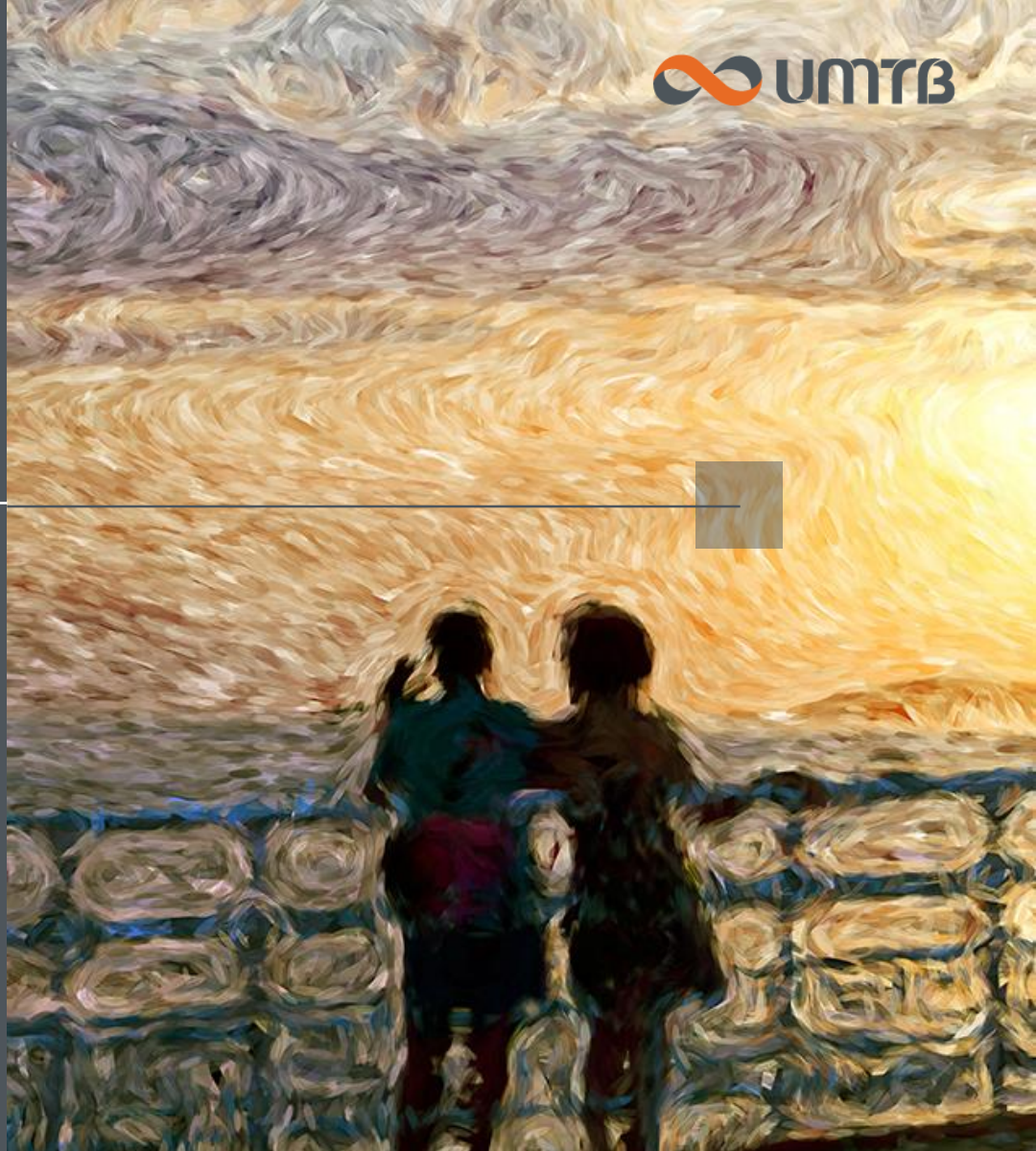


Financial Statements

December 2018



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 2018 annual and/or 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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Looking ahead



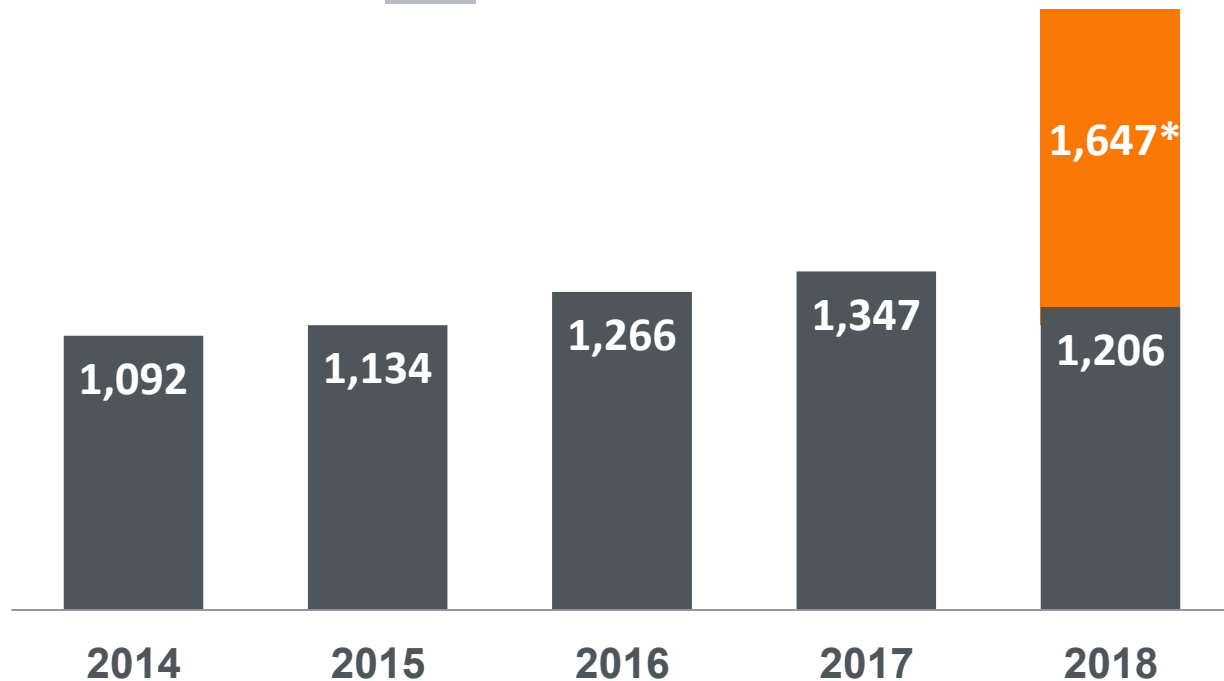
Now that the US Department of Justice's investigation is concluded, the Bank can focus on achieving the goals of the strategic plan and resume, during 2019, to act in accordance with the dividend policy

**The strategy is
working**



Net profit

(NIS mil)

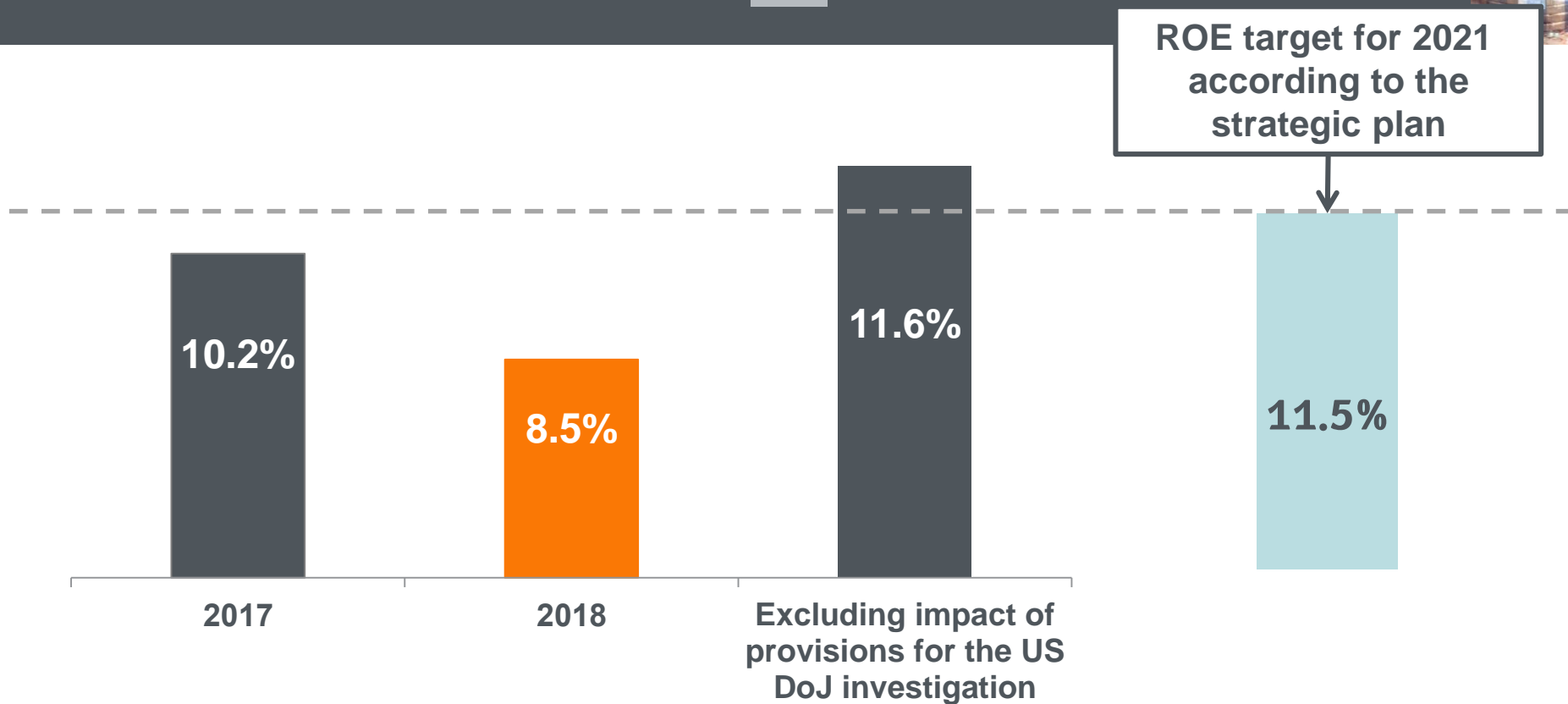


**Excluding the provisions for the US Department of Justice's investigation, and taking into account provisions for bonuses in line with the level of profitability from current operations, and the tax expenses derived from these*

