



MIZRAHI TEFAHOT

# Financial Statements

## March 2017





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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 2017 quarterly reports, the aforesaid reports should be perused fully, as published to the public.
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The bank continued to achieve **good and growing profitability** while maintaining **high level of efficiency**, **improved capital and liquidity ratios**, maintained **leadership in the mortgage market**

and approved a **long term strategic plan** that can support asset mix diversification, NIM and ROE growth



**“Banks that can get the balance right between digital and personal interactions will be those that build the strongest customers relationships”\***

## **J.D. POWER** \*

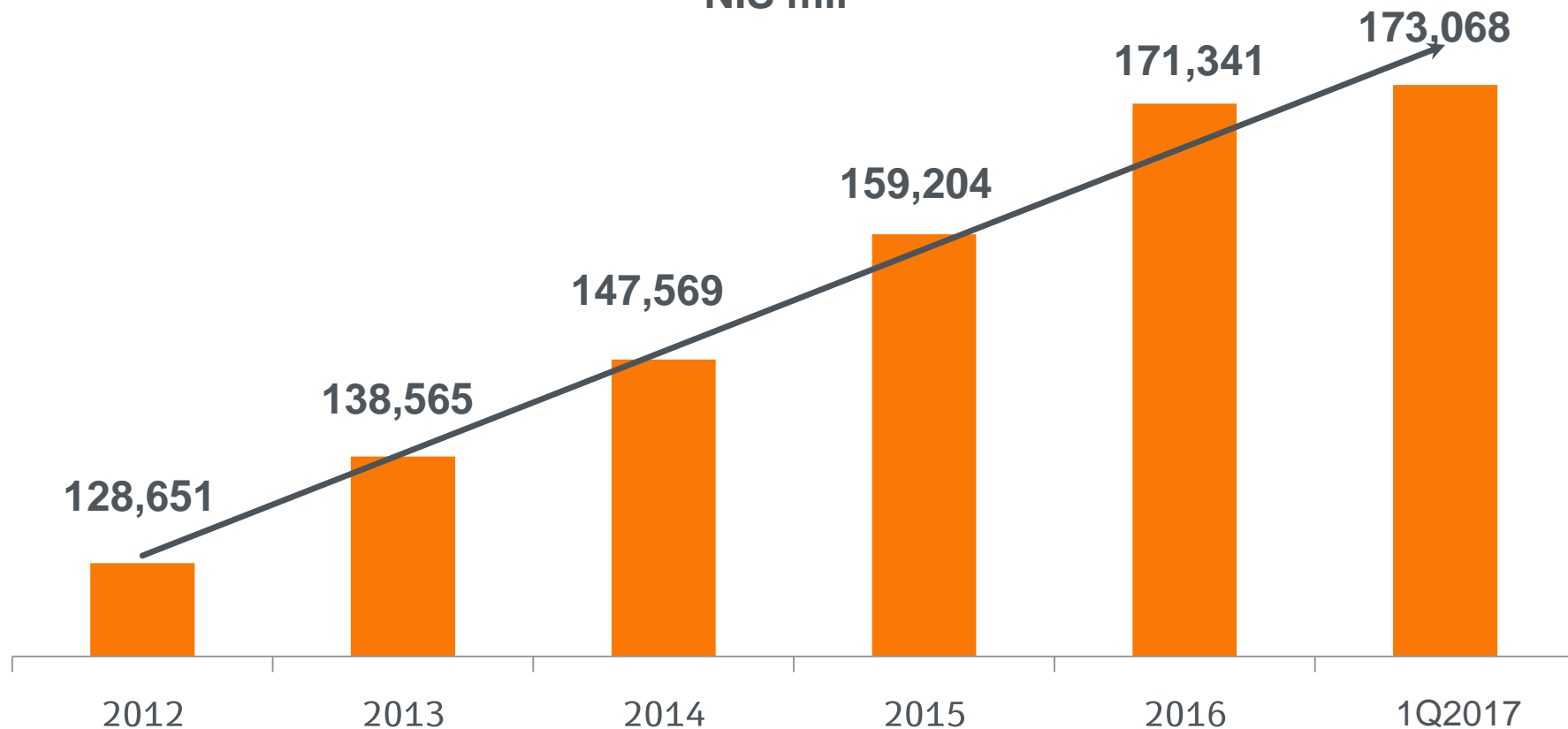
Among Millennials, Highest Satisfaction Achieved When Combining Mobile and Branch Banking

- Branches are still having a significant effect on customer satisfaction across all age groups
- Within closely watched Millennial age group (those born from 1982-1994), satisfaction is highest when bank customers use both branch and digital banking channels
- Banks can't choose between the two channels; rather, they must focus on how the two work together



