous deposit growth

(NIS mil)



Average annual growth rate  
Excluding Union 8.3%  
Including Union 10.5%



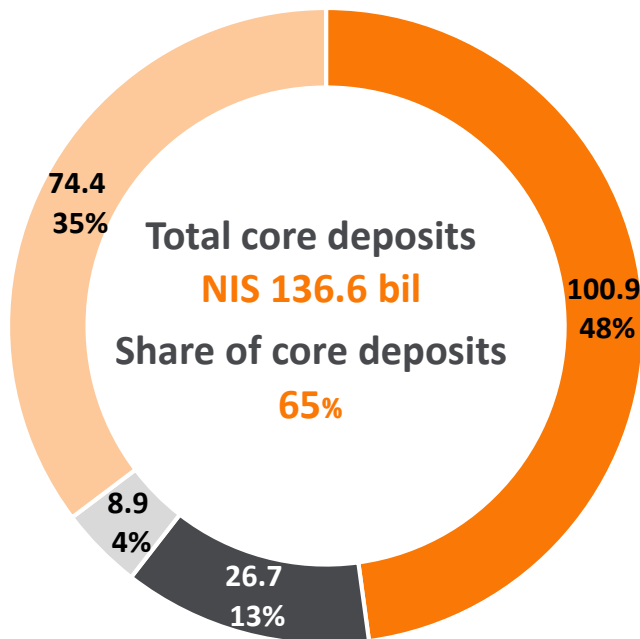
# Growth of core\* deposit

(NIS mil)



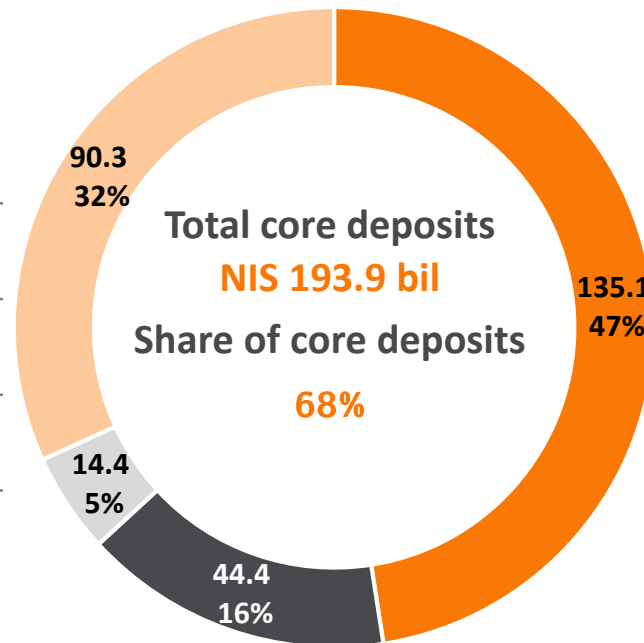
**Deposits growth rate 34.7%**  
**Core deposits growth rate 42.0%**

31.12.19



31.12.20

Including Union Bank



Segment	Rate of change
House holds and Private banking	33.9%
Small and micro businesses	66.0%
Medium businesses	61.1%
Large businesses, Institutional investors and Overseas operations	21.3%

# Financing revenues from current operations

**continue to grow** despite erosion in margins (NIS mil)



Bol rate:

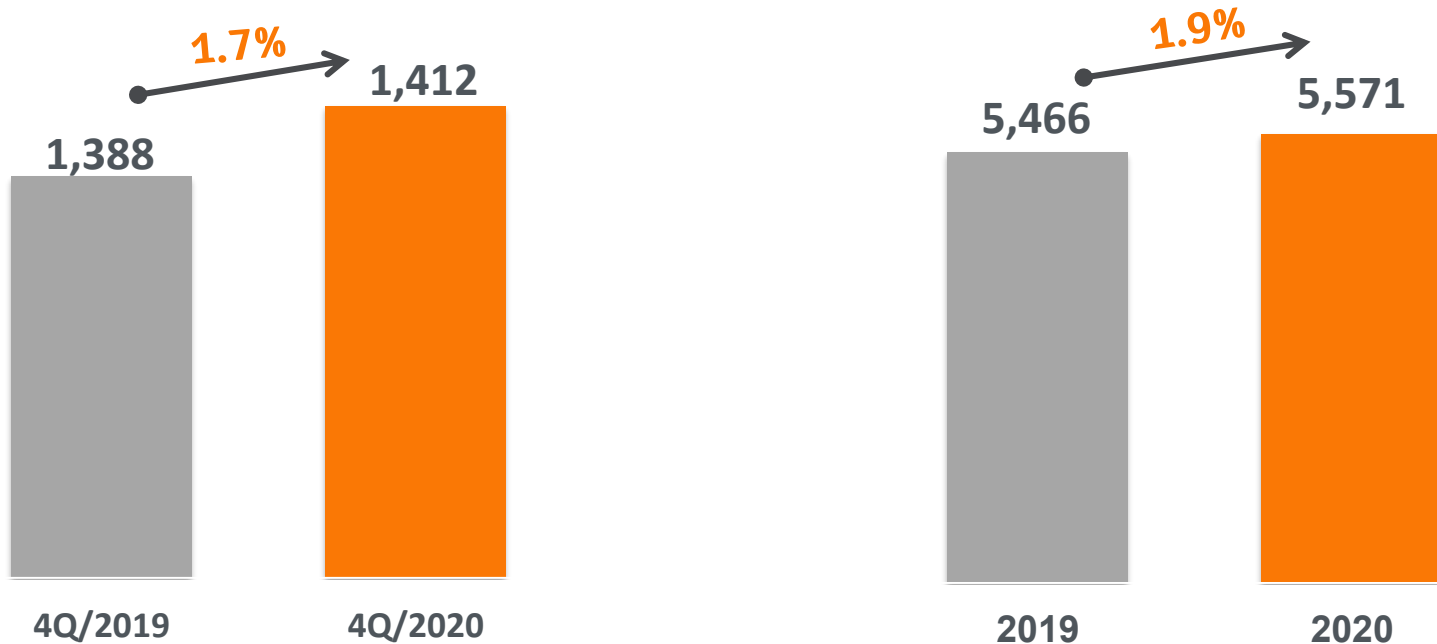
1-12/2019 0.25%

1-12/2020 0.14%

FED rate:

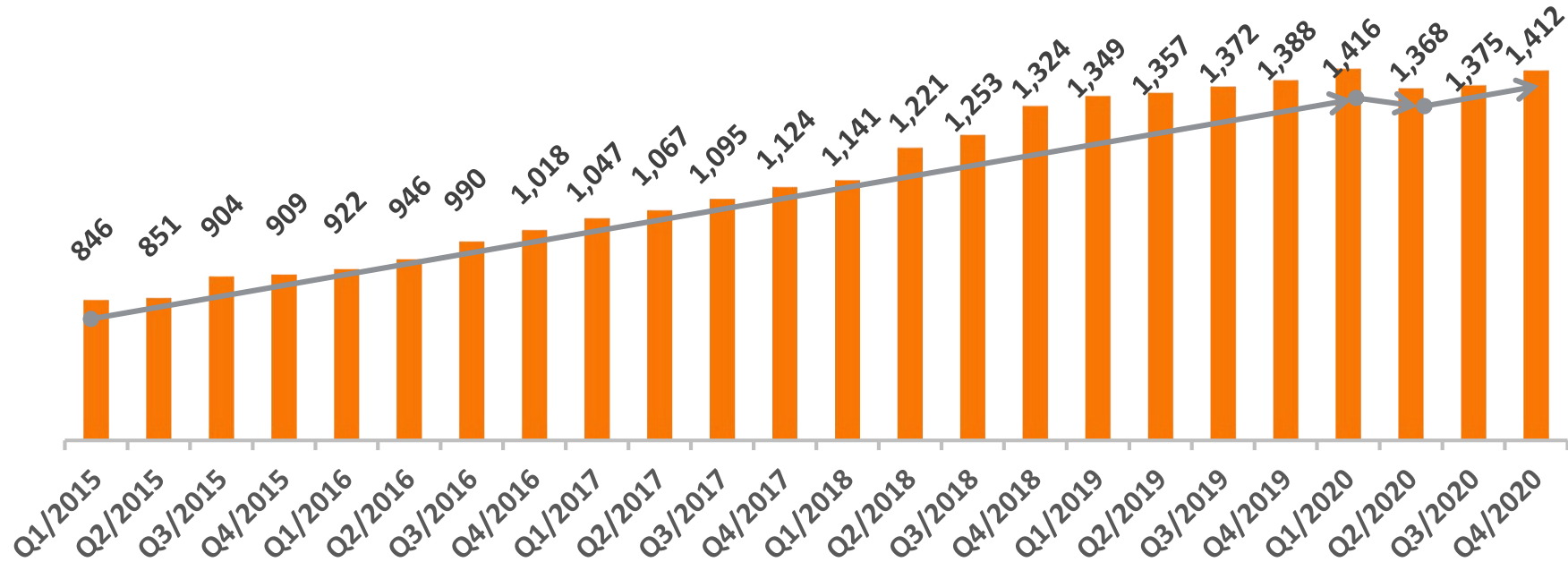
1-12/2019 2.33%

1-12/2020 0.38%



# Return to growth in financing revenues from current operations

(NIS mil)



# Increase in commissions

(NIS mil)



Led by the increase in activities involving securities, financing transactions and translation differences

	2020 Including Union	2020 Excluding Union	2019	Rate of change (2020 excluding Union)
Account management	356	345	360	-4.2%
Activities involving securities	282	267	193	38.3%
Translation differences	255	244	221	10.4%
Commissions from financing transactions	231	237	208	13.9%
Credit cards	190	184	190	-3.2%
Life and home insurance distribution commissions	115	115	124	-7.3%
Other commissions	236	218	239	-8.8%
<b>Total</b>	<b>1,671</b>	<b>1,610</b>	<b>1,535</b>	<b>4.9%</b>



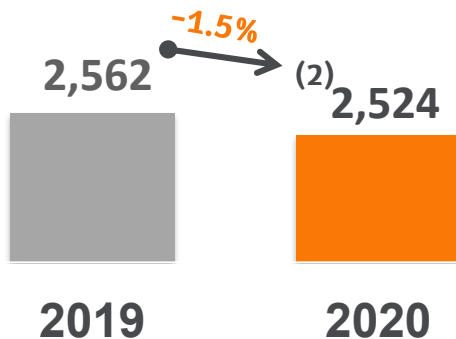
# Expenses

(NIS mil)