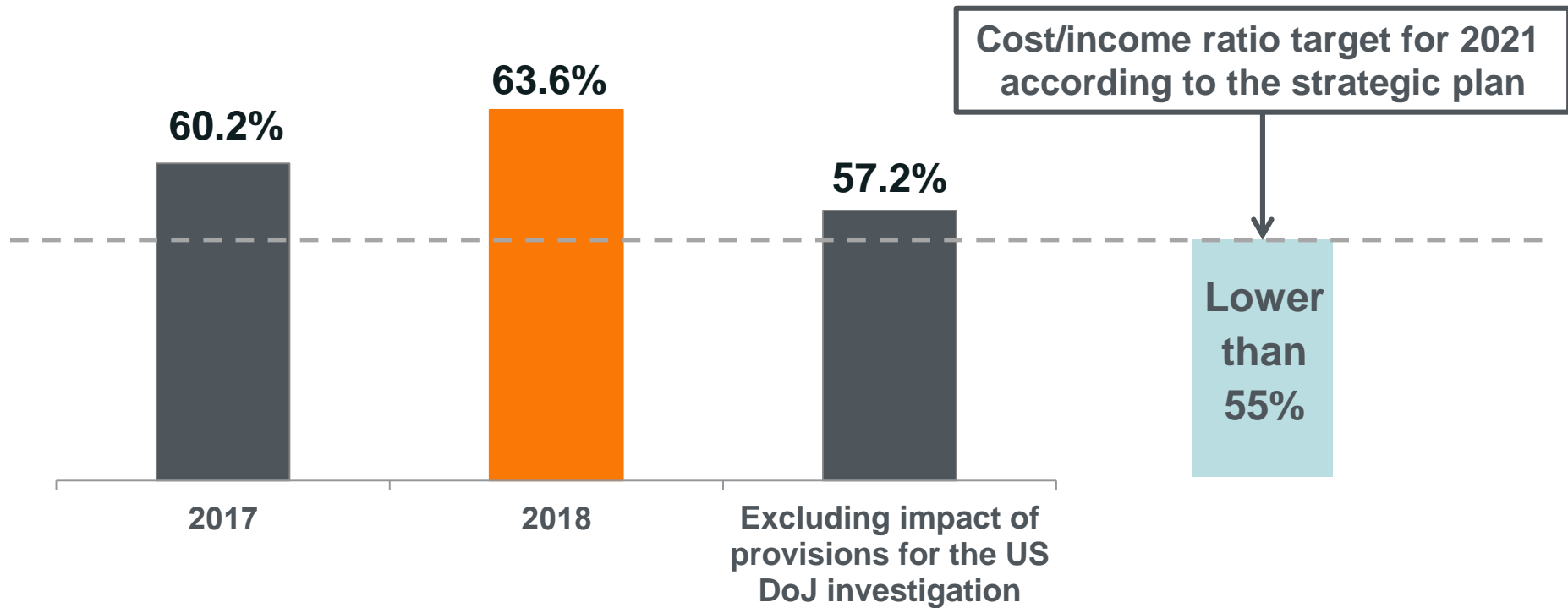


Net profit - ROE

(NIS mil)



Cost/income ratio



Acceleration of growth in total income – in line with strategic plan

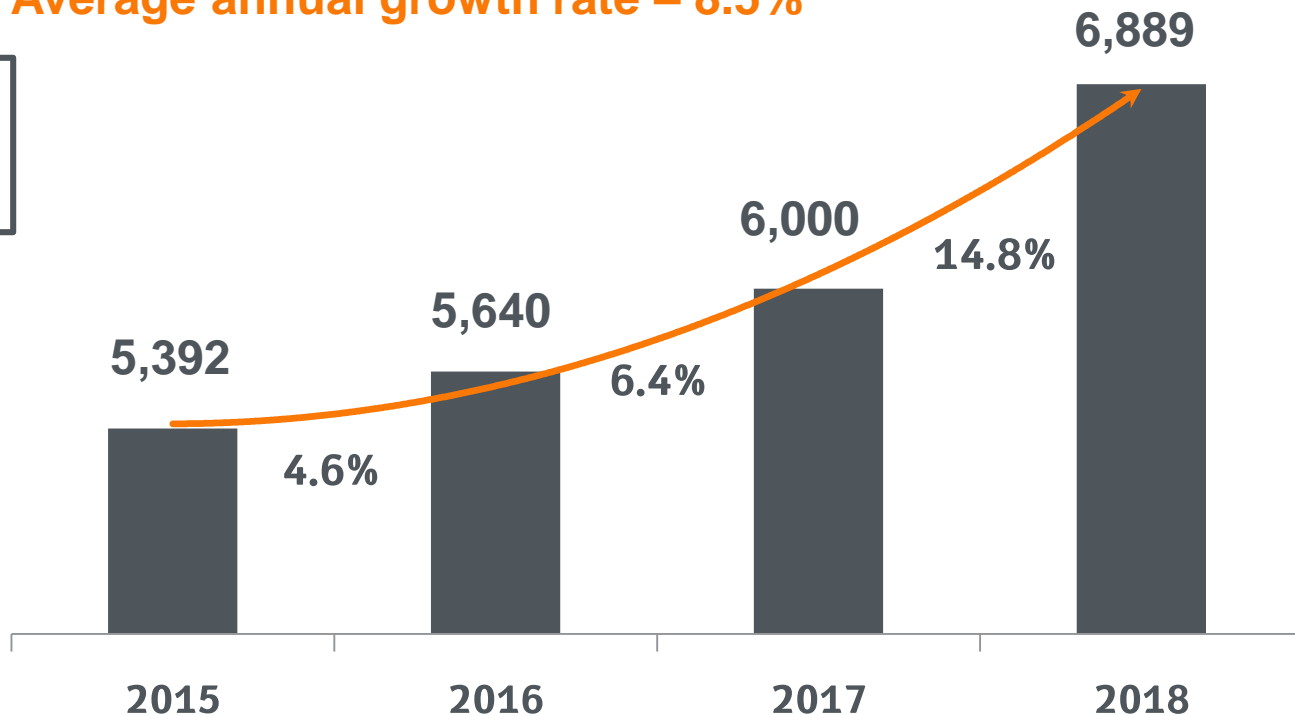
(NIS mil)



Average annual growth rate – 8.5%

Income growth target according to the strategic plan

8%

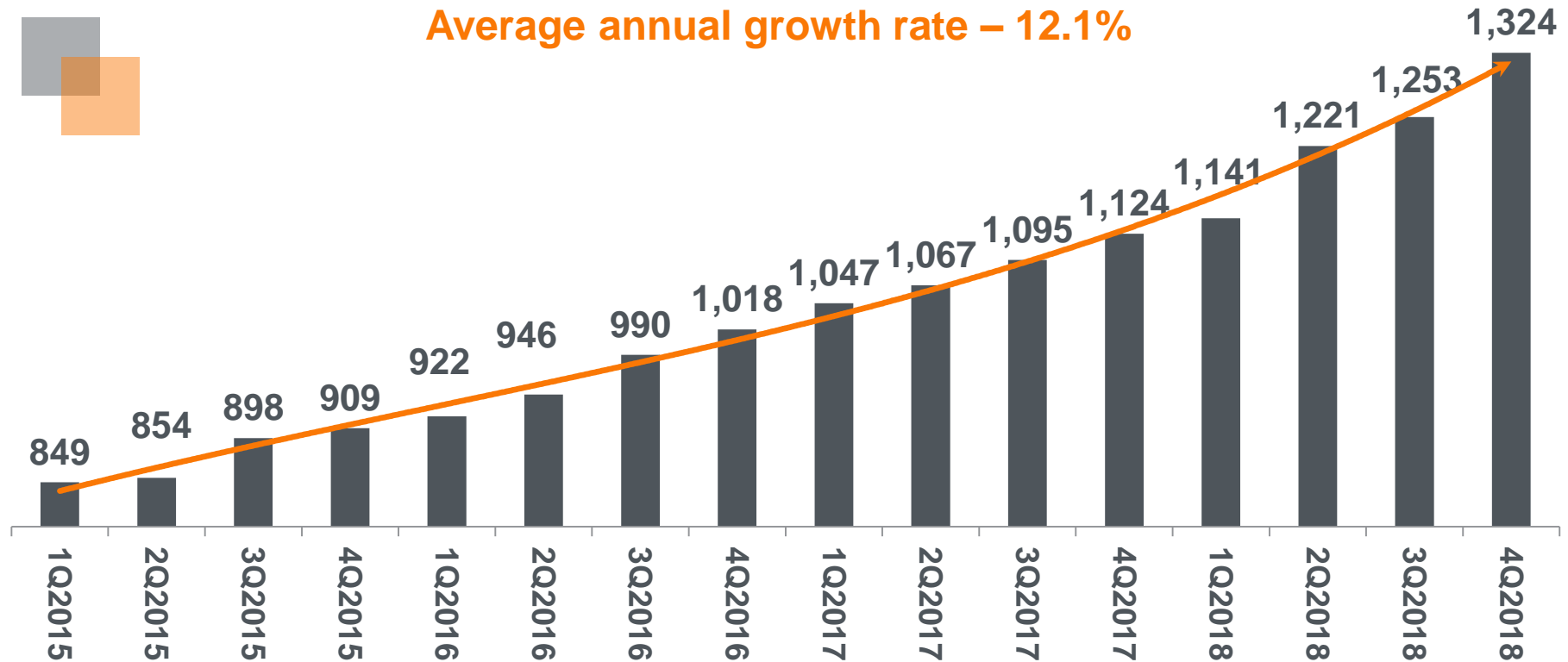


Financing revenues from current operations continue to grow

(NIS mil)