# Continuous loan growth

Credit to the public  
NIS mil

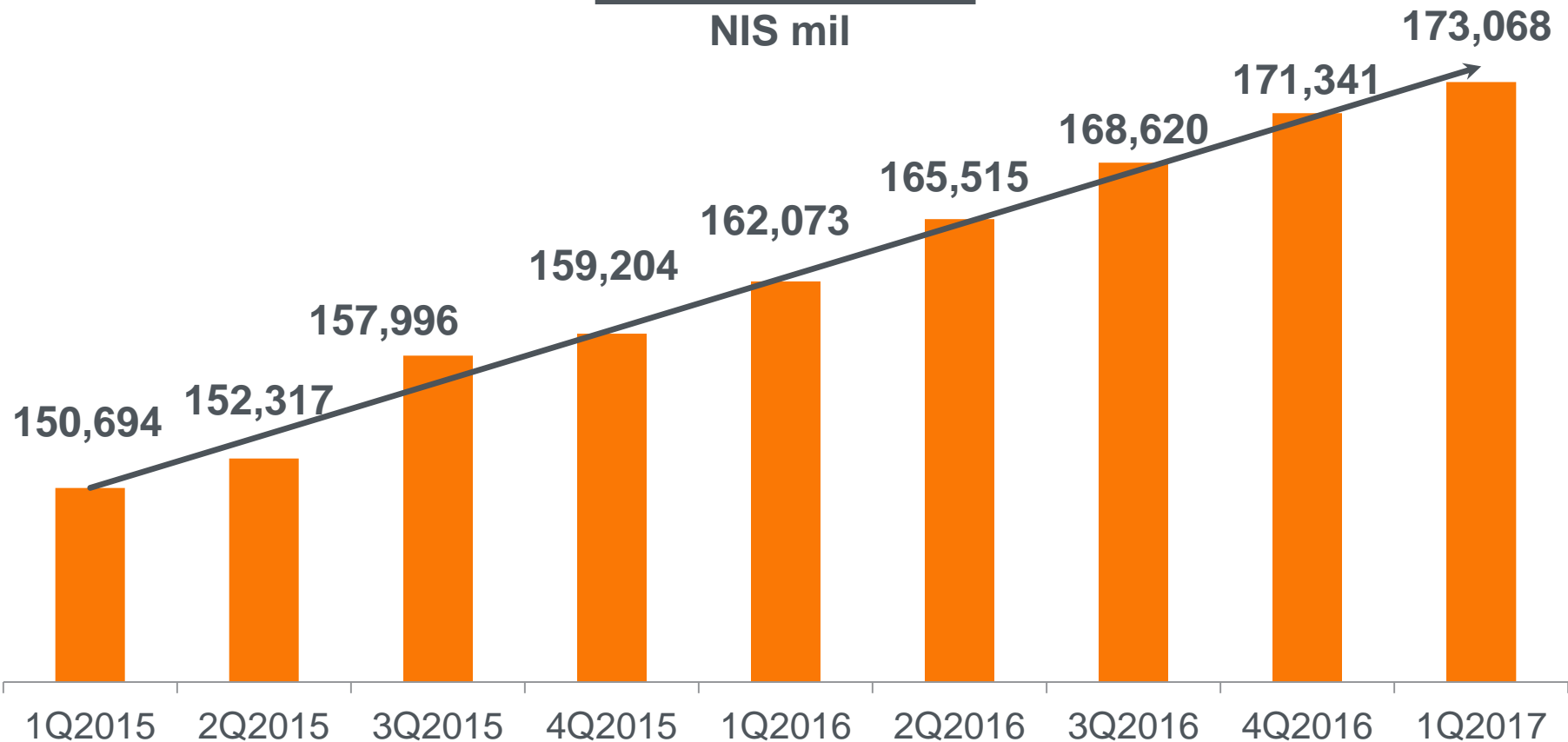


**Average annual growth rate 7.2%**



# Continuous loan growth

Credit to the public  
NIS mil



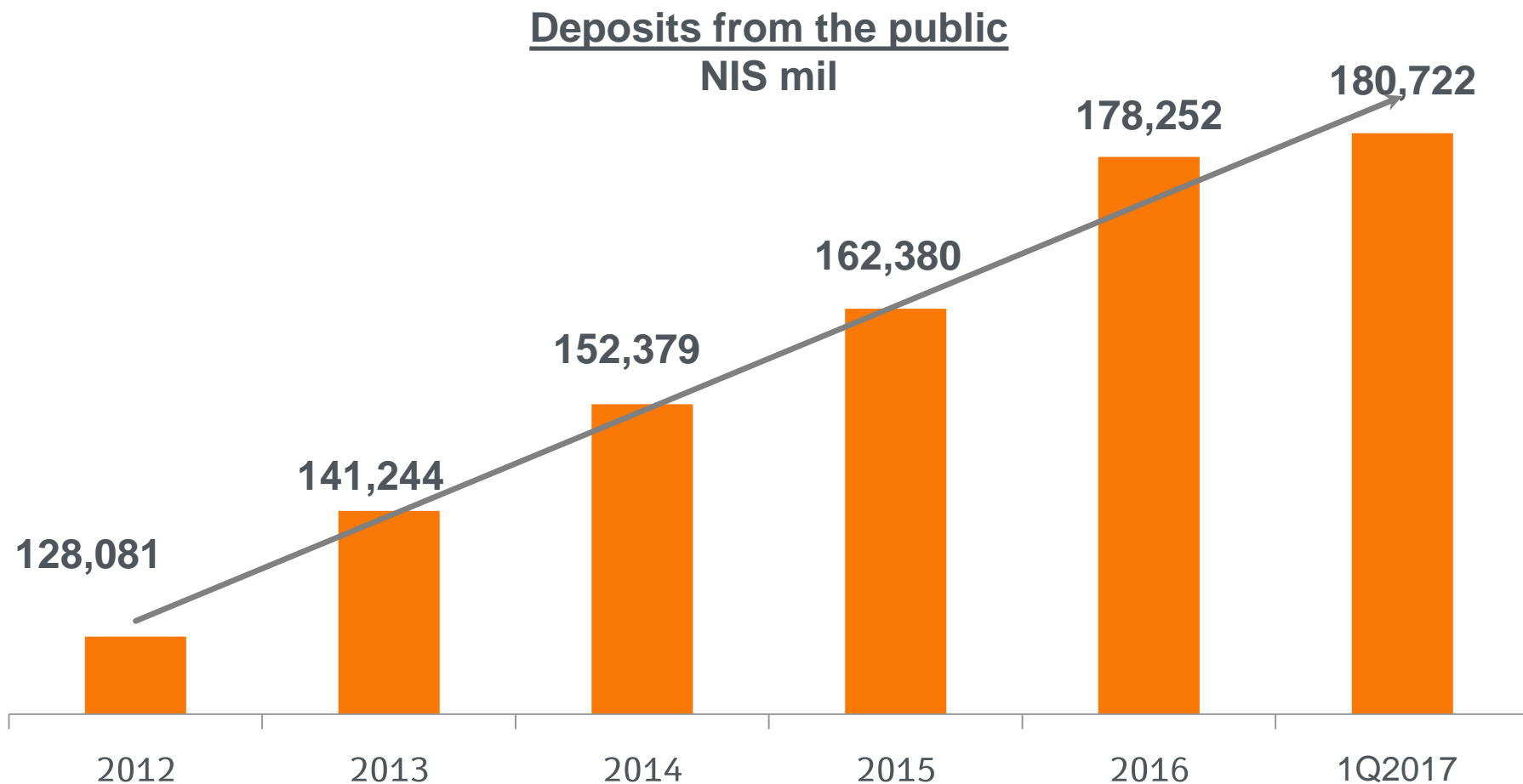


## Credit growth in most segments

Loans to the public			
	31.3.2017	31.3.2016	% of change
Housing loans	115,378	107,442	7.4%
Households	19,165	17,098	12.1%
Private banking	98	60	63.3%
Small and micro businesses	15,615	14,342	8.9%
Medium businesses	4,907	4,783	2.6%
Large businesses and Institutional investors	14,768	15,186	(2.8%)
Overseas operations	3,135	3,182	(1.5%)
<b>Total</b>	<b>173,068</b>	<b>162,073</b>	<b>6.8%</b>



