



MIZRAHI TEFAHOT

# Financial Statements

## December 2016





# Disclaimer

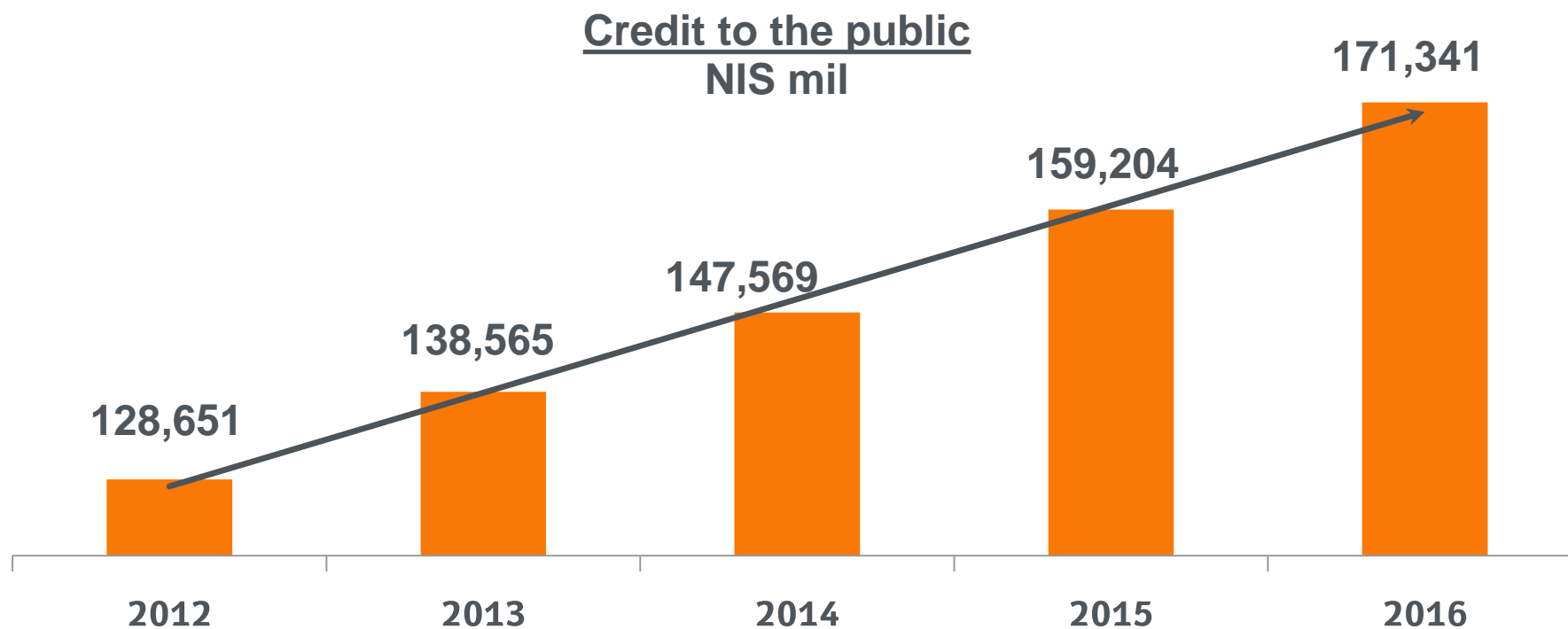
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Strategy of **growth**  
while maintaining  
**operational and**  
**capital efficiency**