Average annual growth rate – 12.1%



Double digit growth in financing revenues in all business segments

Financing revenues (NIS m)

	2018	2017	% of change
Housing loans	1,517	1,311	15.7%
Households and private banking	1,349	1,202	12.2%
Small and micro businesses	1,005	895	12.3%
Medium businesses	244	206	18.4%
Large businesses and institutional investors	652	574	13.6%
Overseas operations	213	169	26.0%

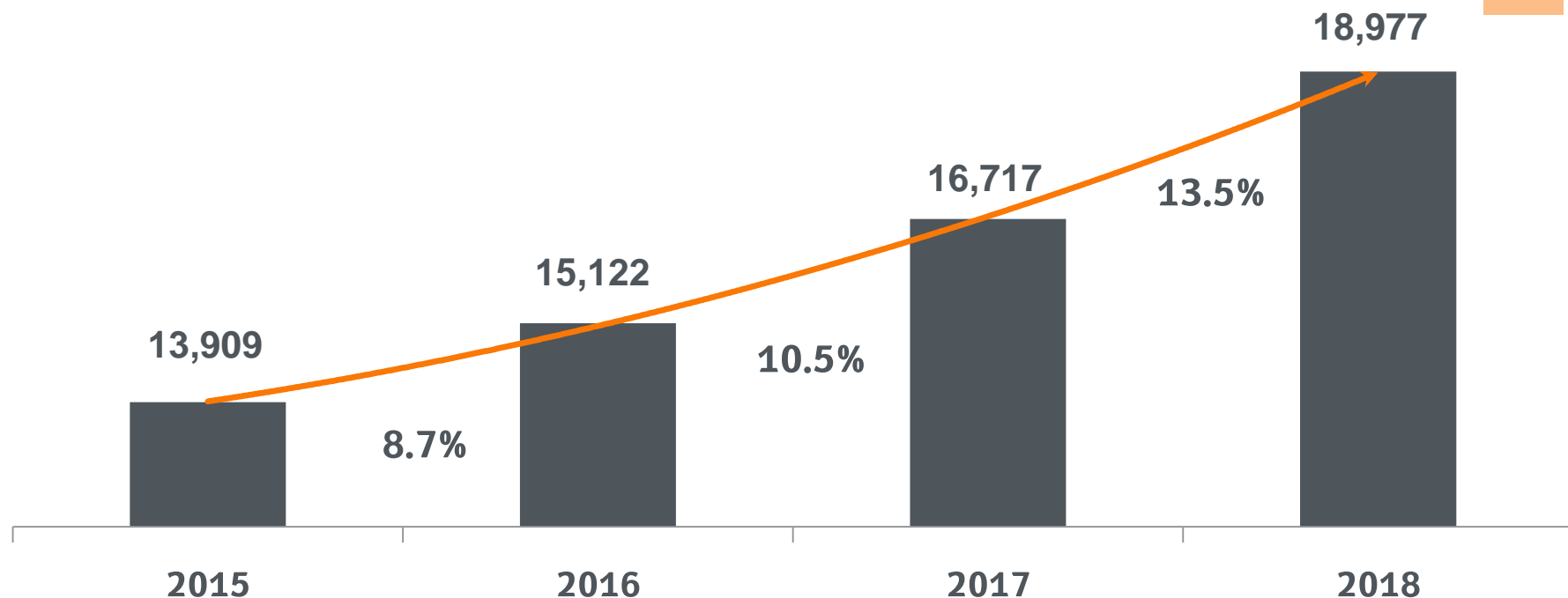


**Increase of all business segments –
one of the main targets
of the strategic plan**



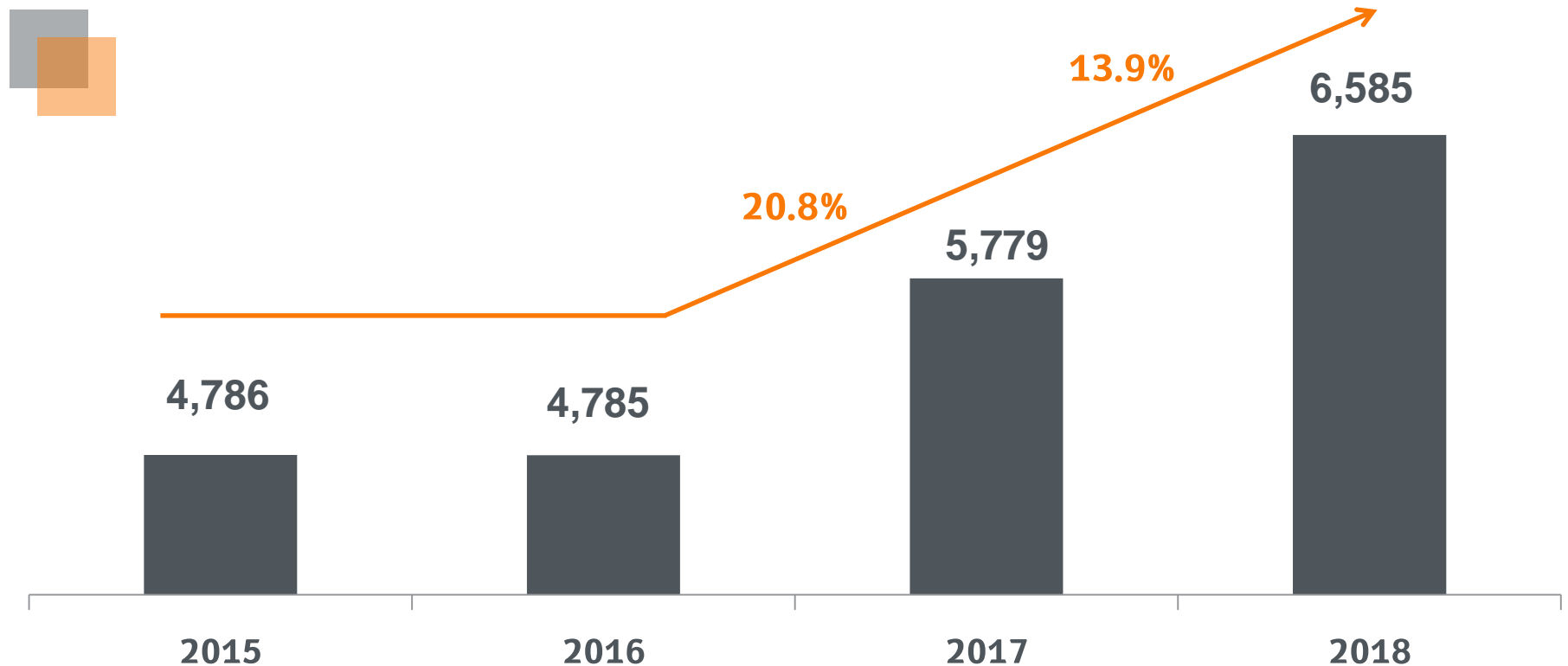
Continuous growth in credit to small and micro businesses

(NIS mil)



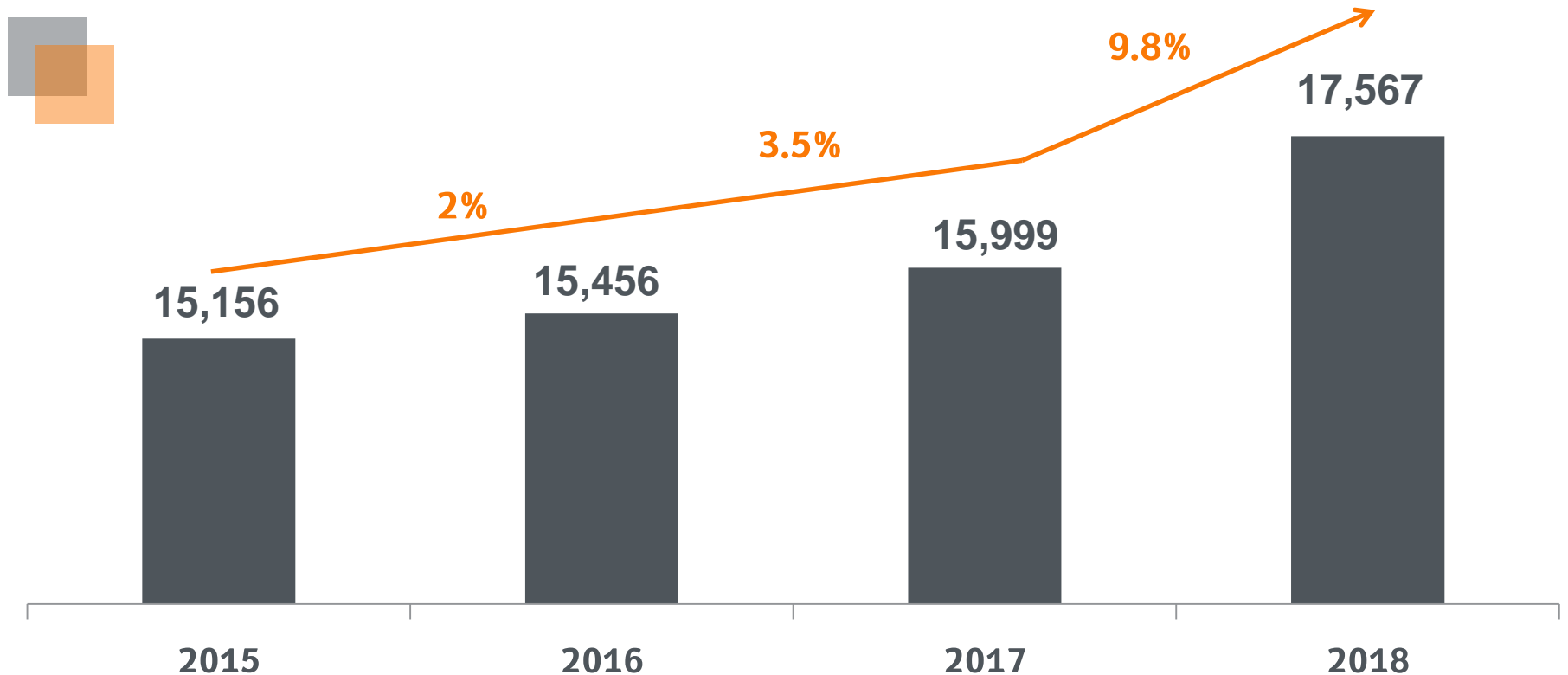
Continuous growth in credit to medium businesses