# Continuous deposit growth



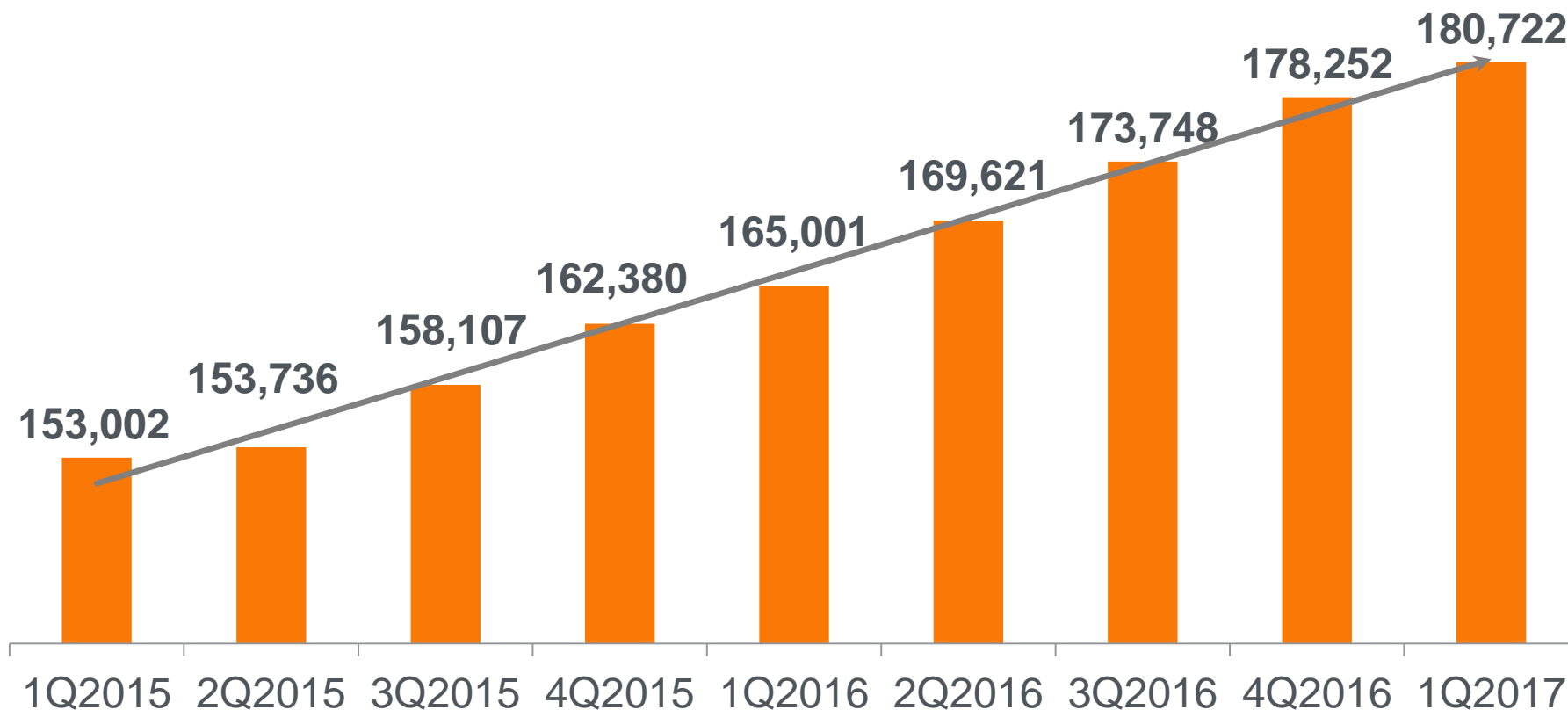
**Average annual growth rate 8.4%**





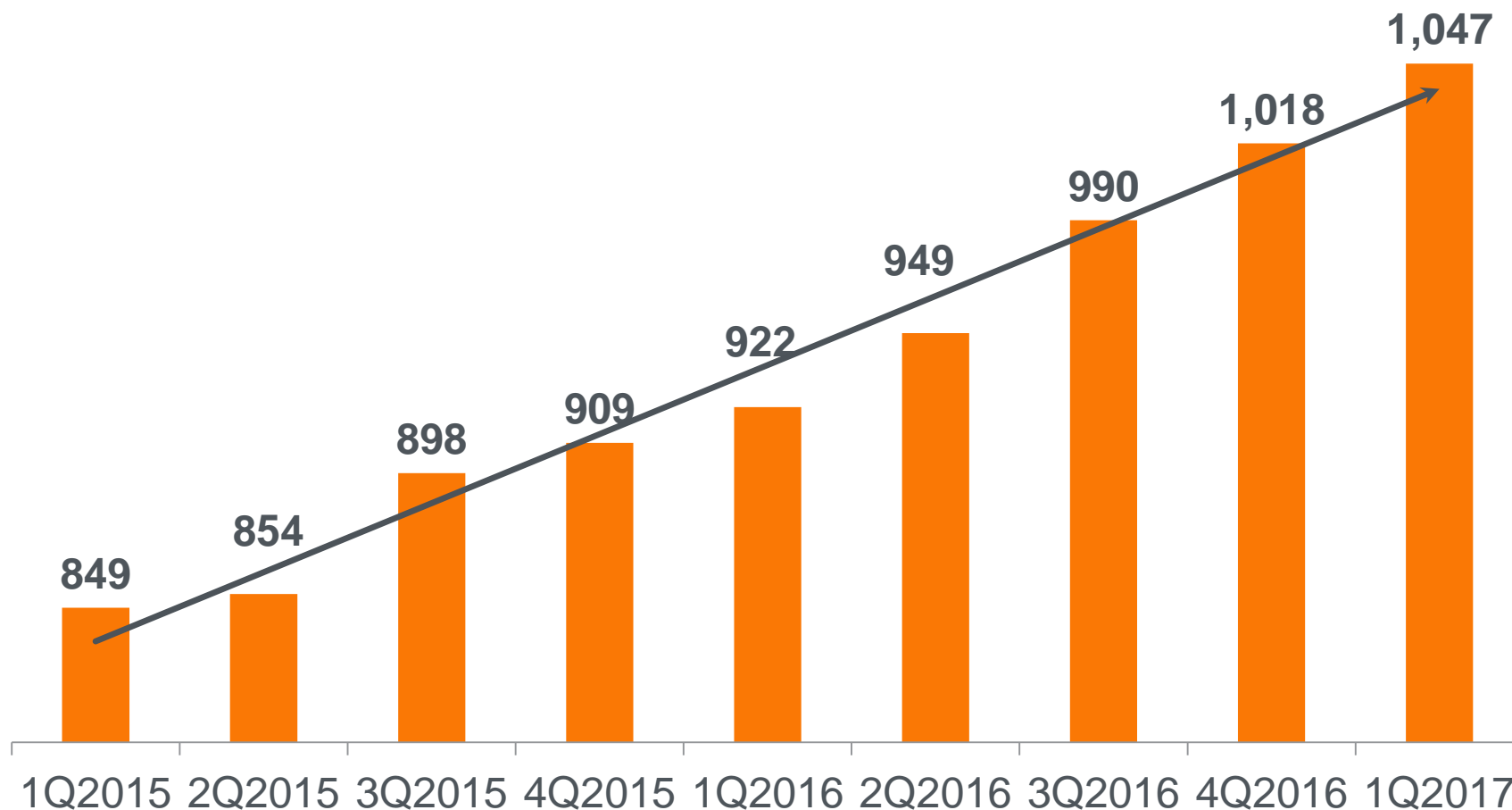
# Continuous deposit growth

Deposits from the public  
NIS mil





# Financing revenues from current operations continue to grow (NIS m)



**Average annual growth rate 11.1%\***

\* Assuming Q1 2017 annualized

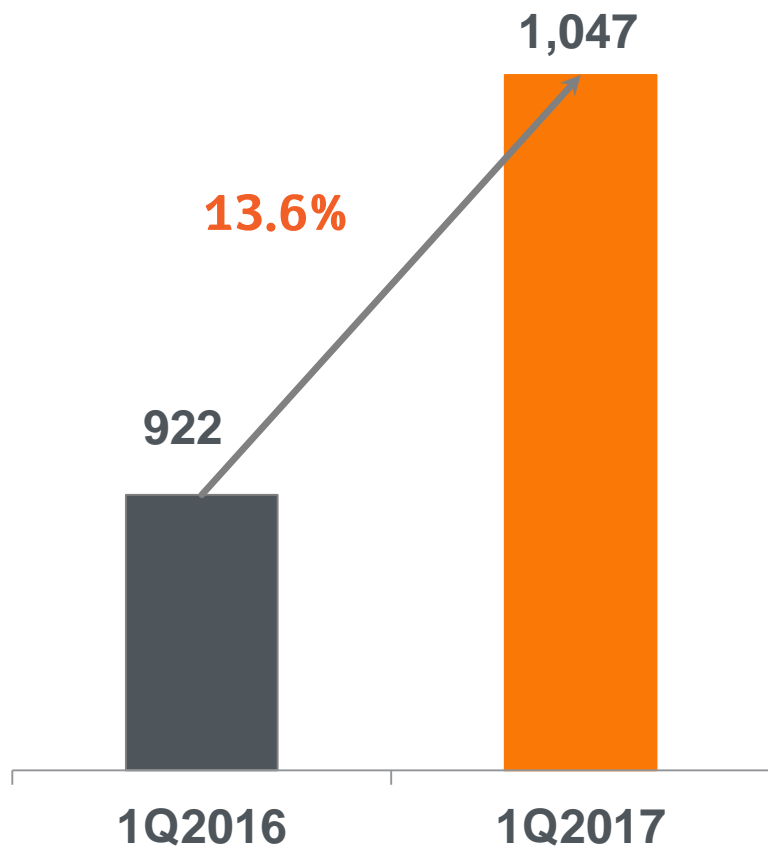
## Growth in financing revenues in all main business segments

Financing revenues (NIS m)			
	Q1/2017	Q1/2016	% of change
Housing loans	301	257	17.1%
Households	293	256	14.5%
Private banking	14	11	27.3%
Small and micro businesses	205	189	8.5%
Medium businesses	48	43	11.6%
Large businesses and institutional investors	136	132	3%
Overseas operations	38	38	--