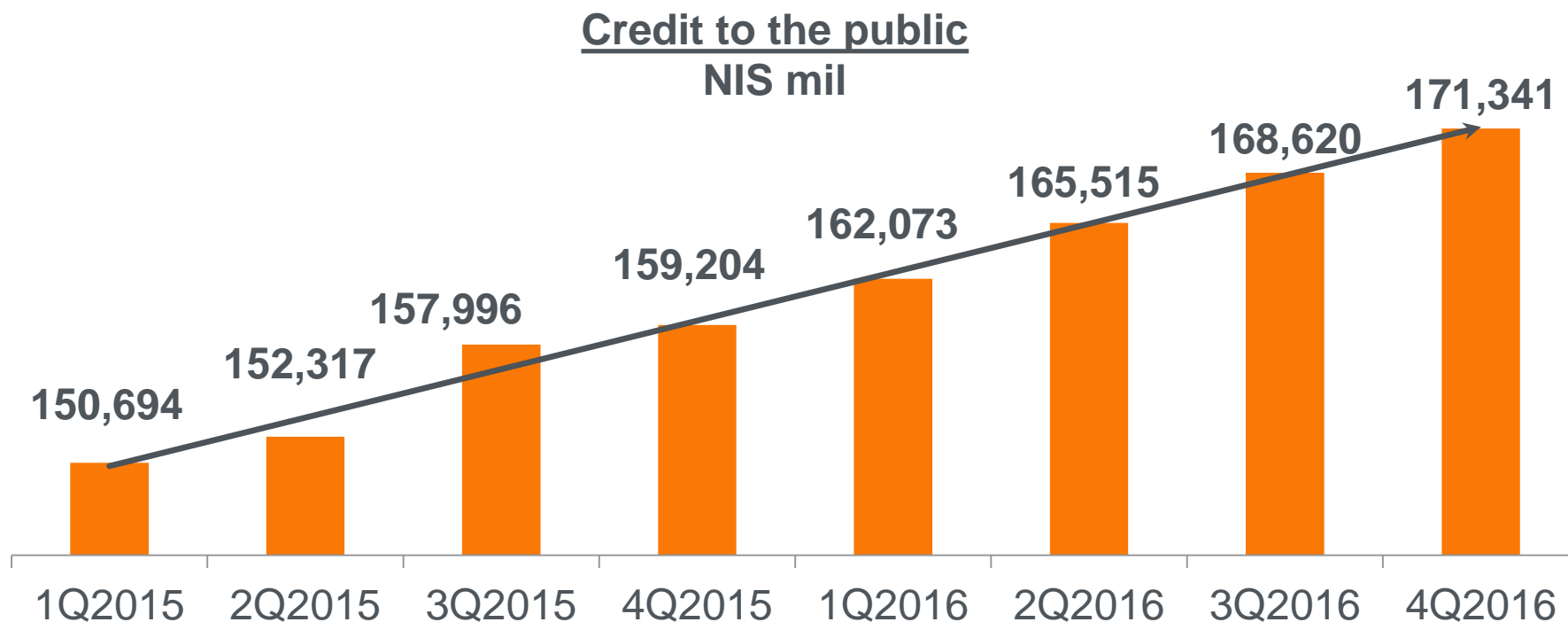
# Continuous loan growth



**Average annual growth rate 7.4%**



# Continuous loan growth





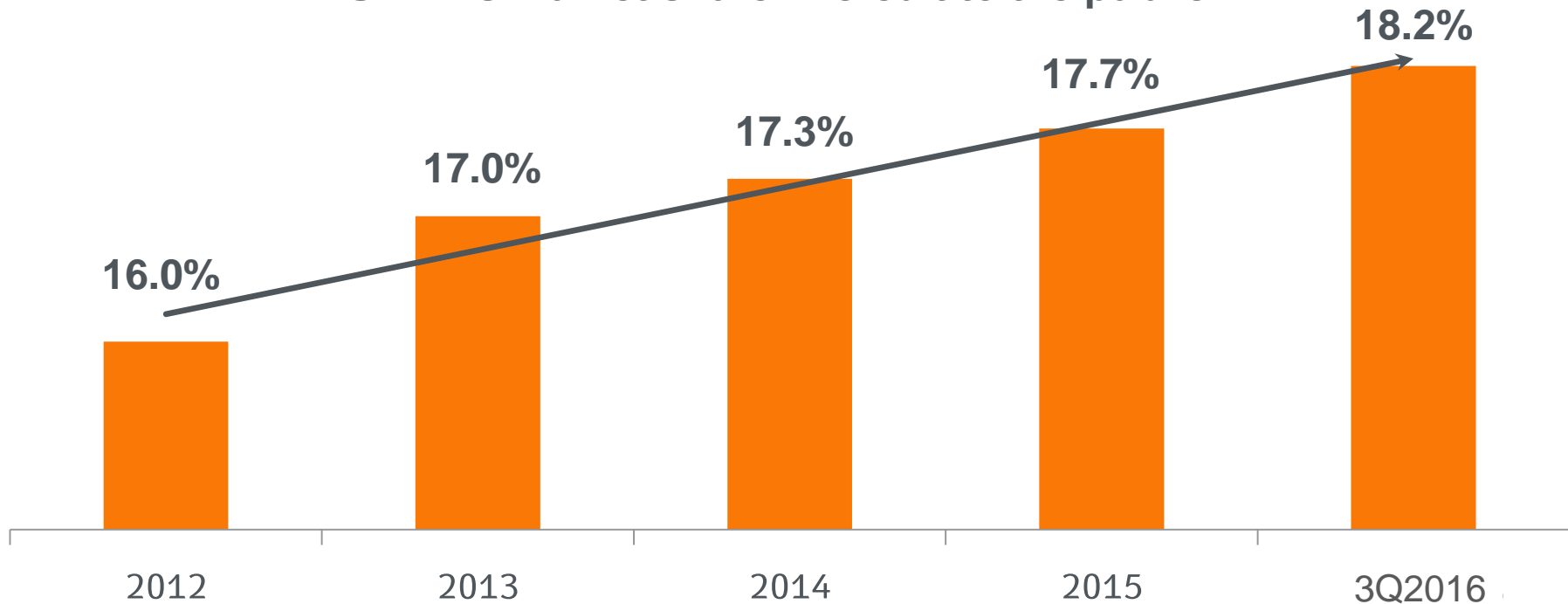
## Credit growth in most segments

Loans to the public			
	31.12.2016	31.12.2015	% of change