(NIS mil)

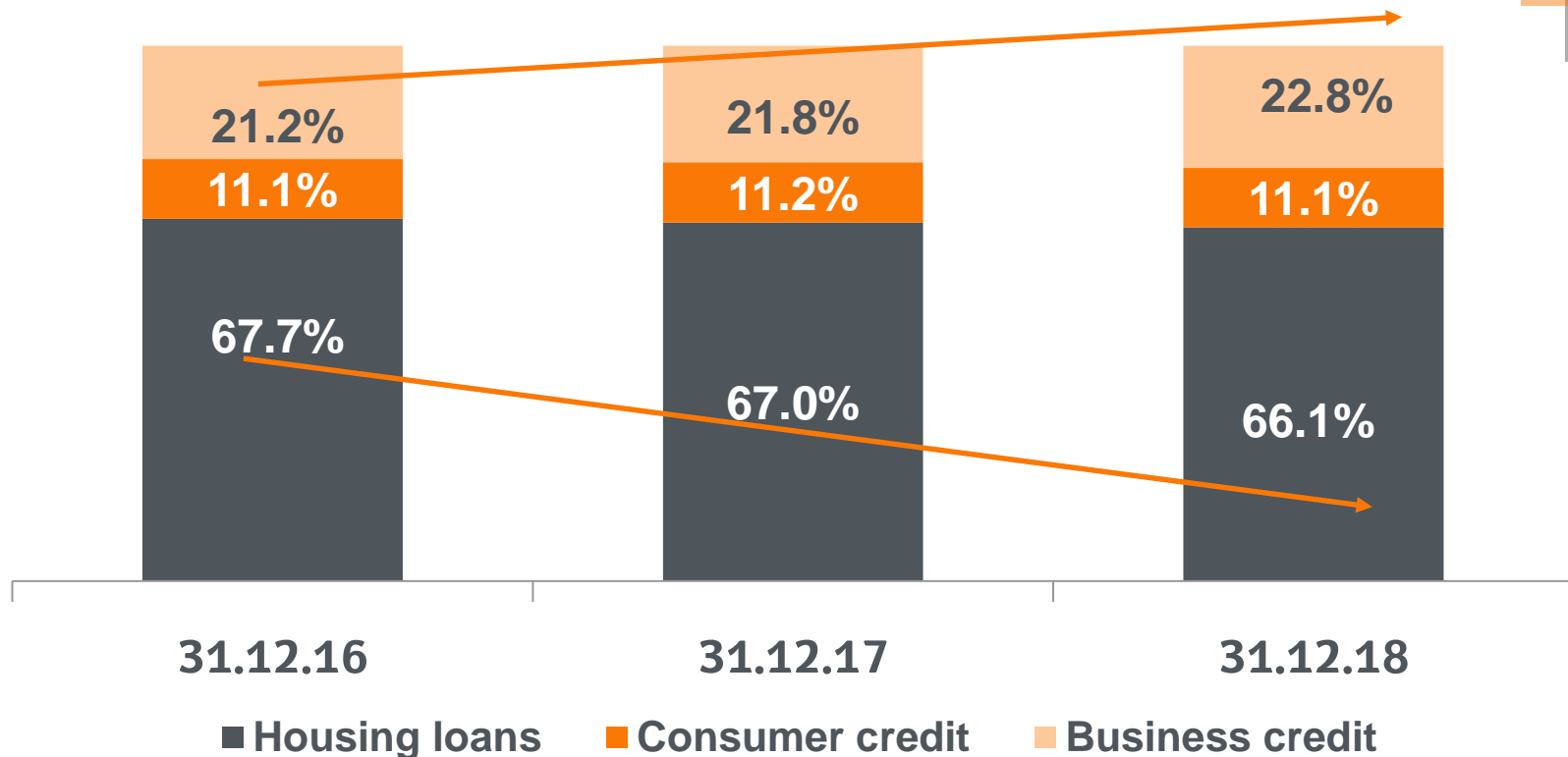


Substantial growth in credit to large businesses

(NIS mil)



Increased business focus is reflected in the credit composition



**UMTB is a competition catalyst
increasing its market share in
accordance with the strategic plan**

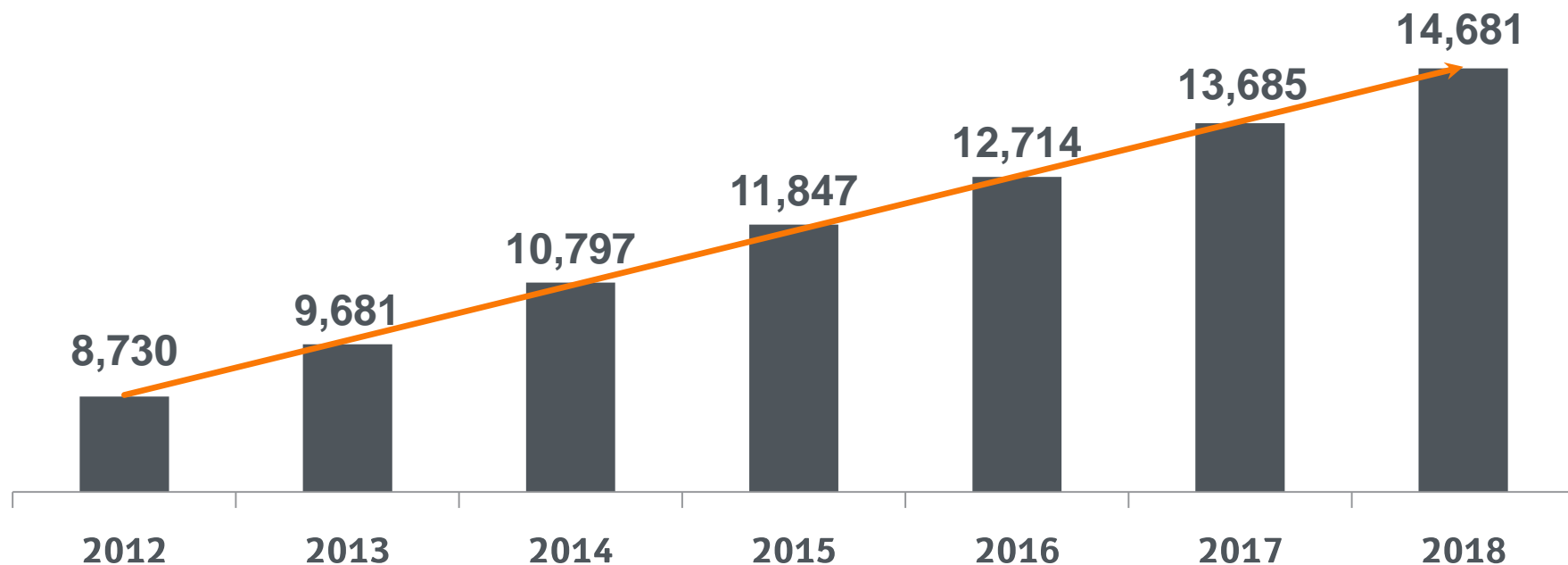


Increasing equity base

(NIS mil)