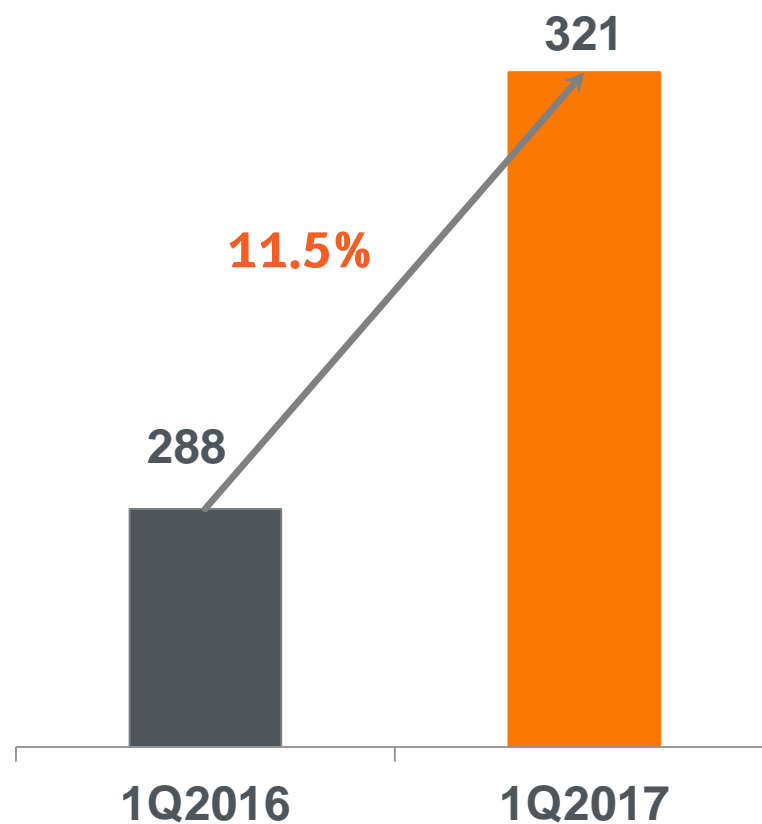


# Increase in net profit and total financing revenues from current operations (y/y)

Total financing revenues from current operations

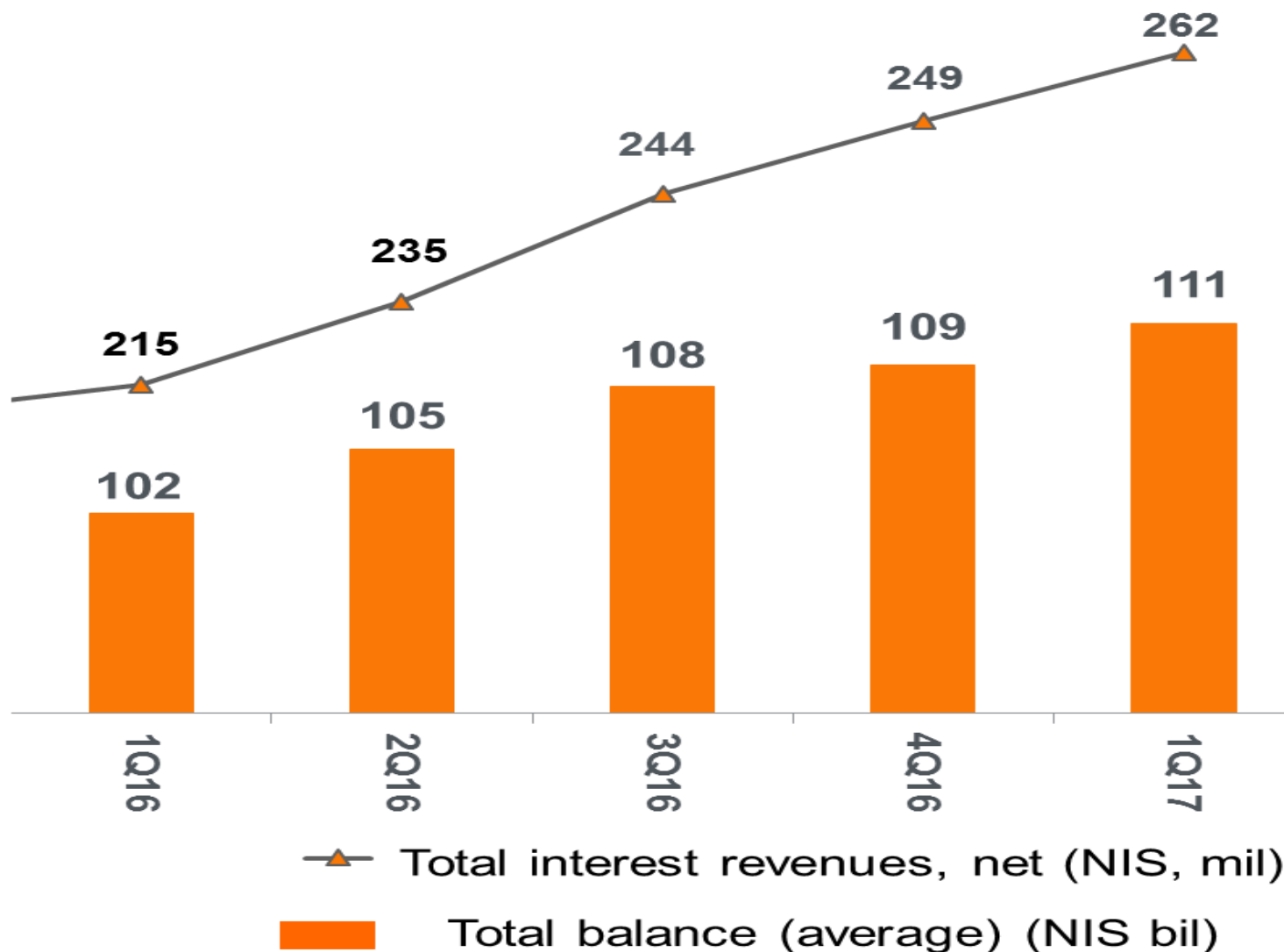


Net profit





## Mortgages –balance and revenues\*



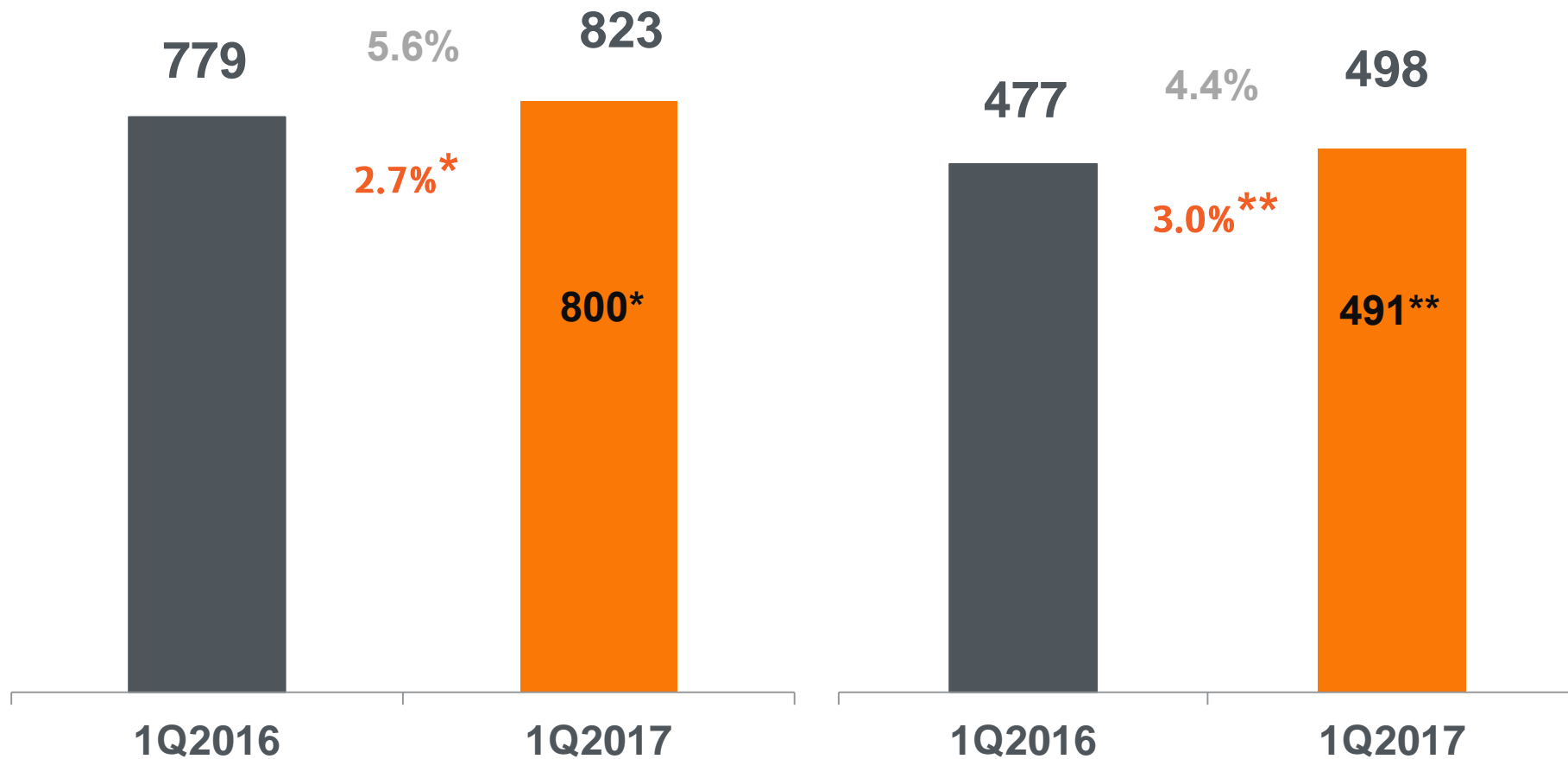
\* Operating segments in conformity with management approach.  
Note 12 to quarterly reports, Note 29 to annual reports