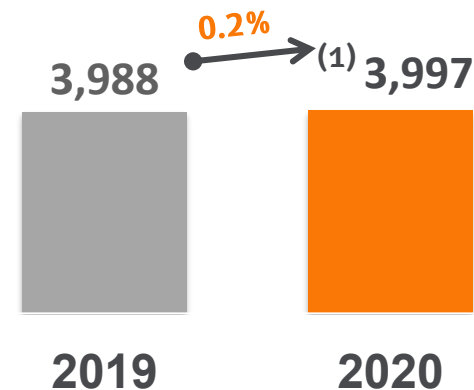


Annual growth target according to the strategic plan – 6%

## Salaries



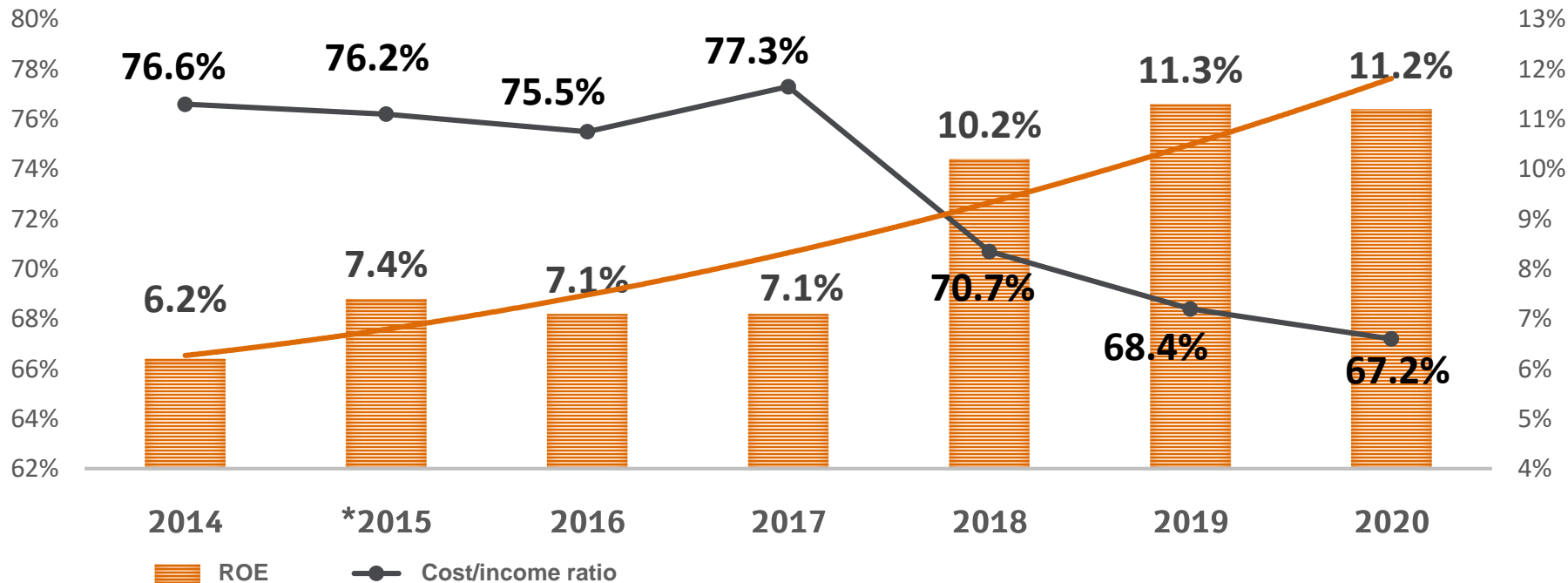
## Operating and other expenses



(1) Including operating and other expenses for Union Bank for 4Q/2020 of NIS 4,279 mil, an increase of 7.3% compared to 2019

(2) Including salaries expenses for Union Bank for 4Q/2020 of NIS 2,644 mil, an increase of 3.2% compared to 2019