Average annual growth rate – 9%

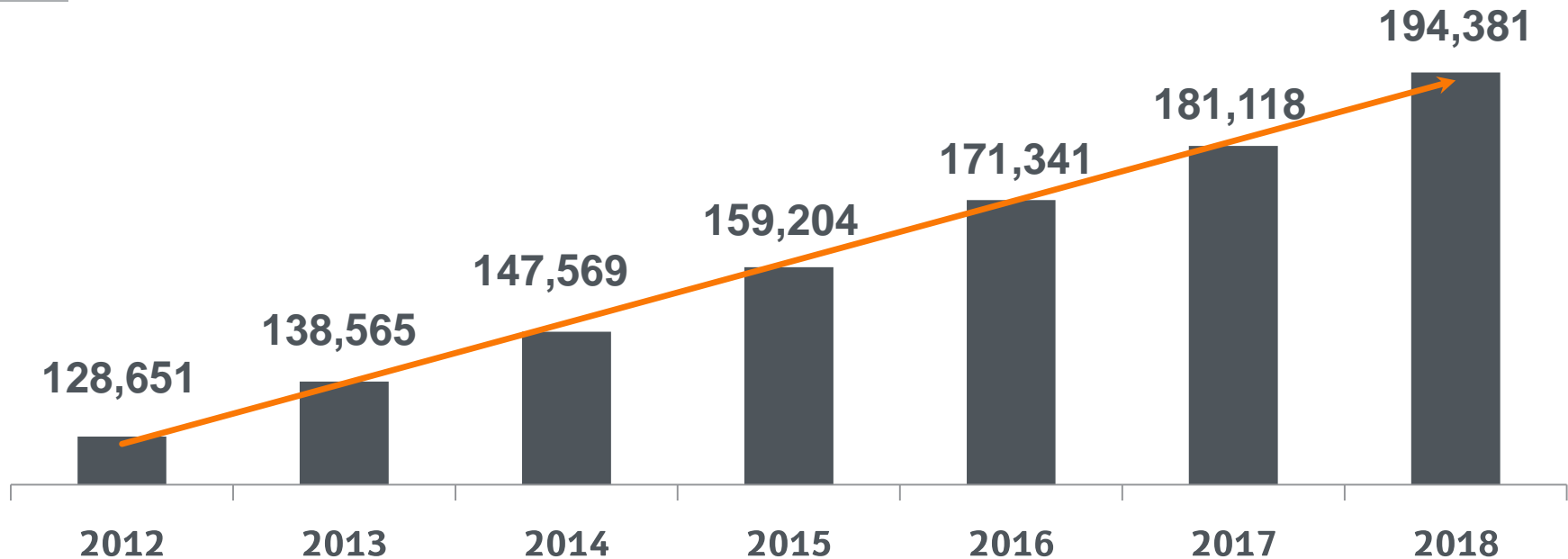


Continuous loan growth

Credit to the public (NIS mil)



Average annual growth rate – 7.1%



Credit growth in all segments: retail and business

(NIS mil)

	31.12.2018	31.12.2017	% of change
Housing loans	126,105	119,559	5.5%
Households and Private banking	21,030	19,941	5.5%
Small and micro businesses	18,977	16,717	13.5%
Medium businesses	6,585	5,779	13.9%
Large businesses and Institutional investors	17,567	15,999	9.8%
Overseas operations	4,117	3,123	31.8%
Total	194,381	181,118	7.3%

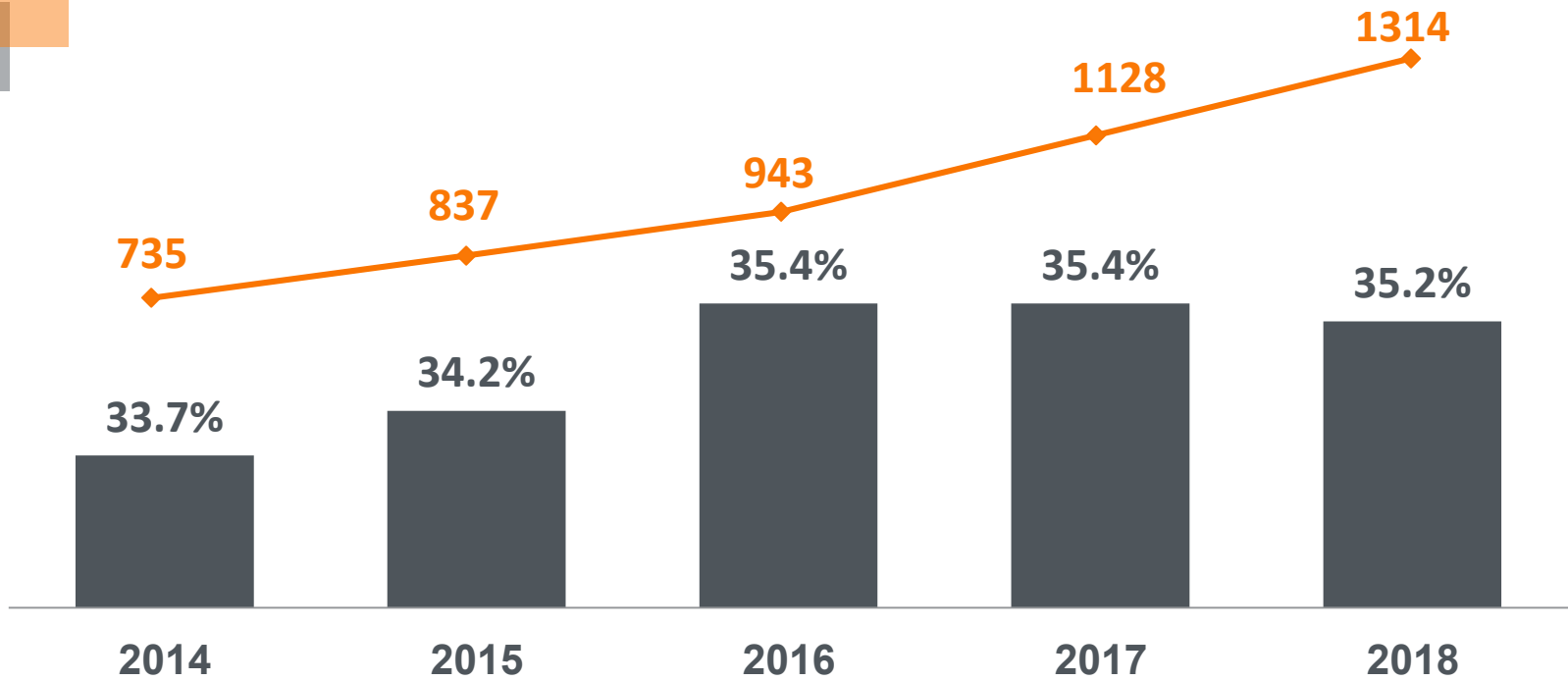
Significant growth in the business segments

(NIS mil)

	31.12.2018	31.12.2017	% of change
Housing loans	126,105	119,559	5.5%
Households and Private banking	21,030	19,941	5.5%
Small and micro businesses	18,977	16,717	Annual growth of 13.5% in business credit
Medium businesses	6,585	5,779	
Large businesses and Institutional investors	17,567	15,999	
Overseas operations	4,117	3,123	
Total	194,381	181,118	

Brackets in the table indicate that the total growth for business segments is 47,246 in 2018 and 41,618 in 2017.

Continue to lead the mortgage market while maintaining adequate profitability



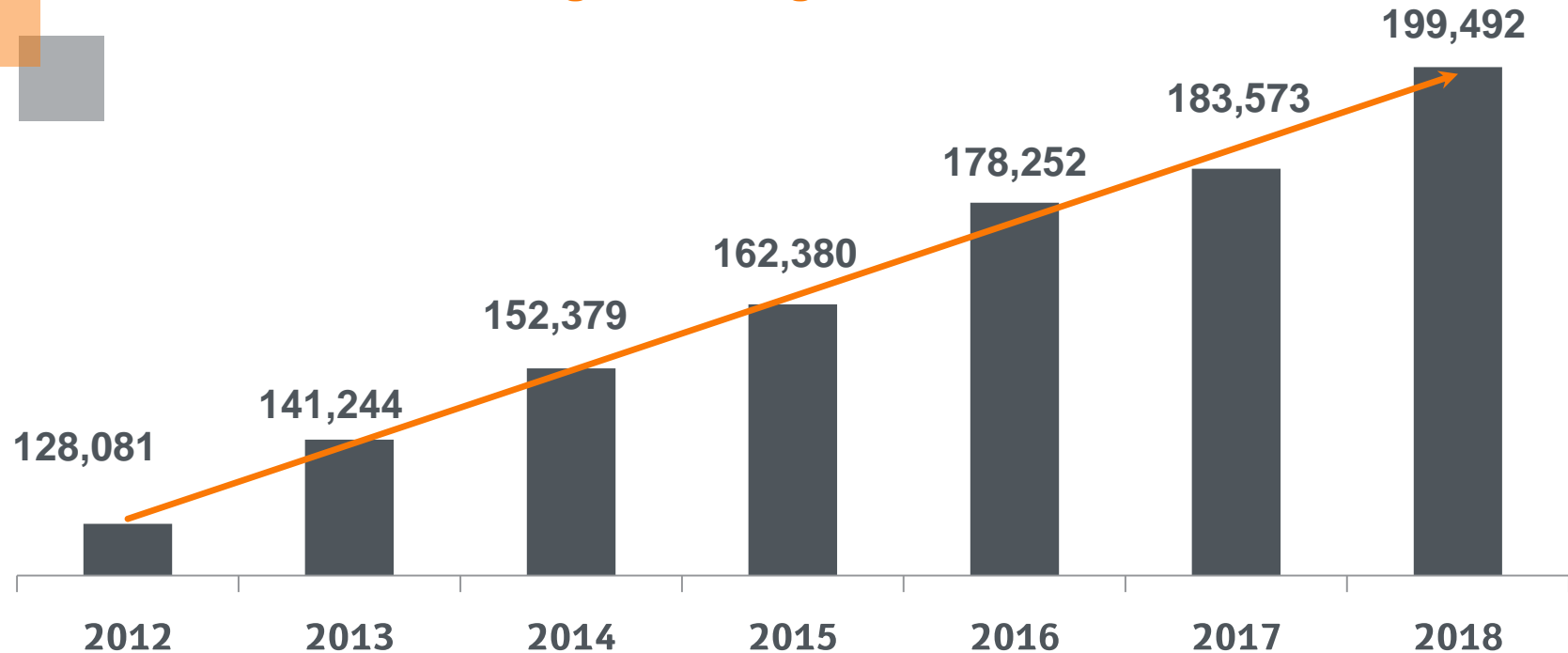
■ Total market share —◆— Interest revenues