Housing loans	114,070	105,106	8.5%
Households and private banking	19,026	16,883	12.7%
Medium businesses + small and micro businesses	19,912	18,695	6.5%
Large businesses and institutional investors	15,110	15,459	*(2.3)
Overseas operations	3,223	3,061	5.3%
<b>Total</b>	<b>171,341</b>	<b>159,204</b>	<b>7.6%</b>

\* The reduction is due to sale of credit portfolios to institutional investors and financial entities as part of proactive managements of UMTB's capital

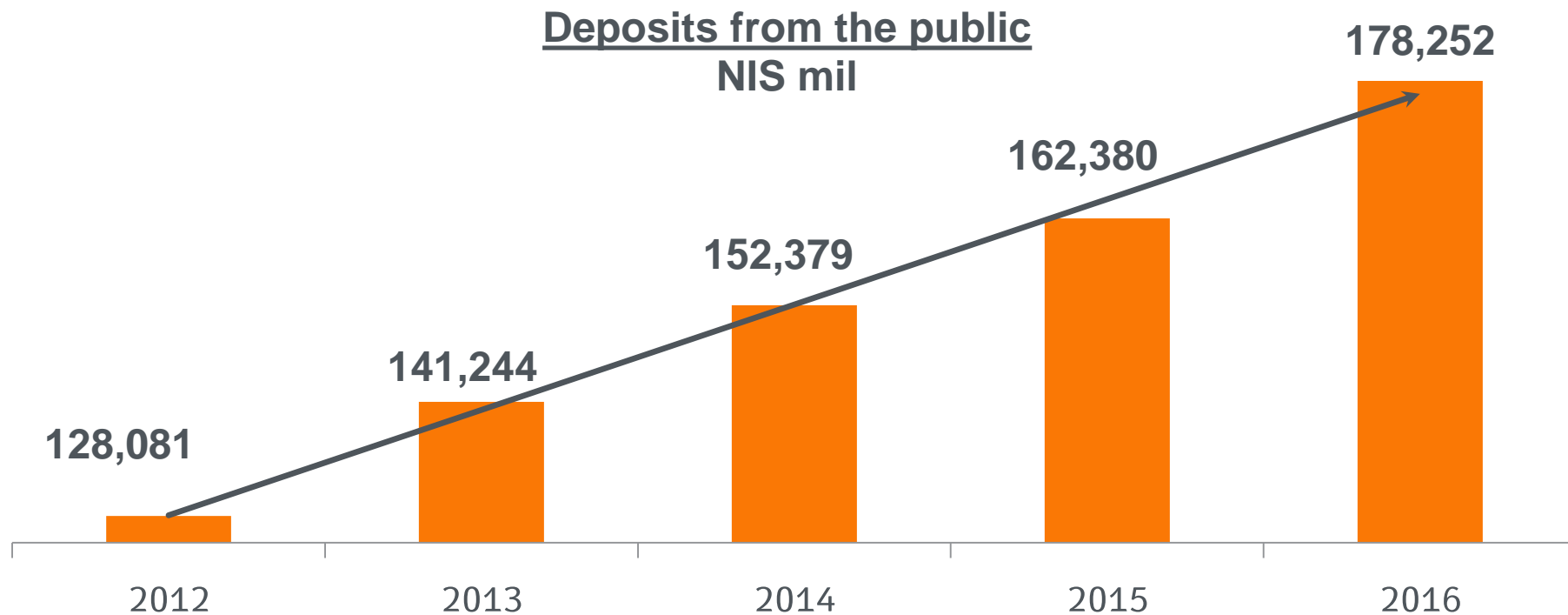
# Continuous growth in market share in credit to the public