# Bank Yahav business results continue to improve



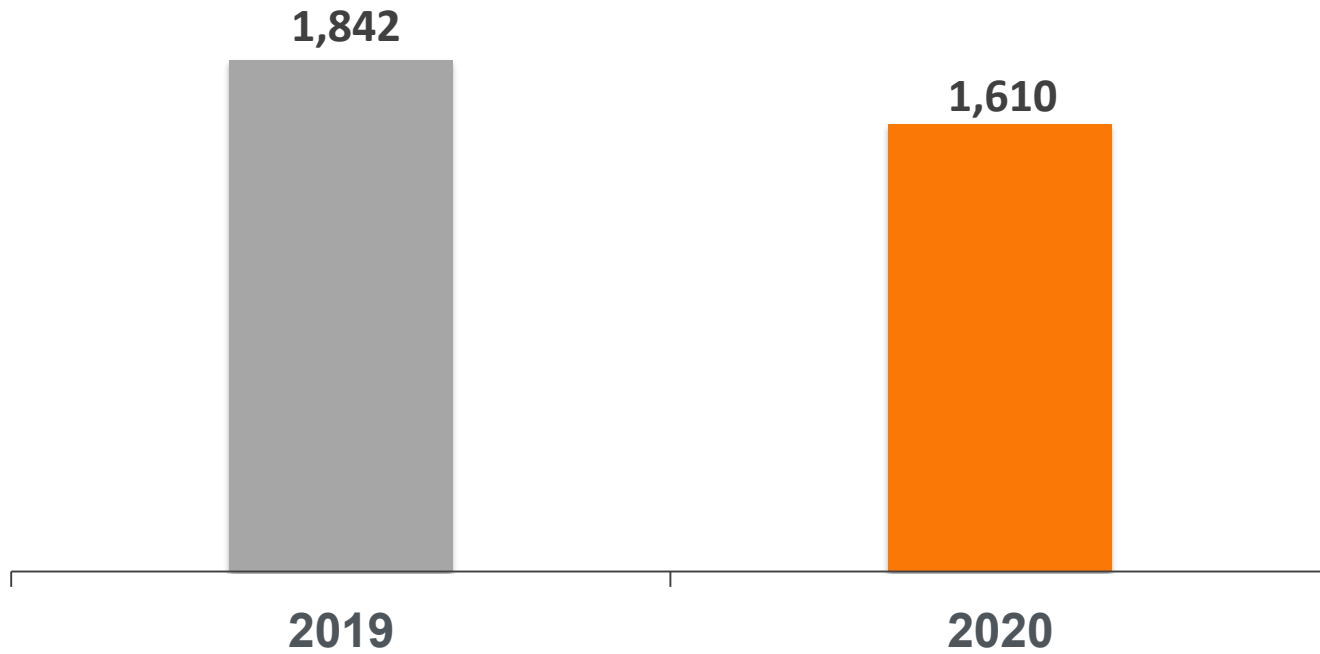
\*2015 results exclude extraordinary profit from capital market activity, the non-adjusted ROE is 11.3%, and cost/income ratio of 68.1%