Continuous deposit growth

Deposits from the public (NIS mil)



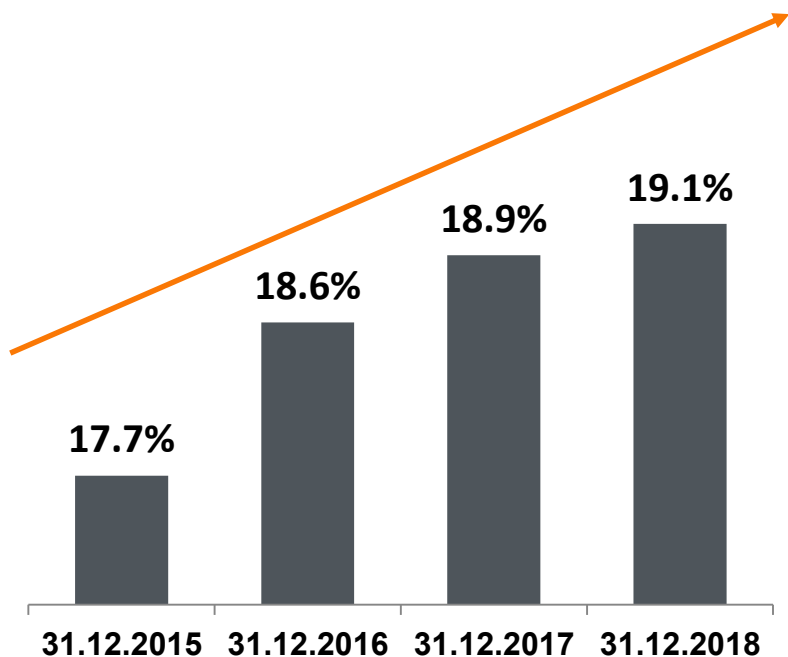
Average annual growth rate 7.7%



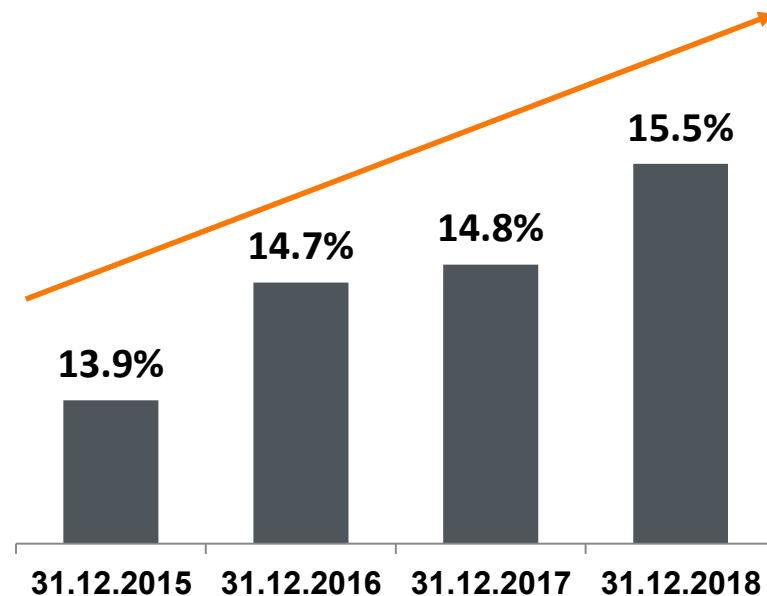
UMTB continue to increase its market share



Credit to the public*



Deposits from the public (excluding institutional investors)*

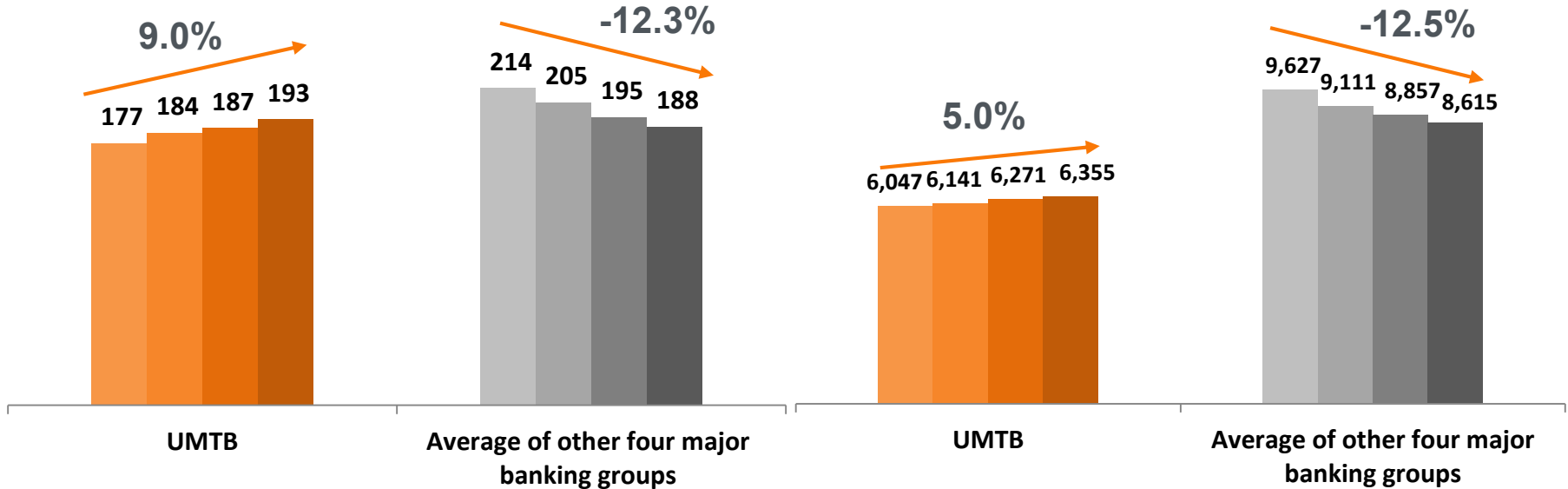


Expansion of branch network while maintaining moderate increase in number of positions



Number of branches*

Number of positions**

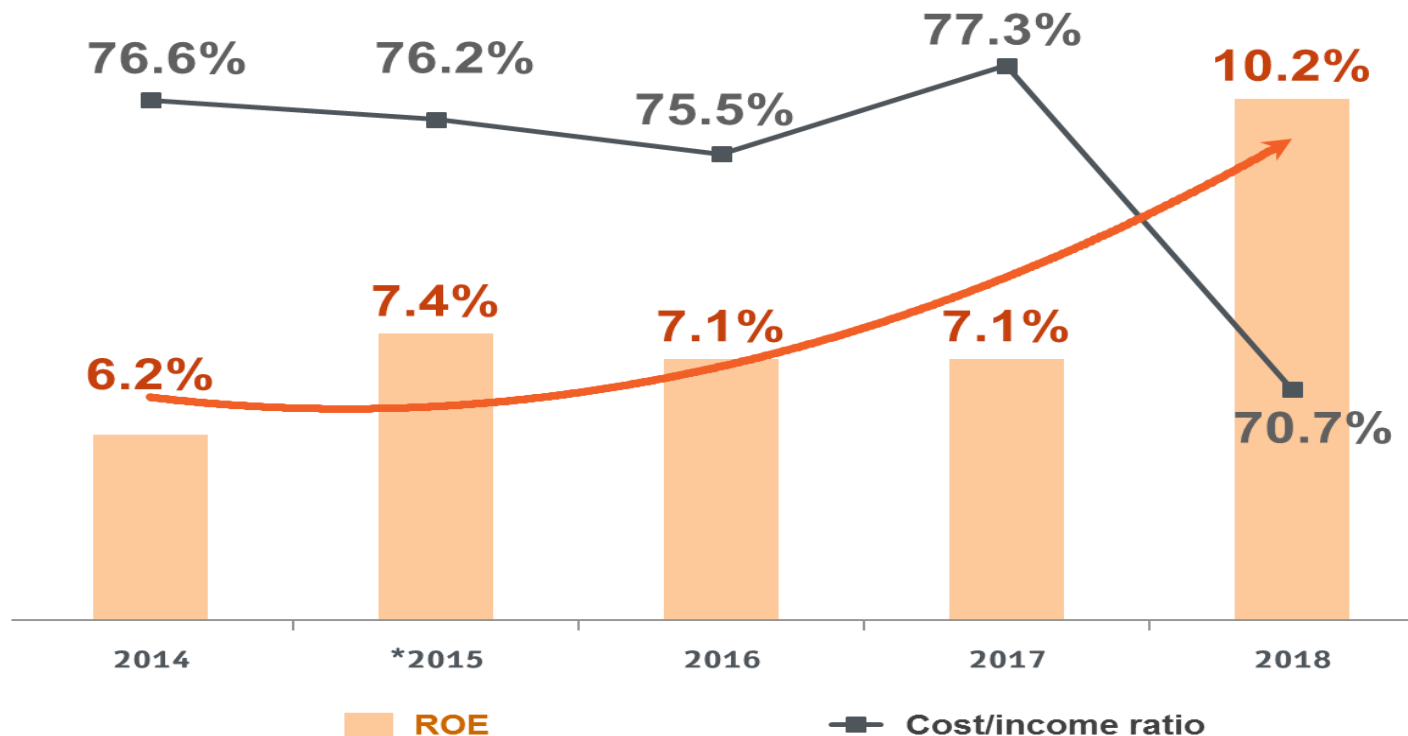


Left Column – 2015, right column - 2018

*Retail branches according to the financial reports of the five major banking groups