UMTB's market share in credit to the public





# Continuous deposit growth

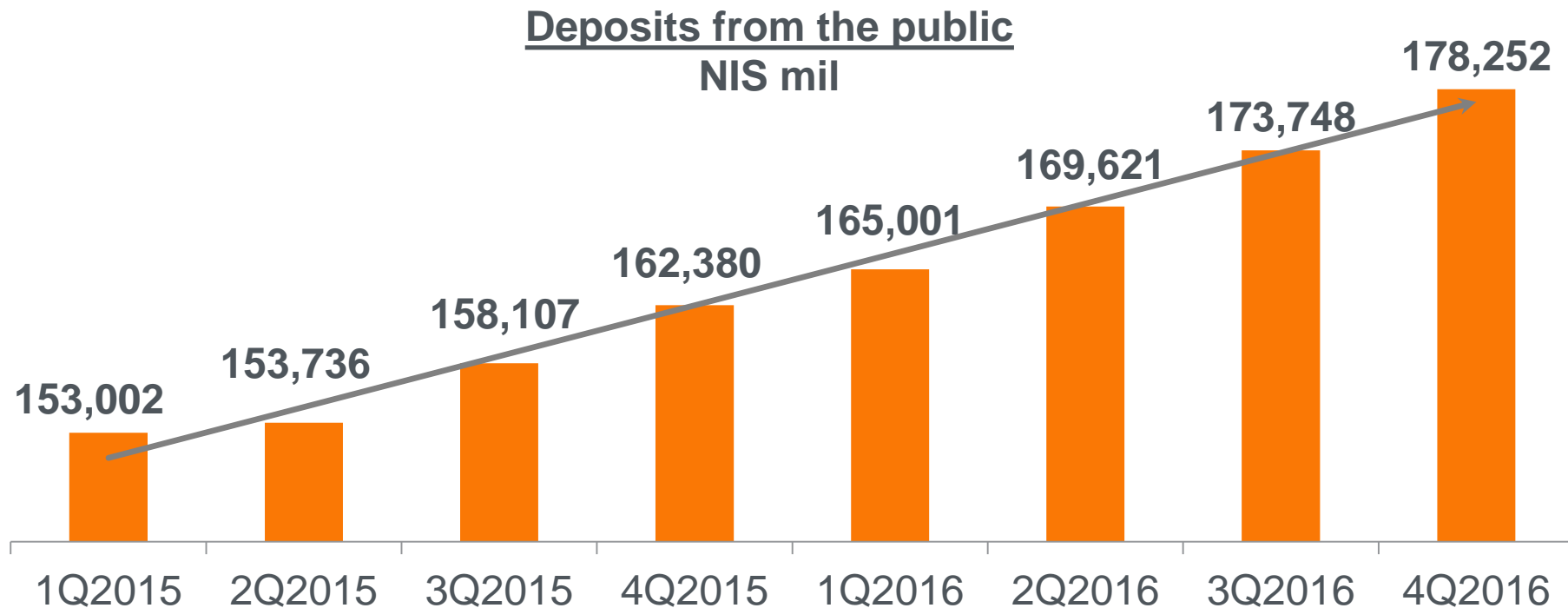


**Average annual growth rate 8.6%**





