

May 8, 2018

**Net profit in the first quarter of 2018: NIS 343 million**

**Compared to NIS 321 million in the corresponding period last year**

**6.9% increase**

**Shareholders' equity: NIS 13.9 billion**

**Compared to NIS 13 billion in the corresponding period**

**6.7% growth**

**Return on equity: 10.3%**

**Compared to 10.2% for all of 2017.**

**Despite the aforementioned growth in shareholders' equity**

**Financing revenues (interest and non-interest): NIS 1,171 million**

**Compared to NIS 1,026 million in the corresponding period in 2017**

**14.1% increase**

**Total revenues: NIS 1,544 million**

**Compared to NIS 1,395 million in the corresponding period**

**10.7% increase**

**Cost-Income ratio: 59.1%**

**As resolved by the Board of Directors, the Bank increased the dividend rate to 40% as from the first quarter and will distribute NIS 137.2 million**

### **Increased business focus in line with the strategic plan**

Based on the key objective of the strategic plan, to increased business focus, in the first quarter, the Bank expanded its business with small, medium and large businesses. This was reflected both by loans to the business sector and by financing revenues from these operations.

Thus, for example, in the first quarter of 2018 loans to small and micro businesses grew by 10.0%; loans to medium businesses grew by 20.4%; and loans to large businesses grew by 6.8% compared to the corresponding period last year.

Financing revenues from business segment operations grew by 15.4% compared to the corresponding period in 2017, with double-digit growth in all business segments: 13.2% in small and micro businesses, 14.3% in large businesses and a sharp 20.8% growth in financing revenues from medium businesses.

### **Growth and expansion in major balance sheet items**

Growth and expansion in Bank operations is reflected across major balance sheet items.

Total assets in the first quarter of 2018 amounted to NIS 242.8 billion – an increase of 3.7% over the corresponding period last year. Loans to the public grew in the first quarter to NIS 183.6 billion – an increase of 6.1% over the corresponding period last year. Deposits from the public amounted to NIS 187.1 billion – an increase by 3.5% compared to the corresponding period last year, with further improvement in the portfolio mix with higher shares of deposits from households and small businesses. Shareholder equity for the Bank continued to grow and reached NIS 13.9 billion – higher by almost NIS 900 million, or 6.7%, than in the corresponding period last year.

### **Dividend rate increased to 40% of quarterly profit**

As from the first quarter of 2018, the Bank applies its updated dividend policy, whereby shareholders would benefit from dividend of 40% of quarterly net profit. Consequently, the Bank will distribute dividend amounting to NIS 137.2 million with respect to profit in the first quarter of 2018.

Prior to this policy update, the dividend rate distributed by the Bank in the previous year was 30% of quarterly net profit. In all of 2017, the Bank distributed dividends amounting in total to NIS 404 million to shareholders with respect to profit in the four quarters of that year.

**Eldad Fresher: Quarterly results reflect further growth of Bank operations with increased business focus, in line with the strategic plan**

"Mizrahi Tefahot's financial statements for the first quarter of 2018 indicate further expansion in Bank activity, with growth across all major parameters: financing revenues and total revenues, loans and deposits, shareholder equity as well as total assets. This resulted in an increase of 6.9% in net profit, to NIS 343 million, compared to NIS 321 million in the first quarter of 2017. We continue to post double-digit return on equity – at 10.3% in the first quarter, compared to 10.2% for all of 2017 – a remarkable achievement given the negative known CPI of 0.3%, compared to a negative CPI of 0.2% in the corresponding period last year, and given the fact that comparative data for the first quarter of 2017 exclude the effect of the new wage agreement for 2016-2021, signed in December 2017.

The significant growth in financing revenues in the first quarter is reflected across all banking segments – households as well as the business sector – all of which posted double-digit growth. Along with 13.9% growth in financing revenues from households, the Bank posted an impressive 15.4% growth in financing revenues from all business sector operations, compared to the corresponding period last year, fully in line with the strategic plan. Growth of loans in this quarter also supports the long term strategic plan targets, a moderate 4.6% growth in housing loans and a 9.0% growth in total business loans, in particular loans to small, micro and medium businesses which grew significantly.

Total revenues for the Bank in the first quarter of this year amounted to NIS 1.54 billion, an increase of 10.7% compared to the corresponding period last year – higher than the 6.1% growth rate for loans in this period.

Concurrently, after a successful implementation of the new computer system in 2017, Bank Yahav posted significant improvement in its financial results, with net profit of NIS 30 million in the first quarter of 2018, reflecting annualized return on equity of 9.7%. This compares with net profit of NIS 17 million in the corresponding period last year.

Growth and expansion in Mizrahi Tefahot Group operations is also reflected by the Bank's impressive cost-income ratio, at 59.1% at the end of the quarter", said Bank President and CEO, Eldad Fresher.

**Mizrahi-Tefahot Ltd.**  
**Highlights of condensed financial statements**  
**As of March 31, 2018 – NIS in millions**

**Major balance sheet items**

	March 31, 2018	March 31, 2017	Rate of change In %
Loans to the public, net	183,628	173,068	6.1
Deposits from the public	187,066	180,722	3.5
Shareholder equity attributable to equity holders of the Bank	13,890	13,015	6.7
<b>Balance sheet total</b>	<b>242,805</b>	<b>234,071</b>	<b>3.7</b>

**Profit and profitability**

	First Quarter 2018	First Quarter 2017	Rate of change In %
Total financing revenues before expenses with respect to credit losses	1,171	1,026	14.1
Commissions and other revenues	373	369	1.1
<b>Total revenues</b>	<b>1,544</b>	<b>1,395</b>	<b>10.7</b>
Expenses with respect to credit losses	82	49	67.3
Operating and other expenses	912	823	10.8
<b>Net profit attributable to shareholders of the Bank</b>	<b>343</b>	<b>321</b>	<b>6.9</b>

## Key financial ratios (in percent)

	March 31, 2018	March 31, 2017
<b>Key performance benchmarks</b>		
Net profit return on equity	10.3	10.4
Deposits from the public to loans to the public, net	101.9	104.4
Ratio of Tier I capital to risk elements	10.16	10.12
Leverage ratio	5.43	5.27
(Quarterly) liquidity coverage ratio	125	118
Cost-income ratio:	59.1	59.0
<b>Key credit quality benchmarks</b>		
Ratio of provision for credit losses to total loans to the public	0.81	0.84
Ratio of impaired debts or debts in arrears 90 days or longer to total loans to the public	1.09	0.95
Expenses with respect to credit losses to loans to the public, net for the period	0.18	0.12
<b>Additional information</b>		
Share price (in NIS) as of March 31	67.03	61.44
Dividends per share (in Agorot)	47	17