# Continue to control expenses

## Operating and other expenses

## Salaries

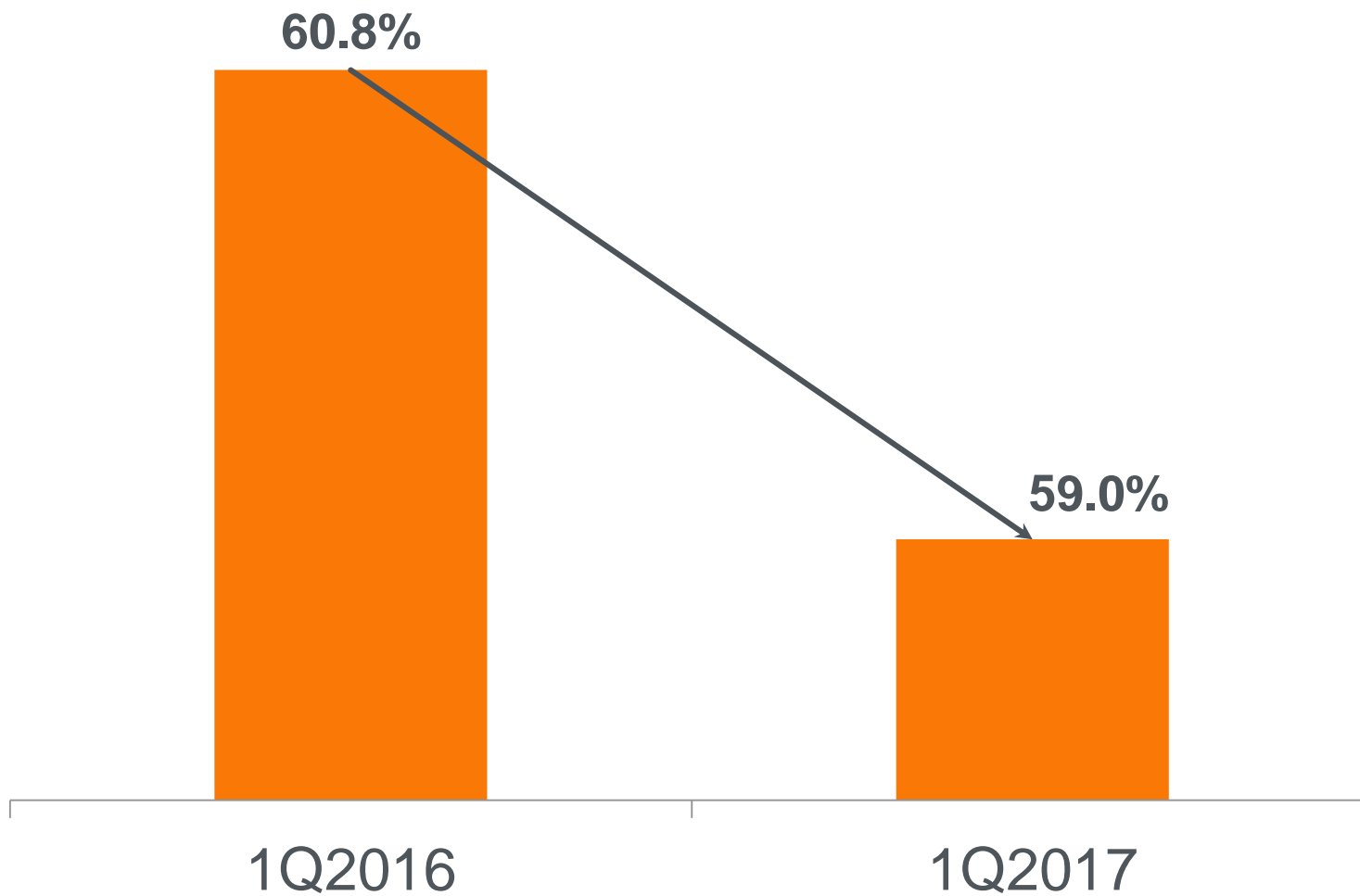


\* Excluding the unusual effect of increase in expenses of Yahav bank, which are partially non-recurring, the increase is 2.7%

\*\* Excluding the effect of Yahav bank, the increase is 3%



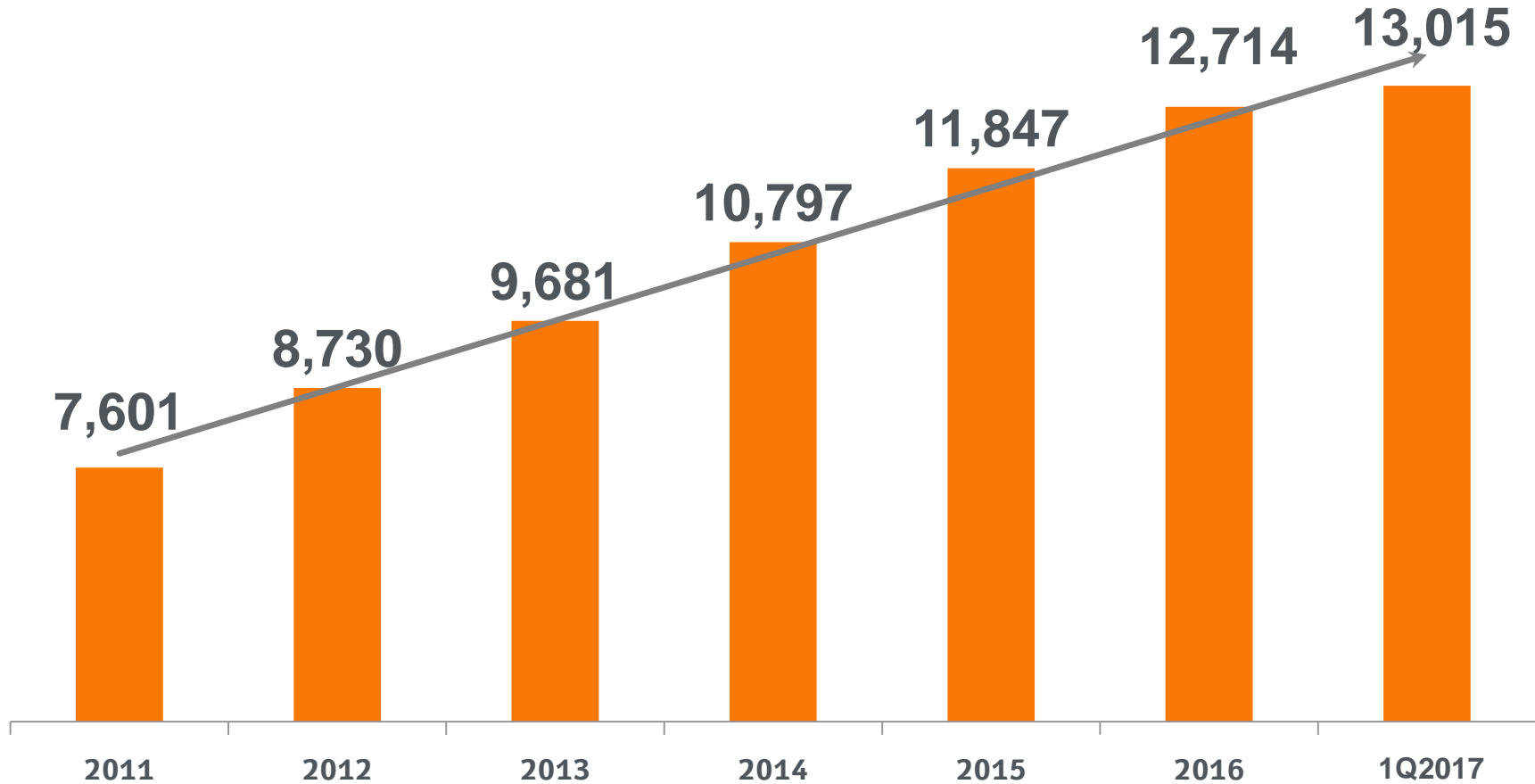
## Continue to improve efficiency





# Increasing equity base

Core tier 1 as of Q1/2017 – 10.12%



Average annual growth rate 10.8%

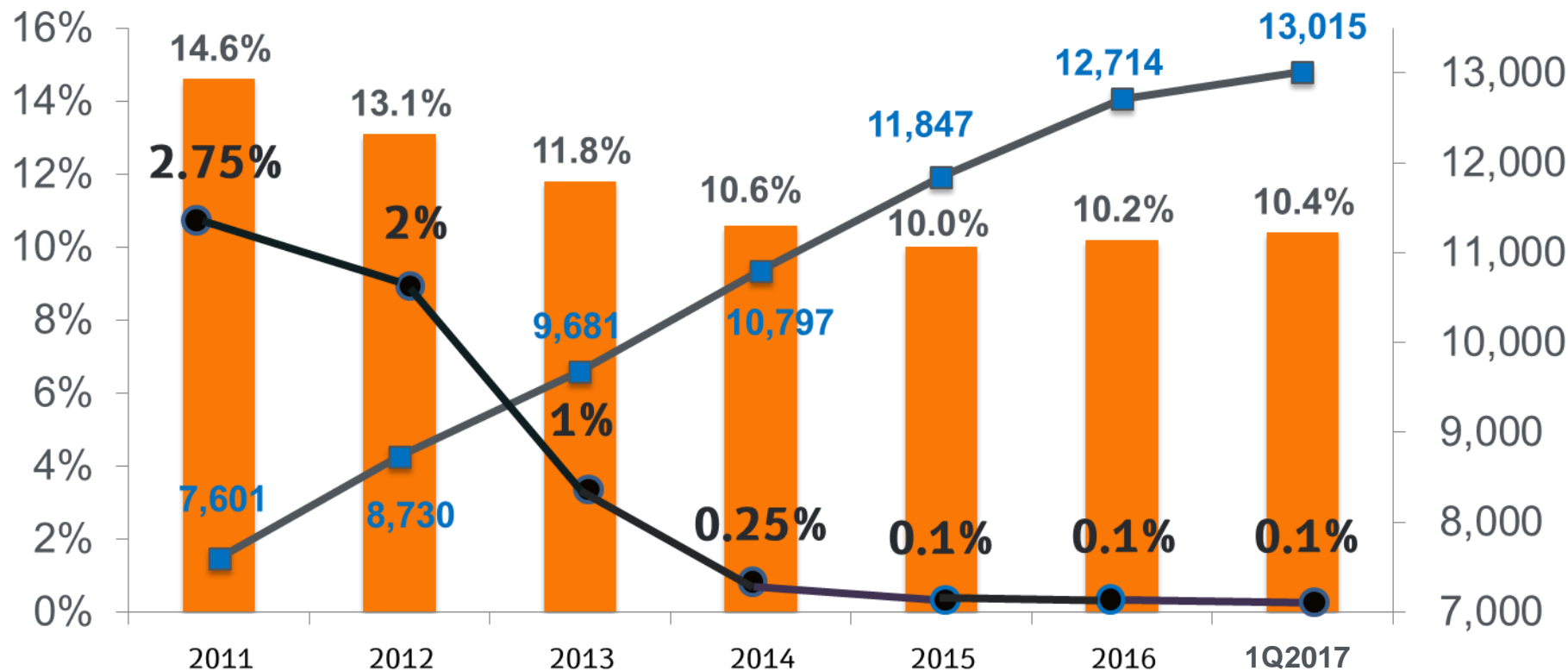




# Double digit ROE despite dramatic increase in equity and extremely low interest rate

ROE(%)

