

**Net profit in 2019: NIS 1,842 million**  
**compared to NIS 1,206 million in 2018\***  
**52.7% growth**

**Net profit in the fourth quarter of this year: NIS 440 million**  
**Compared to NIS 202 million in the corresponding period in 2018\***  
**117.8% increase**

**Return on equity in 2019: 11.9%**  
**compared to 8.5% return on equity in 2018\*\***

**Return on equity in the fourth quarter of 2019: 11.5%**  
**compared to 5.7% return on equity in the corresponding quarter\*\***

**Cost-Income ratio in 2019: 54.6%**

**Dividend amounting to NIS 176 million to be distributed**  
**with respect to fourth quarter earnings**

\* Excluding the effect of the US investigation, net profit in 2018 amounted to NIS 1,647 million and in the fourth quarter of that year – NIS 378 million

\*\* Excluding said extra ordinaries, return on equity in 2018 was 11.6%, and in the fourth quarter 10.7%

## **Targets achieved: The Bank will launch a new strategic plan this year**

At the end of 2016, the Bank issued a strategic plan for 2017-2021, including specific targets for multiple parameters and operations. Data in the 2019 financial statements show that even today, two years ahead of plan, the Bank has achieved targets set for the end of 2021, despite the challenging macro-economic conditions of interest and inflation rates, which were lower than the assumptions used as the basis for the strategic plan. Return on equity in 2019 was at 11.9%, compared to the 11.5% target for end of 2021; the cost income ratio in 2019 reached 54.6%, compared to the 55% strategic-target; the Bank reached a market share of loans to the public in Israel (as of end of September 2019) at 20.1%, compared to the 20% target; and its share of deposits from the public reached 17.6%, compared to the 17.5% target for end of 2021.

Due to achievement of the strategic plan targets, the Bank Board of Directors has instructed management to prepare for presenting a new strategic plan for 2021-2025, to be submitted for approval by the Board of Directors in the third quarter of 2020.

## **Preparing to implement the Union Bank transaction**

Further to the ruling by the Anti-Trust Court in late 2019, and to conditions specified by the Anti-Trust Supervisor in early 2020, the Bank is preparing to conclude the transaction to acquire Union Bank shares and to merge it into Mizrahi-Tefahot Group.

In recent months, multiple teams have been formed to prepare the operative plans for implementation of this merger, from all aspects. This is intended to ensure that receiving the business activity, clients and employees of Union Bank, who would join the merged entity, would be smooth and swift.

When concluded, this merger would significantly increase the competitive position of the merged entity, as well as the competition level in the banking system, and would be one of the growth engines for the upcoming strategic plan.

## **Continued expansion of the branch network**

Unlike the common trend in the banking system, of branch closure and reduced human, in-person service, the Bank continues to expand its branch network. In 2019, Mizrahi-Tefahot Group opened 5 new branches, for a total of 198 branches across the Group, including 53 Bank Yahav branches. The client base also continues to grow, in 2019 tens of thousands of new clients, individuals and businesses, joined Mizrahi-Tefahot, seeking to benefit from the Bank's unique hybrid service, combining a personal banker at the branch with a range of advanced digital channels.

**Eldad Fresher: Results for 2019 reflect record levels and faster than anticipated growth; the Bank will launch this year its new strategic plan for 2021-2025**

"Financial results for 2019 reflect new records for a range of key topics and parameters of Bank operations, with accelerated expansion and faster growth than anticipated in our plans. This has allowed us to bring forward by two years the schedule for the current strategic plan, launched in 2017, and to achieve today the targets we have set for ourselves for the end of 2021.

The 2019 financial statements reflect record revenues, at NIS 7,306 million, financing revenues from current operations, at NIS 5,466 million, and net profit, at NIS 1,842 million; return on equity reached 11.9% and the cost-income ratio further improved, to 54.6%. The Bank Group posted further increase in its market share in Israel, compared to the top four banking groups: For loans to the public, Mizrahi-Tefahot has a 20.1% market share, and for deposits from the public, the Bank Group's market share is 17.6%. These achievements are the result of continued, consistent growth throughout the strategic plan term.

