

BUSINESS RESULTS FOR THE THIRD QUARTER

PRESS RELEASE 3

2021



Advanced banking for people, by people.

November 15, 2021

Net profit in the third quarter of 2021: **NIS 845 million**
Compared to NIS 387 million in the corresponding
period last year
118.3% increase

Return on equity in the third quarter: **17.3%**

Net profit for the first nine months: **NIS 2,509 million**
Compared to NIS 1,104 million in the corresponding
period in 2020
And net profit of NIS 1,610 million for all of 2020

Return on equity in the first nine months: **17.1%**

Total financing revenues (excluding Union Bank):
NIS 5,336 million
Compared to NIS 4,328 million in the first nine months of 2020
23.3% increase

Cost-income ratio:

In the third quarter of 2021: **51.2%**

In the first nine months of this year: **52.2%**

Dividend distribution of NIS 752.7 million – 30% of the Bank's
profit in the first nine months of 2021

For additional information, Bank Spokesman: 03-7559227 shoukron_b@umtb.co.il

Record results in view of continued economic recovery

The business results achieved by Mizrahi-Tefahot in the first nine months of this year reflect continued growth in the Bank's current operations, as well as the positive contribution made by Union Bank acquisition. This is in view of positive macro-economic data and with the fourth wave of the Corona Virus pandemic deminishing.

In the first nine months of 2021, the Bank reported record profit of NIS 2.5 billion, compared to net profit of NIS 1.1 billion in the corresponding period last year, and NIS 1.6 billion for all of 2020. In the third quarter of this year, net profit amounted to NIS 845 million, compared to NIS 387 million in the corresponding period last year – an increase of 118.3%.

Financing revenues, excluding Union Bank, grew in the third quarter of this year to NIS 1,859 million, compared to NIS 1,518 million in the corresponding period last year – an increase of 22.5%. Financing revenues from current operations, also excluding Union Bank, in the third quarter of this year amounted to NIS 1,551 million, compared to NIS 1,375 million in the corresponding period last year – an increase of 12.8%.

The lifting of restrictions on economic activity resulted in release of the pent-up demand and acceleration of private consumption. The Consumer Price Index ("Known CPI") increased in the first nine months of this year by 2.2%, compared to a decrease by 0.6% in the corresponding period last year, which had a positive effect on financing revenues in particular and on Bank profit in general.

Optimal response to increased demand for mortgages

The increased activity in the residential real estate sector in general, and in the mortgage market in particular, in the first half of this year continued into the third quarter.

In view of the lower mortgage cost, especially due to the Bank of Israel directive with regard to lifting the Prime lending restriction and the concern of continued increase in housing prices, the third quarter of 2021 recorded, too, exceptionally large scale residential mortgage origination.

The strong demand, both from new clients and from borrowers considering the viability of re-financing their existing loans, required the Bank's mortgage arm to make special preparations in order to respond optimally to all clients. In the first nine months of this year, Mizrahi-Tefahot's mortgage experts executed, professionally and efficiently, loans for 50 thousand (new and existing) borrowers, a sharp increase of 30% compared to the corresponding period last year.

In total, in the first nine months of 2021 the Bank originated new loans amounting to NIS 28 billion, compared to NIS 19.5 billion in the corresponding period last year, a sharp increase of 43.8%. Furthermore, existing loan re-financing amounted to NIS 5.5 billion, compared to NIS 4 billion in the corresponding period last year, up by 37.5%.

In view of the higher activity and strong competition, the Bank continues to maintain its leadership position in the mortgage market, while assuring underwriting quality, maintaining an especially low risk profile of the portfolio and providing a fast, professional response to our clients.

Moshe Lari: Record profit in the first nine months reflect continued business growth and the positive effect of Union Bank's acquisition

"The results achieved by Mizrahi-Tefahot in the third quarter and in the first nine months of 2021 reflect continued expansion in Bank business, as well as the positive effect of Union Bank's acquisition, even prior to the completion of the merger implementation, on various business segments and on profit and profitability.

Continued economic recovery, while the fourth wave of the Corona Virus pandemic subsided, also contributed to the Bank's results, due to a cumulative increase of 2.2% in the Consumer Price Index in the first nine months of this year, compared to a negative CPI reading of 0.6% in the first nine months of 2020. Improved macro-economic data and the resumption of economic rapid growth, enabled the Bank also to reduce the group-based provision written last year in view of the Corona Virus outbreak, and to record income with respect to credit losses in the third quarter and in the first nine months of 2021.

Expansion of Bank business is evidenced by developments in major balance sheet items. Total assets in the first nine months of this year amounted to NIS 379.6 billion, compared to NIS 360.1 billion at end of 2020 – annualized growth rate of 7.3%; loans to the public amounted to NIS 259.7 billion, compared to NIS 245.5 billion at the end of 2020 – annualized growth rate of 7.8%; and deposits from the public in the first nine months of 2021 amounted to NIS 303.9 billion, compared to NIS 284.2 billion at end of 2020 – annualized growth rate of 9.3%.

Bank Yahav, of Mizrahi-Tefahot Group, continues to show stability and to post impressive financial results. In the first nine months of this year, Bank Yahav recorded net profit of NIS 148 million, compared to NIS 130 million in the year-ago period, and return on equity of 11.1%, compared to 10.9% in the first nine months of 2020.

Further to the Supervisor of Banks' notices from July and September of this year, allowing dividend distribution with respect to 2020 and 2021 earnings, the Bank's Board of Directors has approved a dividend distributions amounting to NIS 752.7 million - 30% of earnings in the first nine months of 2021. This is in addition to a dividend amounting to NIS 483 million distributed by the Bank in August this year - 30% of 2020 earnings. Resumption of dividend distribution is good news for shareholders, and the Bank intends to resume following its dividends policy, subject to statutory provisions and Supervisor of Banks' instructions", said **Bank CEO & President Moshe Lari**.

Mizrahi-Tefahot Ltd.
Highlights of condensed financial statements
As of September 30, 2021 – NIS in millions

Major balance sheet items

	September 30,		Rate of change in %
	2021	2020	
Loans to the public, net	259,742	241,765	7.4
Deposits from the public	303,921	276,156	10.1
Shareholder equity (attributable to equity holders of the Bank)	20,831	18,272	14.0
Balance sheet total	379,563	347,050	9.4

Profit and profitability

	Third quarter of		Rate of change in %
	2021	2020	
Total financing revenues before expenses with respect to credit losses	2,064	1,518	36.0
Commissions and other revenues	551	407	35.4
Total revenues	2,615	1,925	35.8
Expenses (revenues) with respect to credit losses	(36)	317	–
Operating and other expenses	1,339	977	37.1
Net profit attributable to shareholders of the Bank	845	387	118.3

Key financial ratios (in percent)

	September 30,	
	2021	2020

Key performance benchmarks

Net profit return on equity:		
For the third quarter	17.3	9.5
For nine months	17.1	9.0
Deposits from the public to loans to the public, net	117.0	114.2
Ratio of Tier I capital to risk components	10.44	9.98
Leverage ratio	5.37	5.23
liquidity coverage ratio(Quarterly)	126	128
Cost-income ratio:		
For the third quarter	51.2	50.8
For nine months	52.2	52.0

Additional information

Share price (in NIS) as of September 30	109.00	60.74
---	--------	-------



מזרחי טפחות
MIZRAHI TEFAHOT

MIZRAHI TEFAHOT LTD.
Head office: 7 Jabotinsky st.
Ramat-Gan, 5252007
www.mizrahi-tefahot.co.il