Equity (NIS mil)

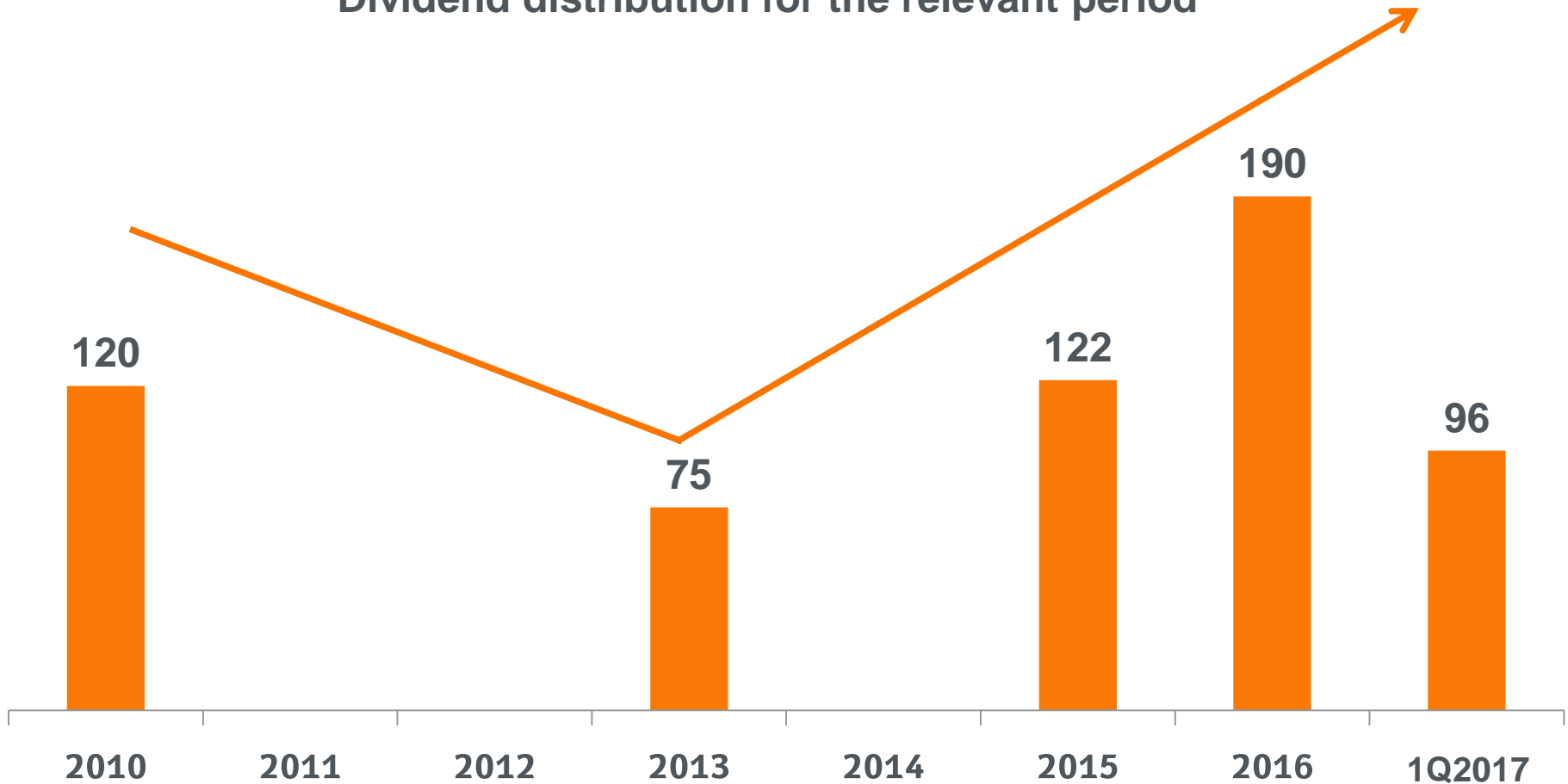


In black – Bank of Israel interest rate at the end of the period



# Dividend distribution - increase dividend payout to 30% of net profit in accordance with the strategic plan

Dividend distribution for the relevant period

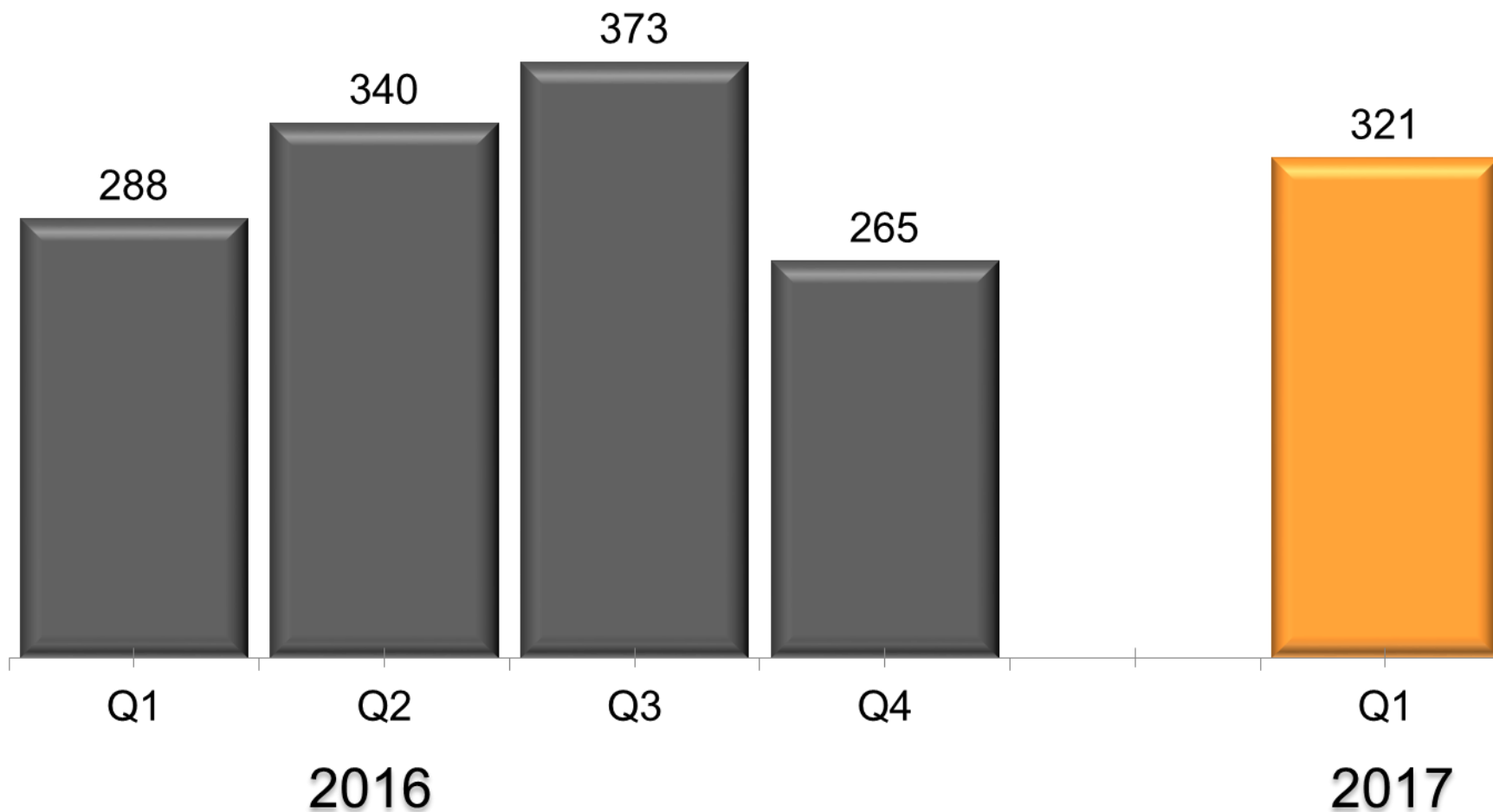




# Financial results

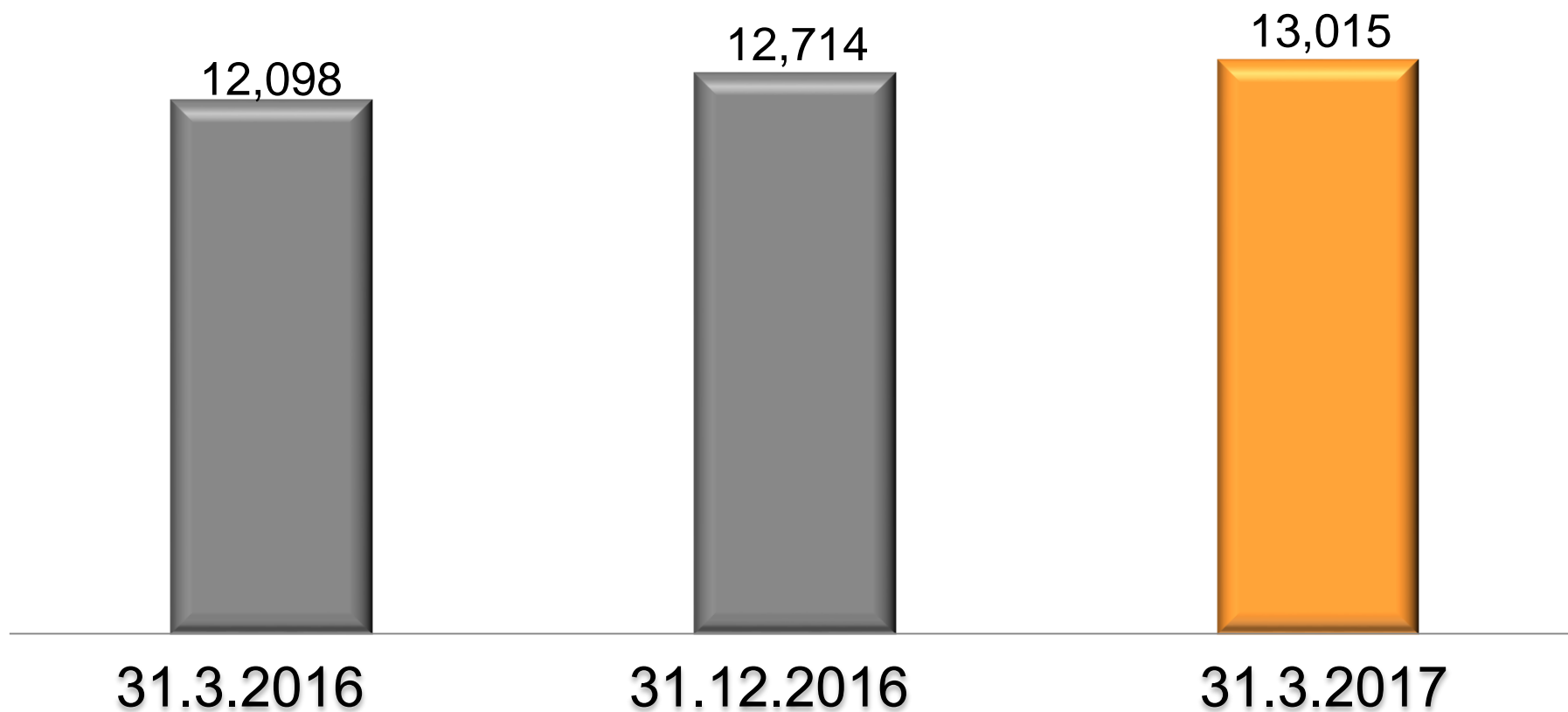


# Net profit (NIS mil)



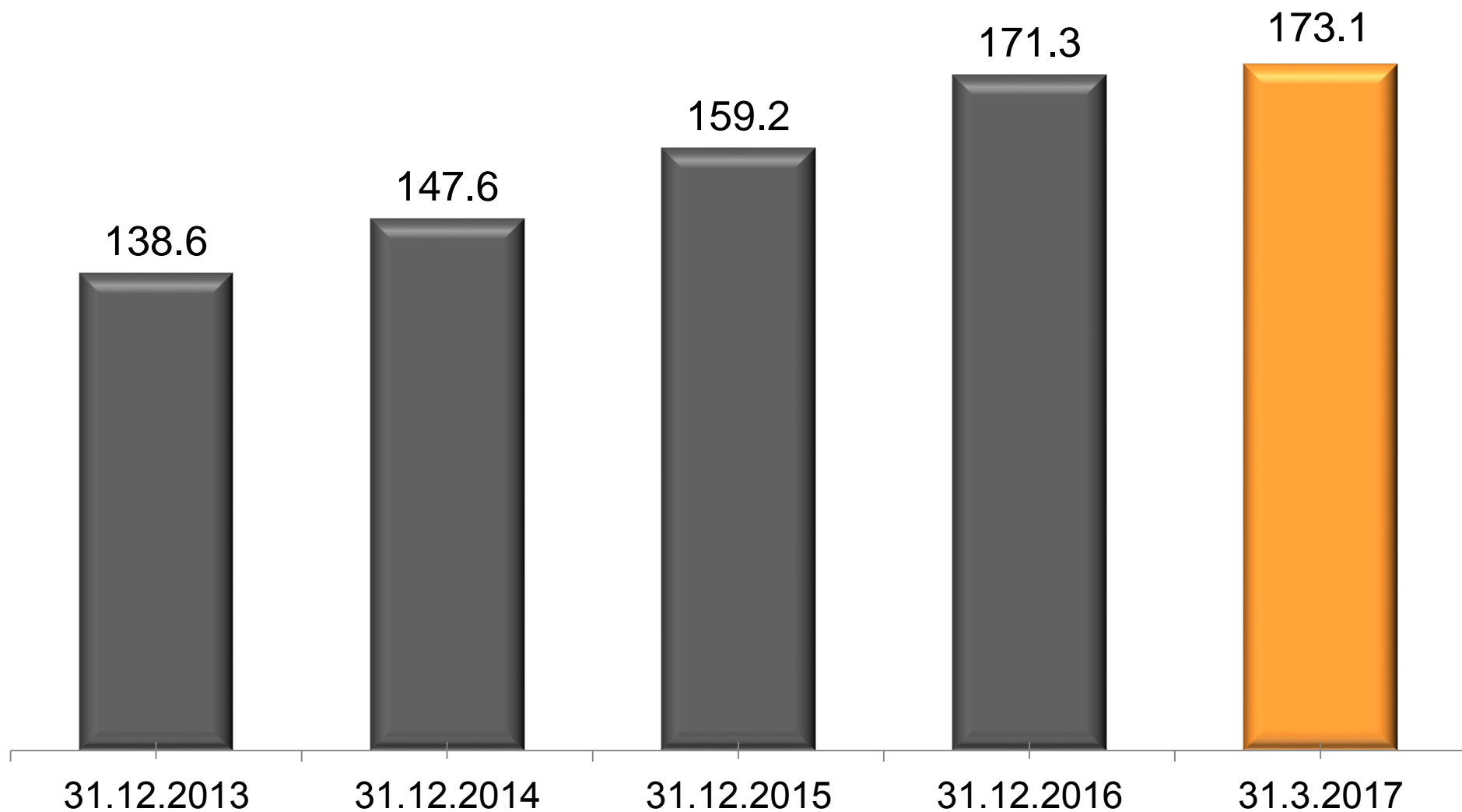