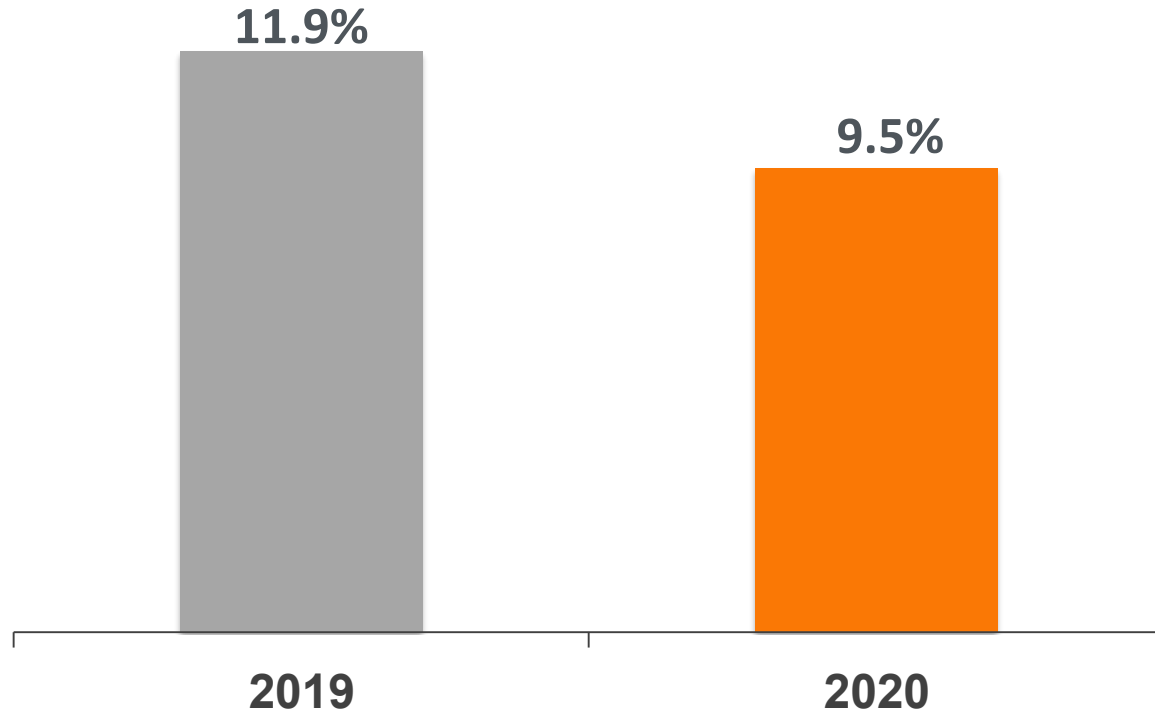
# *Financial Statements*

# Net profit

(NIS mil)

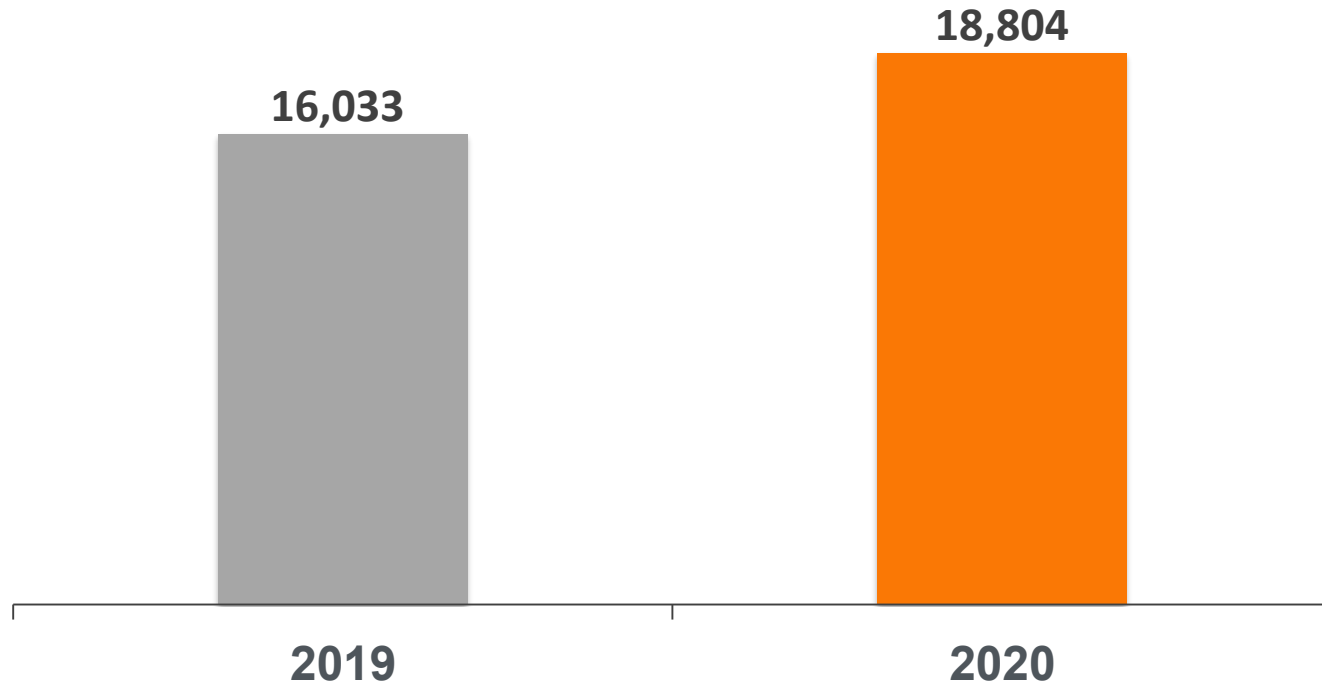


# Net profit - ROE



# Equity

(NIS mil)