Following our success in achieving the strategic targets sooner than planned, the Board of Directors has instructed management to present for discussion and approval during the third quarter of 2020 a new strategic plan for 2021-2025. It is my belief that at such a significant point in time, it would be appropriate to pass the leadership position to another CEO, who would implement, together with our thousands of outstanding managers and employees, the new plan that would set the course for further development of the Bank in the coming years. Therefore, I have recently announced my intention to retire from the Bank in the coming months, after seven years as President & CEO.

Mizrahi-Tefahot's distinct service concept continues to bear fruit, as a key factor in the Bank's success among both existing and new clients. The opinion of Mizrahi-Tefahot clients about the service they receive from the Bank is evident from two objective surveys, conducted by the Bank of Israel in 2019, which surveyed the satisfaction of all bank clients in the household and small business segments. In both these surveys, Mizrahi-Tefahot was ranked first in overall satisfaction with the bank, and with service at branches in particular, as well as in client willingness to recommend their bank to others. Our client base has continued to grow in the past year, with tens of thousands of new clients who have joined us.

In line with the Bank's dividends policy, the Bank would distribute NIS 176 million to shareholders with respect to earnings in the fourth quarter of 2019; in total, dividends for earnings in 2019 would amount to NIS 737 million",  
said **Bank President & CEO, Eldad Fresher**.

**Mizrahi-Tefahot Ltd.**  
**Highlights of financial statements**  
**As of December 31, 2019 – NIS in millions**

**Major balance sheet items**

	December 31, 2019	December 31, 2018	Rate of change In %
Loans to the public, net	204,708	194,381	5.3
Deposits from the public	210,984	199,492	5.8
Shareholder equity (attributable to equity holders of the Bank)	16,033	14,681	9.2
Balance sheet total	273,244	257,873	6.0

**Profit and profitability**

	All of 2019	All of 2018	Rate of change In %
Total financing revenues before expenses with respect to credit losses	5,697	5,367	6.1
Commissions and other revenues	1,609	1,522	5.7
<b>Total revenues</b>	<b>7,306</b>	<b>6,889</b>	<b>6.1</b>
Expenses with respect to credit losses	364	310	17.4
Operating and other expenses	3,988	<sup>(1)</sup> 4,384	(9.0)
<b>Net profit attributable to shareholders of the Bank</b>	<b>1,842</b>	<b><sup>(1)</sup>1,206</b>	<b>52.7</b>
<b>Net profit attributable to shareholders of the Bank (fourth quarter)</b>	<b>440</b>	<b><sup>(1)</sup>202</b>	<b>117.8</b>

**Key financial ratios (in percent)**

	December 31, 2019	December 31, 2018
<b>Key performance benchmarks</b>		
Net profit return on equity:		
<b>For the year</b>	<b>11.9</b>	<b>8.5<sup>(1)</sup></b>
<b>For the fourth quarter</b>	<b>11.5</b>	<b>5.7<sup>(1)</sup></b>
Deposits from the public to loans to the public, net	103.1	102.6
Ratio of Tier I capital to risk components	10.14	10.01
Leverage ratio	5.55	5.42
liquidity coverage ratio (Quarterly)	121	116
Cost-income ratio:	54.6	<sup>(1)</sup> 63.6
<b>Additional information</b>		
Share price (in NIS) as of December 31	92.00	63.14
Dividends per share (in Agorot)	178	106

- (1) Operating and other expenses for 2018 include a provision, amounting to NIS 546 million, with respect to the investigation by the US Department of Justice (NIS 425 million in the second quarter and NIS 121 million in the fourth quarter).  
The Bank's aforementioned net profit and financial ratios, excluding the effects of the investigation, i.e. excluding the aforementioned provision, taking into account the provisions for bonus payments in line with profitability from business operations in that period and related tax expenses, amounted to:
- |   |                     |
|---|---------------------|
| Net profit in 2018:   | NIS 1,647 thousand. |
| Net profit in the fourth quarter of 2018:                   | NIS 378 million.    |
| Return on equity in 2018:                                   | 11.6%.              |
| Annualized return on equity in the fourth quarter of 2018:  | 10.7%.              |
| Operating and other expenses increased in 2018:             | NIS 3,838 million.  |
| Operating expenses as percentage of total revenues in 2018: | 57.2%.              |