## Equity (NIS bil)



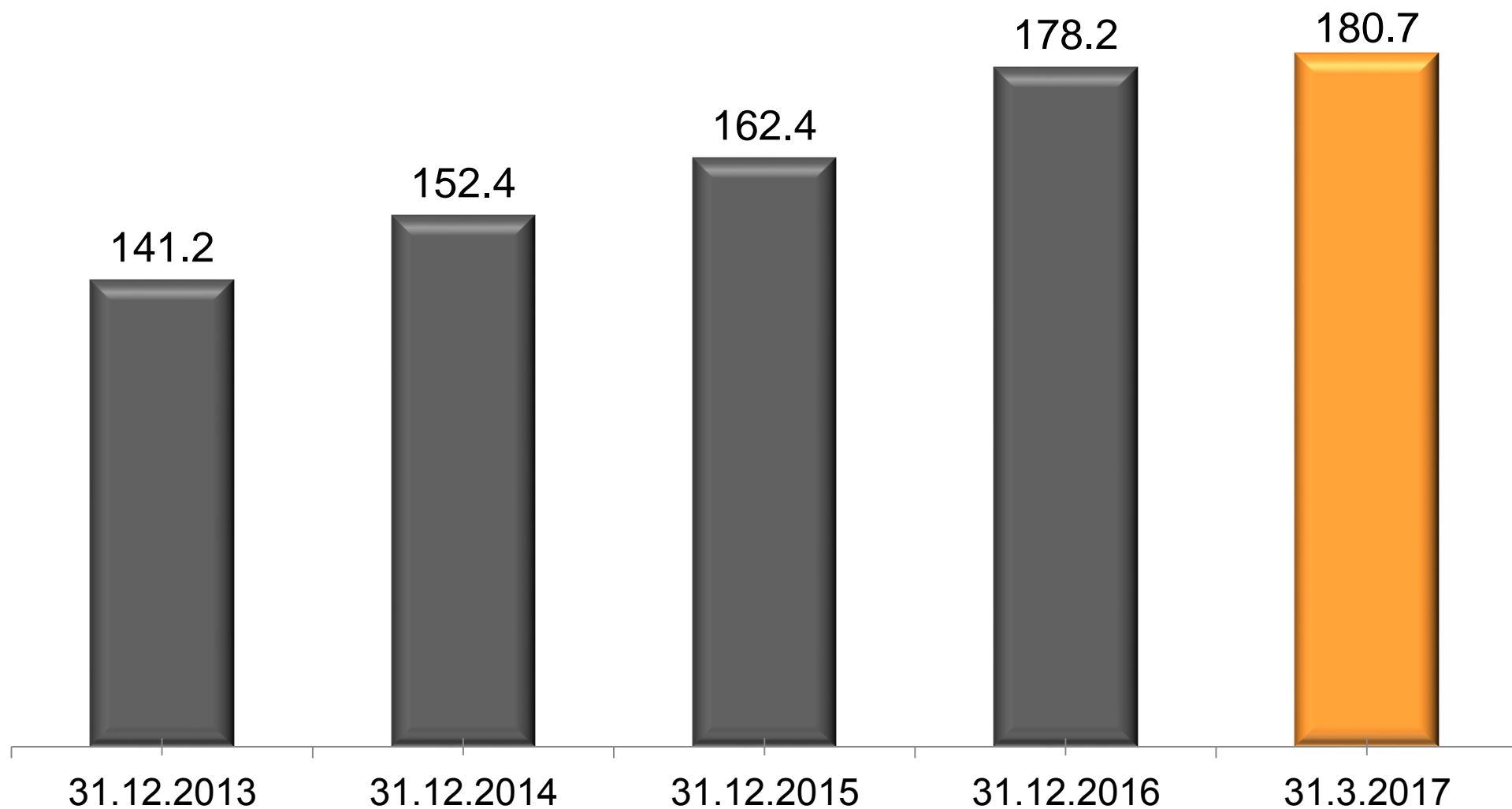


## Loans to the public (NIS bil)





## Deposits from the public (NIS bil)





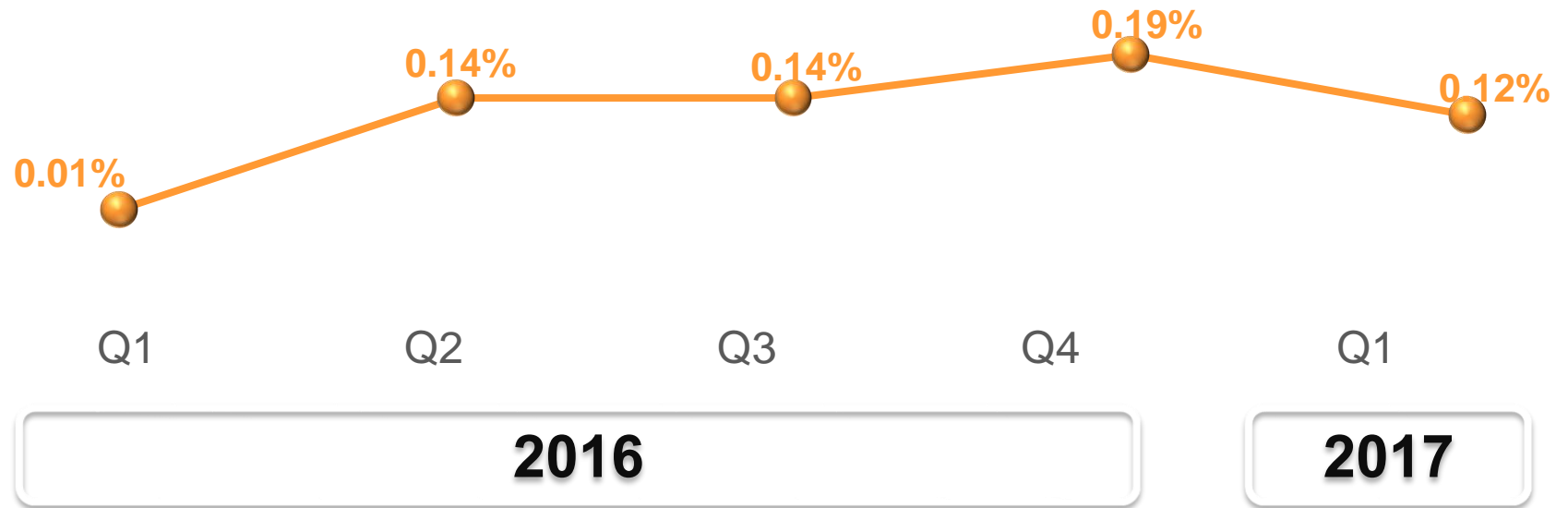
# Financing Revenues (NIS mil)

	Q1 - 2017	Q1 - 2016	Rate of change
Interest revenues, net	1,027	760	
Non-interest financing revenues	(1)	67	
Total financing revenues	1,026	827	24.1
Less:			
Linkage differentials with respect to CPI position	(21)	(119)	