**Number of positions at year end, according to the financial reports of the five major banking groups

Significant improvement in Bank Yahav's business results after successful implementation of new IT system

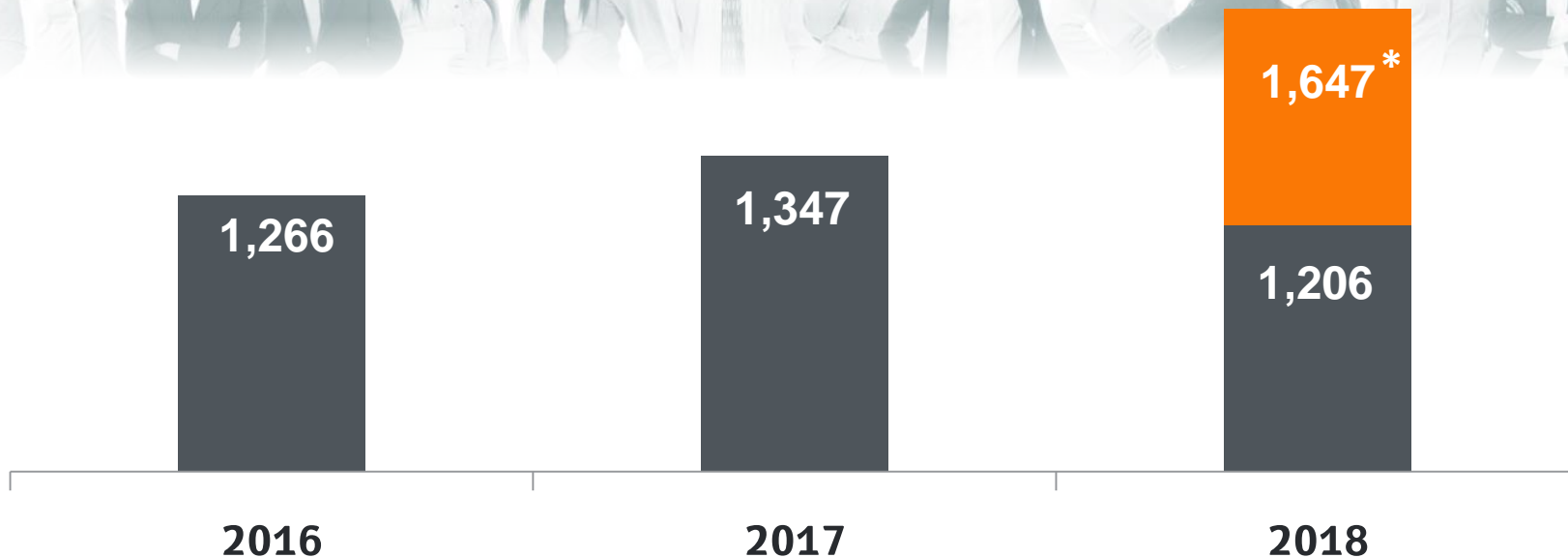


Financial results



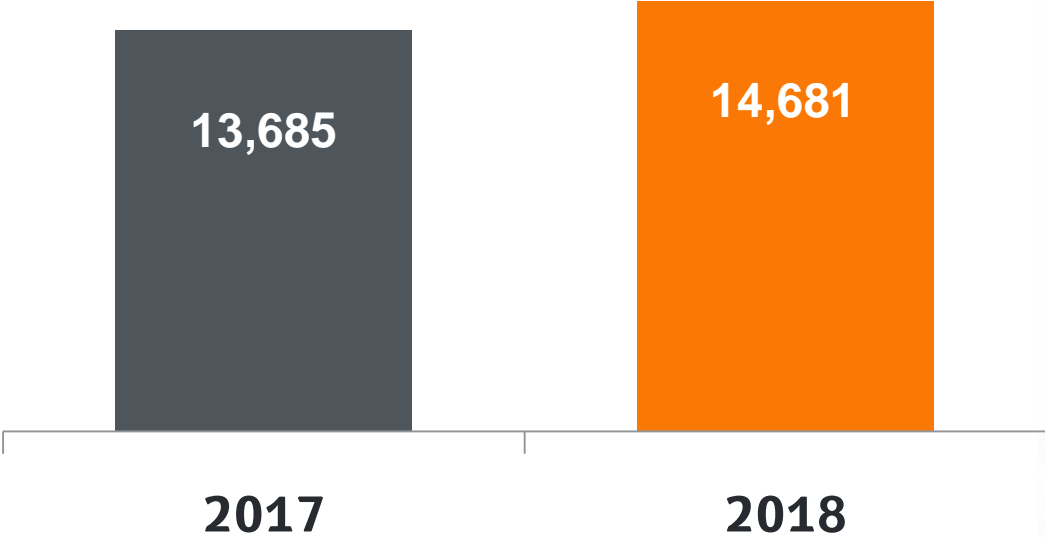
Net profit

(NIS mil)



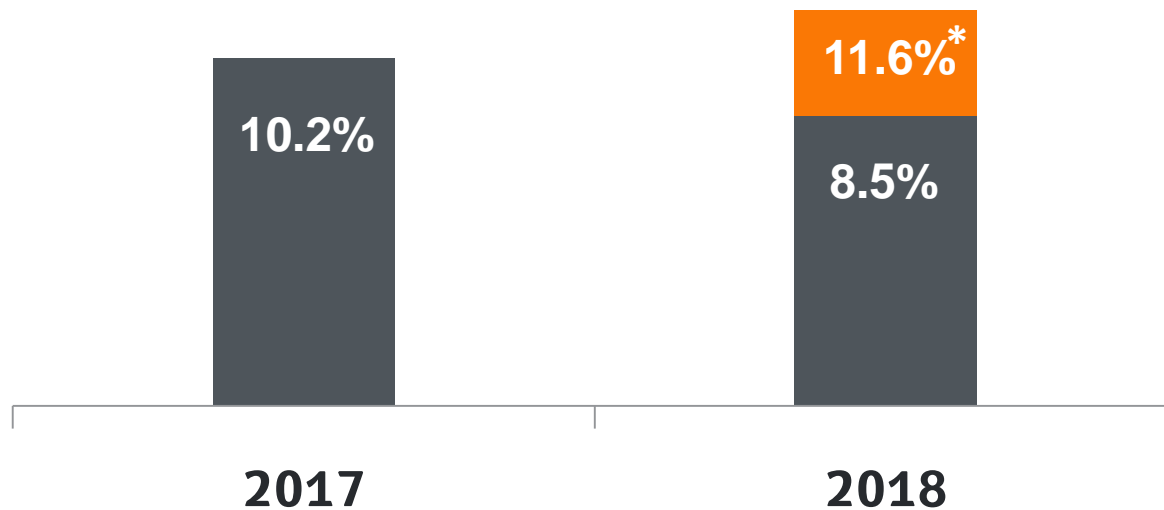
Equity

(NIS mil)



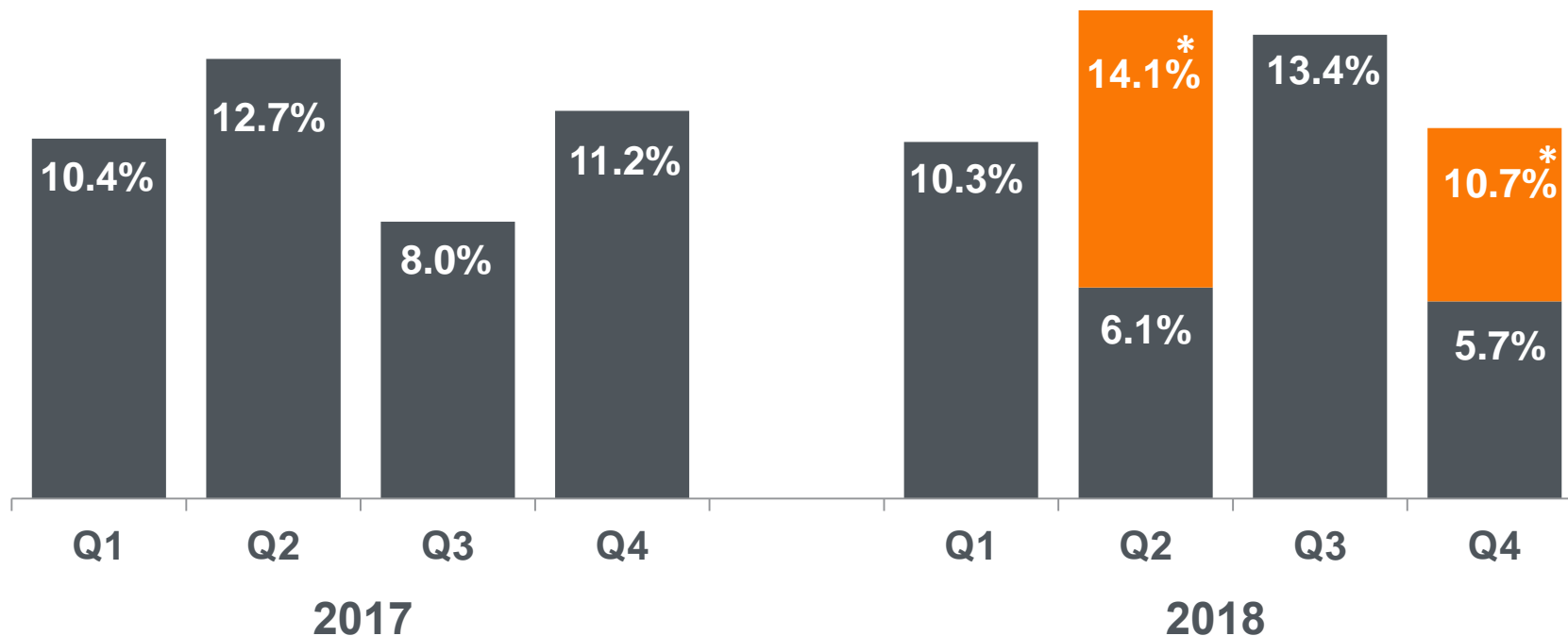
Net profit - ROE

(NIS mil)