# Condensed P&L report

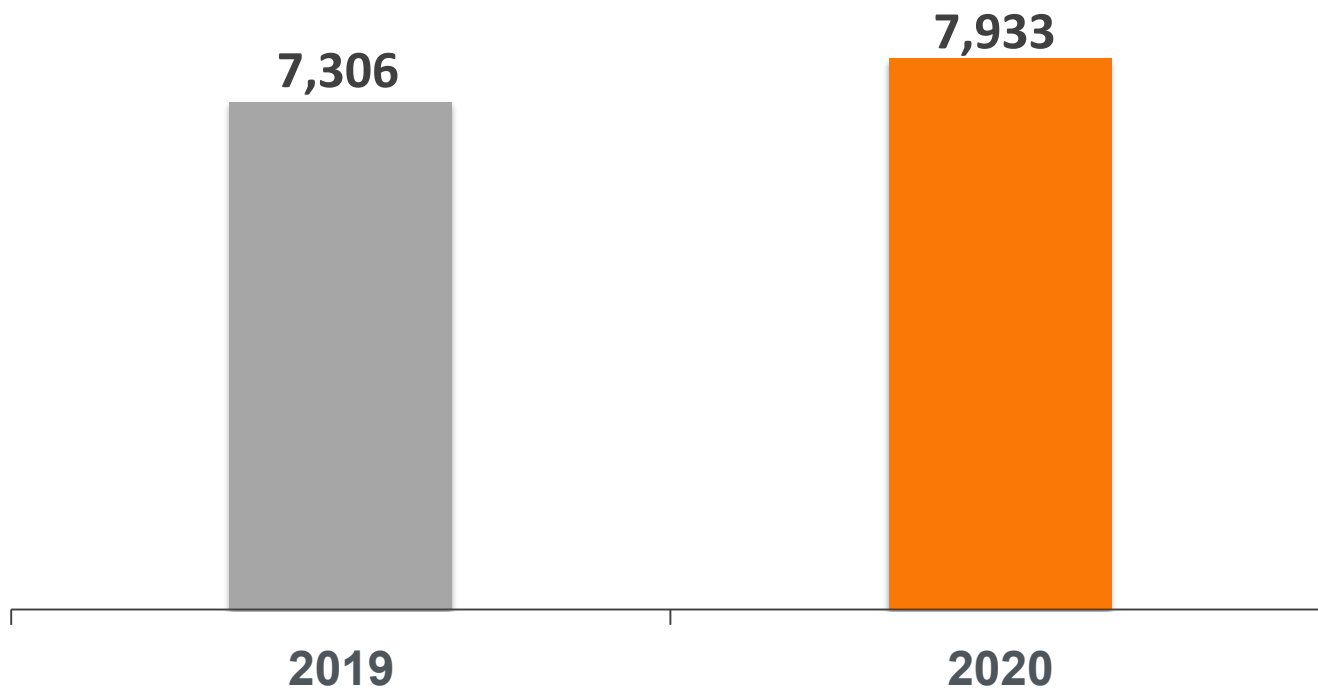
(NIS mil)



	2020	2019	Rate of change (%)
Interest revenue, net	5,820	5,340	9.0
Non interest revenues	2,113	1,966	7.5
<b>Total</b>	<b>7,933</b>	<b>7,306</b>	<b>8.6</b>
Expenses with respect to credit losses	1,050	364	188.5
Operating and other expenses	4,279	3,988	7.3
<b>Net profit</b>	<b>1,610</b>	<b>1,842</b>	<b>(12.6)</b>

# Total revenues

(NIS mil)





