

November 17, 2015

Net profit in third quarter: NIS 316 million

Compared to NIS 313 million in the corresponding period in 2014

Financing revenues from current operations in the third quarter: NIS 975 million

Compared to NIS 866 million in the corresponding period last year

12.6% increase

Shareholders' equity: NIS 11.6 billion

An increase of 9.6% compared to September 30, 2014

Return on equity in the third quarter: 11.5%

Cost-Income ratio: 56.9%

Loans to the public: NIS 158.0 billion

An increase of 7.7% compared to September 30, 2014

Deposits from the public: NIS 158.1 billion

An increase of 5.0% compared to September 30, 2014

Highest ever quarterly revenues

Bank revenues (interest, non-interest, commissions and other revenues) in the third quarter of this year amounted to NIS 1.44 billion, the highest ever recorded by Mizrahi-Tefahot in any quarter. This compares to total revenues amounting to NIS 1.3 billion in the corresponding period last year, an increase of 11.1%.

Bank revenues in the first nine months of 2015 amounted to over NIS 4 billion, compared to NIS 3.7 billion in the corresponding period last year, an increase of 9.1%.

Continued growth in retail loans

At the end of the third quarter of 2015, retail loans for the Bank amounted to NIS 130.7 billion, compared to NIS 118.8 billion in the corresponding period last year, an increase of 10%.

Growth of retail loans, which are typically highly diversified and bear relatively low risk, was reflected across all three components: households, mortgages and small businesses.

Loans to households at the end of the third quarter of 2015 amounted to NIS 21.6 billion, an increase of 8.0% compared to the corresponding period last year; mortgage loans at the end of this quarter amounted to NIS 99.3 billion, an increase of 10.1%; and loans to small businesses – one of the key growth engines for the Bank – increased by 14.4% in the third quarter of this year, to NIS 9.8 billion.

Return on equity at 11.5% with a further increase in the capital base

Further expansion of Bank business and growth in various segments allowed Mizrahi-Tefahot to achieve an 11.5% return on equity in the third quarter of this year. This was achieved given further growth of shareholders' equity for the Bank, which as of September 30, 2015 amounted to over NIS 11.6 billion – an increase of NIS 1 billion compared to corresponding period last year and despite challenging macro-economic conditions, including all-time low interest rates set by the Bank of Israel (0.1%, compared to 0.25% in the corresponding period last year) and the known Consumer Price Index, which decreased by 0.2% in 2015 year-to-date, compared to an increase by 0.1% in the first nine months of 2014.

The capital base was increased while maintaining a Tier 1 capital ratio of 9.30%.

Eldad Fresher: We successfully continue to grow in all of our segments and to recognize growing revenues while maintaining outstanding Cost Income Ratios

"Net profit of NIS 316 million and return on equity at 11.5% in the third quarter of 2015, with further growth of our capital base and growth across all operating segments of the Bank - are a commendable achievement, especially given the challenging regulatory and macro-economic environment in which the Israeli banking system operates.

Our third quarter results clearly reflect further growth of Bank business; this is primarily reflected by record quarterly revenues amounting to NIS 1.44 billion and by a sharp increase in loans to the public, by NIS 5.7 billion compared to the end of the second quarter of this year, reflecting an outstanding 16% annualized growth.

Financing revenues from current operations in the third quarter of 2015 amounted to NIS 975 million, compared to NIS 866 million in the corresponding period last year, an increase by 12.6%. In the first nine months of this year, financing revenues amounted to NIS 2.85 billion - an impressive 11.3% increase over the year-ago period.

Along with continued revenue growth, Mizrahi-Tefahot continues to maintain strict control over expenses. Operating and other expenses in the third quarter of this year amounted to NIS 821 million, compared to NIS 790 million in the corresponding period last year – a moderate increase by 3.9%.

Payroll and associated expenses in the third quarter of this year amounted to NIS 487 million, compared to NIS 499 million in the corresponding period last year – a decrease by 2.4%; year to date, these expenses increased, on aggregate, by only 2.4% compared to the corresponding period last year.

Continued improvement in revenues along with expenditure restraining allow the Bank to post an outstanding Cost-Income Ratio of 56.9% in the third quarter of this year.

Given the continued increased activity in the real estate market, and in particular in mortgages, Mizrahi-Tefahot maintains its market leadership position in this sector, with a 35% market share in housing loans. This was achieved concurrently with maintaining a conservative underwriting policy and low LTV and loan repayment to income ratios, along with strict review of the portfolio risk component, even in case of a realized scenario of higher interest rates set by the Bank of Israel and deterioration in the economy," said **Bank President & CEO, Eldad Fresher**.

Mizrahi-Tefahot Bank Ltd.
Highlights of financial statements
As of September 30, 2015 - NIS in millions

Major balance sheet items

	September 30		Rate of change in %
	2015	2014	
Loans to the public, net	157,996	146,699	7.7
Deposits from the public	158,107	150,648	5.0
Shareholder equity attributable to equity holders of the Bank	11,616	10,603	9.6
Balance sheet total	204,966	195,100	5.1

Profit and Profitability

	Third Quarter		Rate of change in %
	2015	2014	
Total financing revenues before expenses with respect to credit losses	1,084	944	14.8
Commissions and other revenues	358	354	1.1
Total revenues	1,442	1,298	11.1
Expenses with respect to credit losses	61	5	-
Operating and other expenses	821	790	3.9
Net profit attributable to shareholders of the Bank	316	313	1.0
Net return on equity	11.5%	12.6%	

	First nine months		Rate of change in %
	2015	2014	
Net profit attributable to shareholders of the Bank	894	889	0.6
Net return on equity	10.8%	11.9%	

Key financial ratios (in percent)

	September 30	
	2015	2014
Credit to the public to balance sheet total	77	75
Deposits from the public to balance sheet total	77	77
Deposits from the public to loans to the public, net	100	103
Capital to balance sheet total	5.7	5.4
Expenses with respect to credit losses for loans to the public, net (annualized):		
For the third quarter	0.15	0.01
For nine months	0.11	0.02
Cost Income Ratio for the third quarter	56.9	60.9
Ratio of Tier I capital to risk elements	9.30	8.95
Total ratio of capital to risk elements	12.76	12.89
Liquidity coverage ratio	84	-
Leverage ratio	5.32	-