Net profit - ROE

(NIS mil)



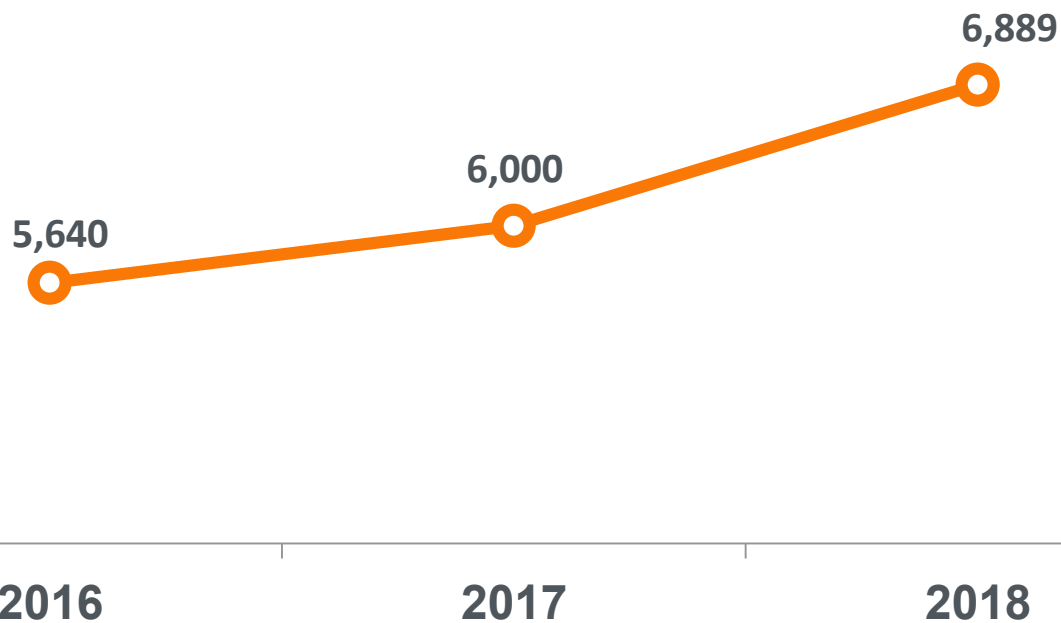
Condensed P&L report



	2018	2017	% of change
Interest revenue, net	4,922	4,347	13.2
Non interest revenues	1,967	1,653	19.0
Total	6,889	6,000	14.8
Expenses with respect to credit losses	310	192	61.5
Operating and other expenses	4,384	3,611	21.4
Net profit	1,206	1,347	(10.5)

Total revenues

(NIS mil)



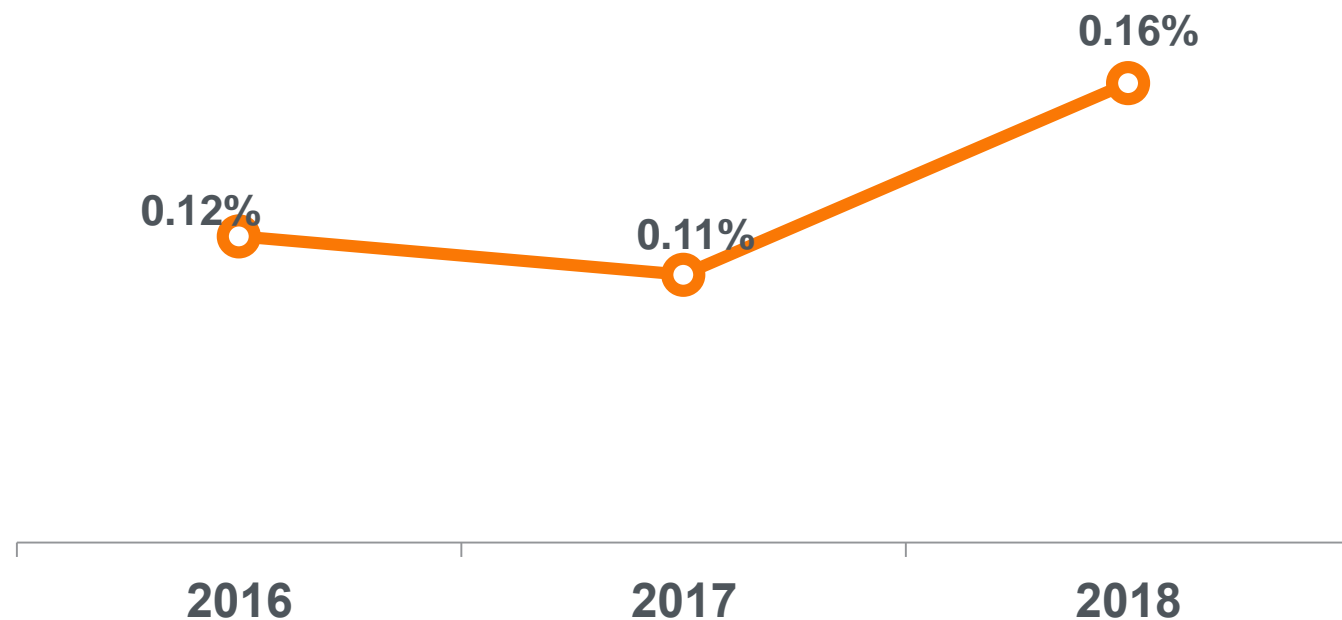
Financing revenues

(NIS mil)



		2018	2017	Rate of change
Interest revenues, net		4,922	4,347	
Non-interest financing revenues		445	136	
Total financing revenues		5,367	4,483	19.7
Less:	Linkage differentials with respect to CPI position	182	32	
	Revenues from collection of interest on troubled debt	41	43	
	Gain from debentures	15	43	
	Effect of accounting treatment of derivatives at fair value and others	190	32	
Total effects other than current operations		428	150	
Total financing revenues from current operations		4,939	4,333	14.0

Provisions / loans to the public



Operating and other expenses



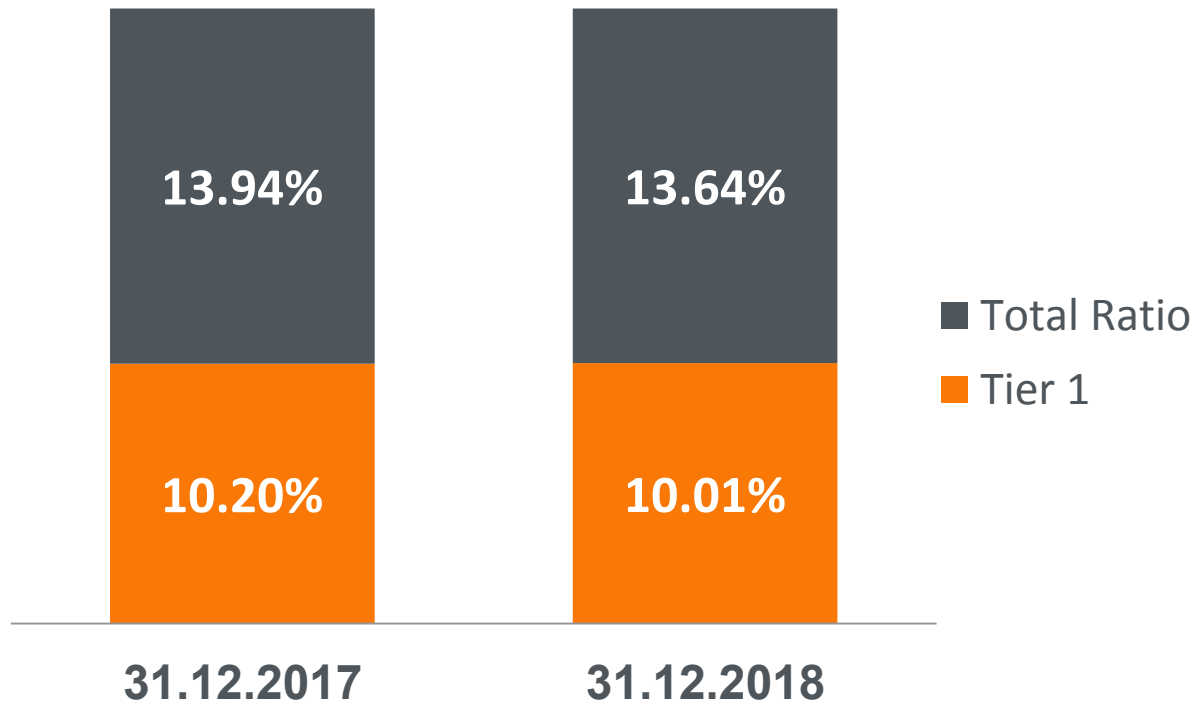
	2018	2017	% of change
Salaries	2,407	2,271	6.0
Building and equipment maintenance and depreciation	747	742	0.7
Others	1,230	598	-
Total	4,384	3,611	21.4

Main balance sheet items development



	31.12.2018	31.12.2017	% of change
Total balance sheet	257,873	239,572	7.6
Loans to the public, net	194,381	181,118	7.3
Deposits from the public	199,492	183,573	8.7
Securities	11,081	10,133	9.4
Equity	14,681	13,685	7.3

Capital adequacy



Thank You