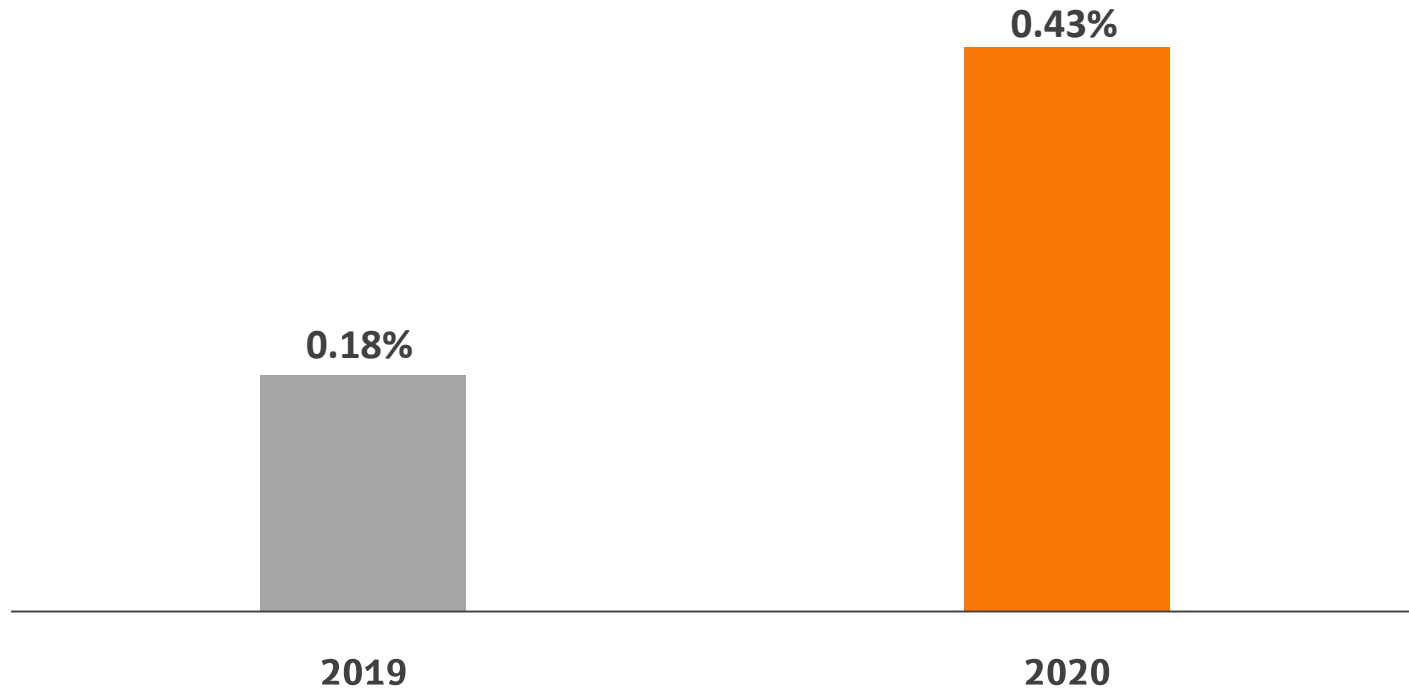
# Financing revenues

(NIS mil)



	2020	2019	Rate of change (%)
Interest revenues, net	5,820	5,340	
Non-interest financing revenues	221	357	
<b>Total financing revenues</b>	<b>6,041</b>	<b>5,697</b>	<b>6.0</b>
Less: Linkage differentials with respect to CPI position	(105)	76	
Revenues from collection of interest on troubled debt	39	44	
Gain from debentures	97	46	
Effect of accounting treatment of derivatives at fair value and others	204	65	
Excluding Bank Igud financing revenues	235	-	
<b>Total effects other than current operations</b>	<b>470</b>	<b>231</b>	
<b>Total financing revenues from current operations</b>	<b>5,571</b>	<b>5,466</b>	<b>1.9</b>

# Provisions / loans to the public



# Operating and other expenses

(NIS mil)



	2020	2019	Rate of change (%)
Salaries	2,644	2,562	3.2
Building and equipment maintenance and depreciation	871	770	13.1
Others	764	656	16.5
<b>Total</b>	<b>4,279</b>	<b>3,988</b>	<b>7.3</b>

# Total balance sheet items development

(NIS mil)



	31.12.2020	31.12.2019	Rate of change (%)
Total balance sheet	360,140	273,244	31.8
Loans to the public, net	245,525	204,708	19.9
Deposits from the public	284,224	210,984	34.7
Securities	17,290	10,113	71.0
Equity	18,804	16,033	17.3

# Capital adequacy