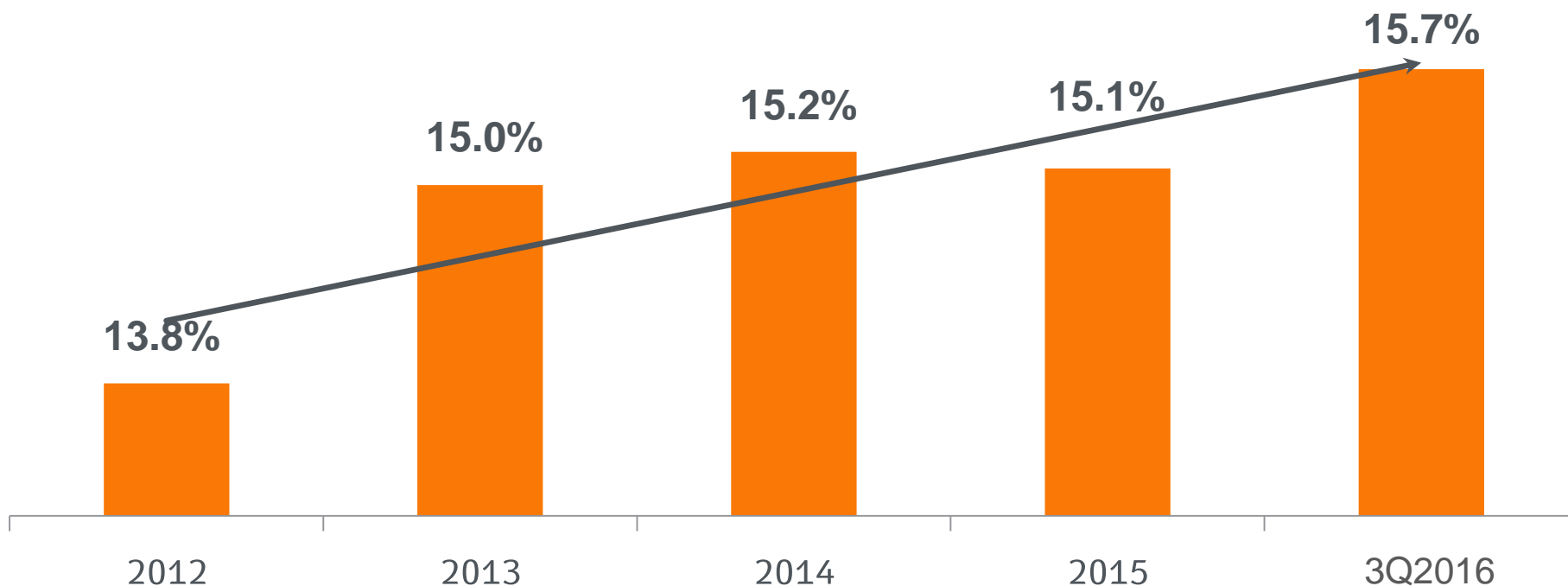
# Continuous deposit growth





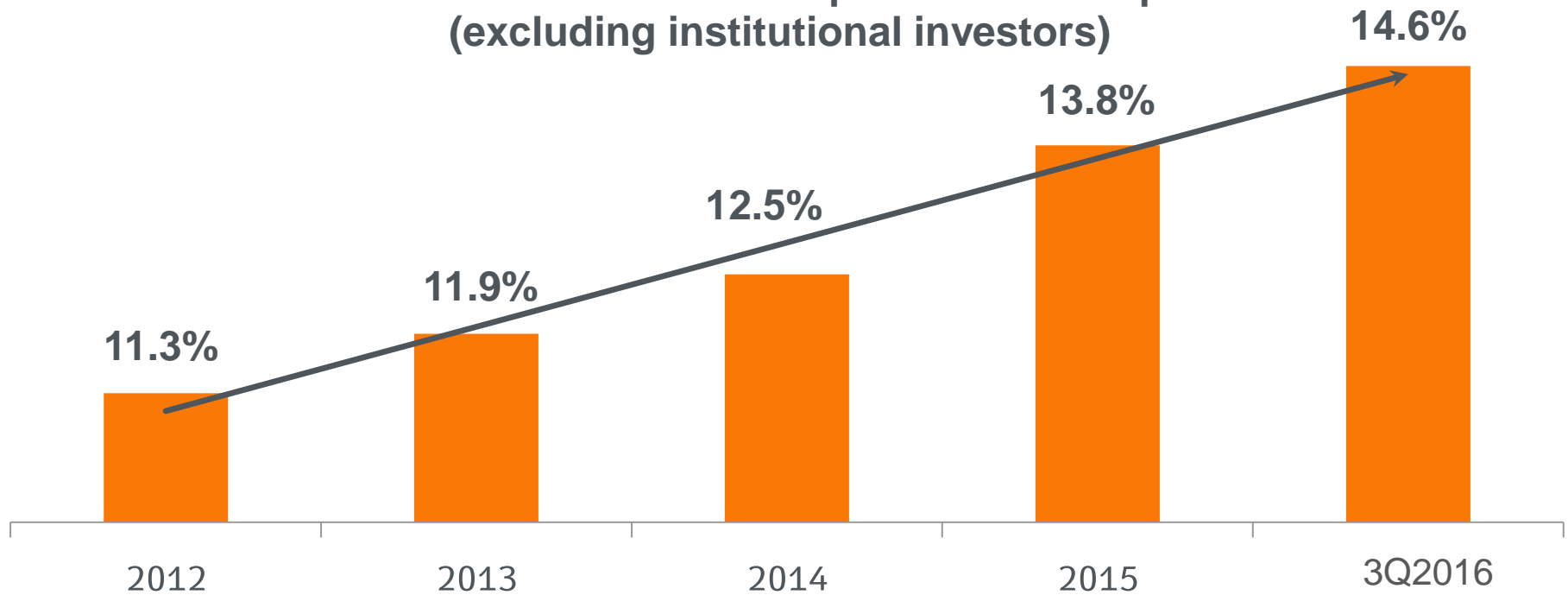
# Continuous growth in market share of deposits from the public