Revenues from collection of interest on troubled debt	13	10	
Gain from debentures	7	31	
Effect of accounting treatment of derivatives at fair value and others	20	(17)	
Total effects other than current operations	(21)	(95)	
Total financing revenues from current operations	1,047	922	13.6



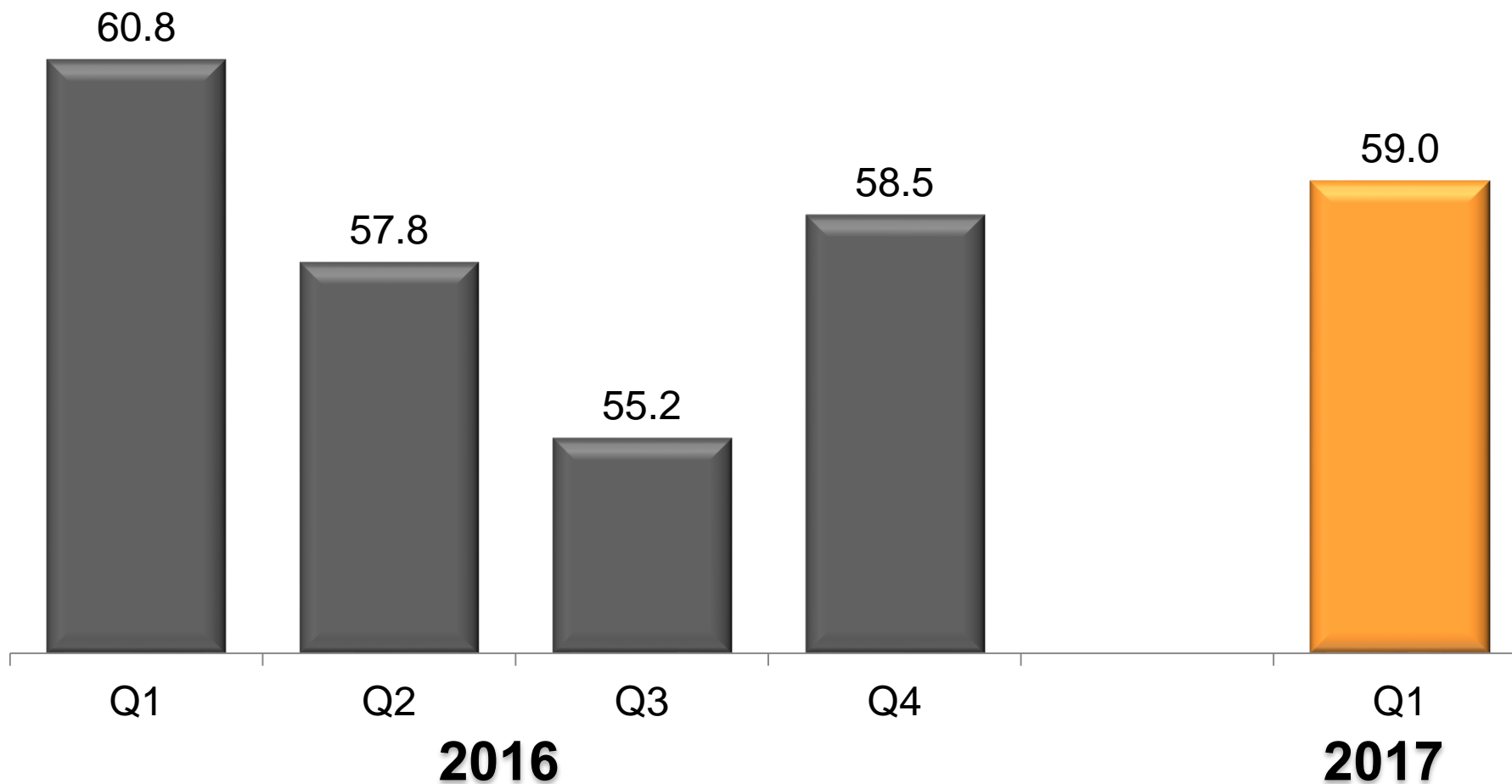


# Provisions / loans to the public





# Cost / income ratio





# Capital adequacy