UMTB's market share in deposits from the public



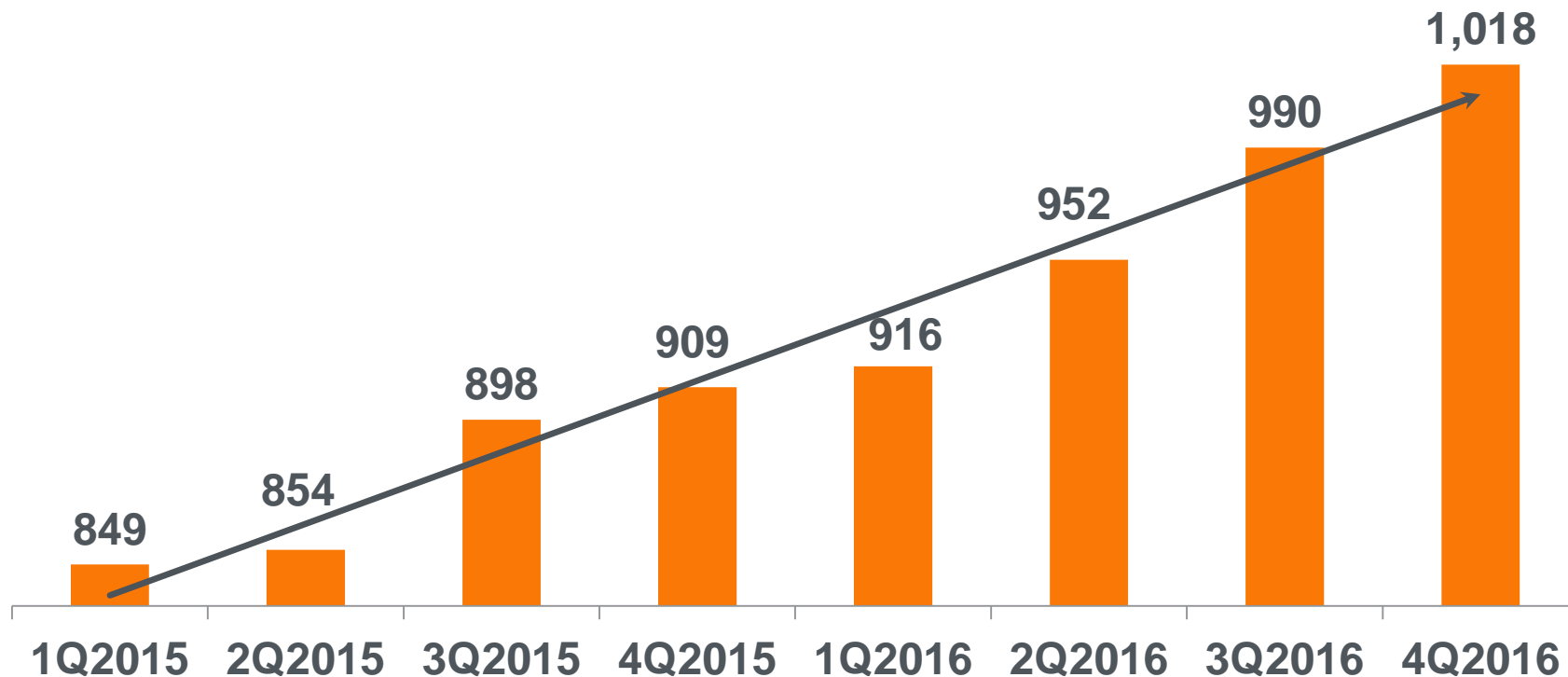
# Even higher growth in market share of deposits in retail and corporate segments

UMTB's market share in deposits from the public  
(excluding institutional investors)





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





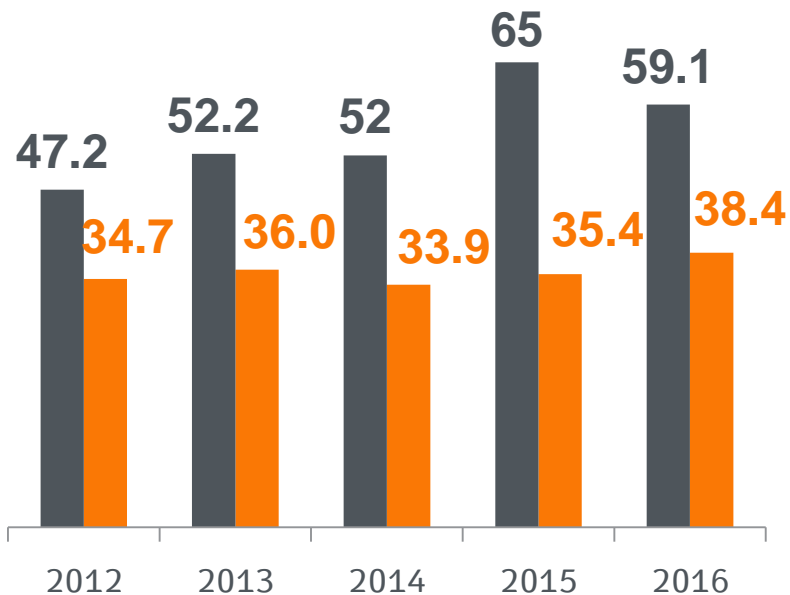
## Growth in financing revenues in all business segments

Financing revenues (NIS m)			
	2016	2015	% of change
Housing loans	1,100	992	10.9%
Households and private banking	1,131	997	13.4%
Medium businesses + small and micro businesses	968	895	8.2%
Large businesses and institutional investors	551	546	0.9%
Overseas operations	158	116	36.2%



# Mortgages - continue to lead the market while ensuring high quality underwriting of mortgage loans

Mortgages initiations (system, NIS b)  
UMTB's market share in mortgages (%)



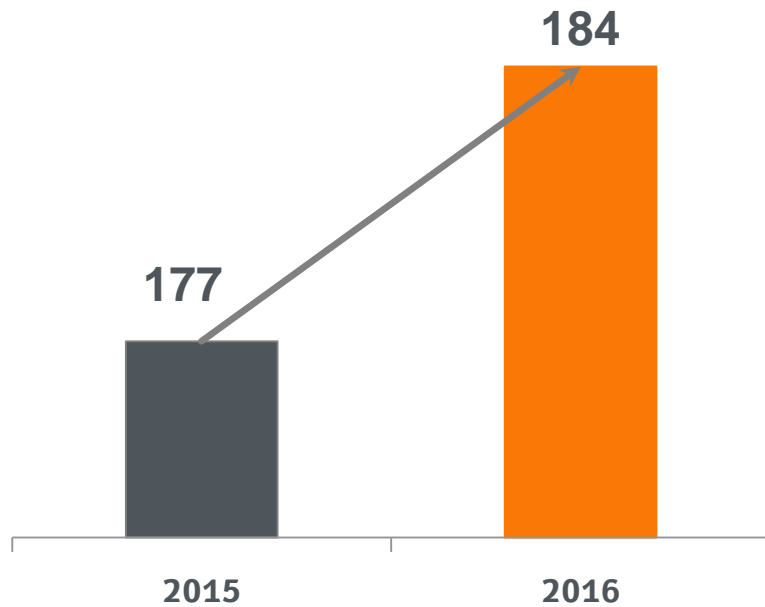
Main risk parameters in mortgages  
(system)

2016		2011
50.4%	Average LTV*	54.6%
26.3%	Average payment to income*	32.6%
0.73%	Rate of mortgages in arrears* ** out of the total mortgage portfolio	1.59%

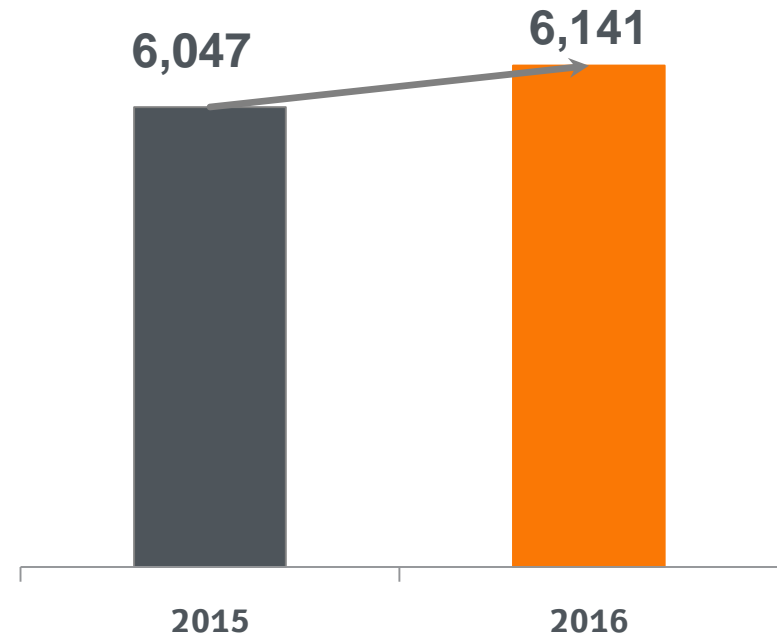
\* LTV and payment to income for the period 4-12.2011 compared with 1-12/2016, mortgages in arrears 12/11 compared with 12/16

\*\* over 90 days

Number of branches



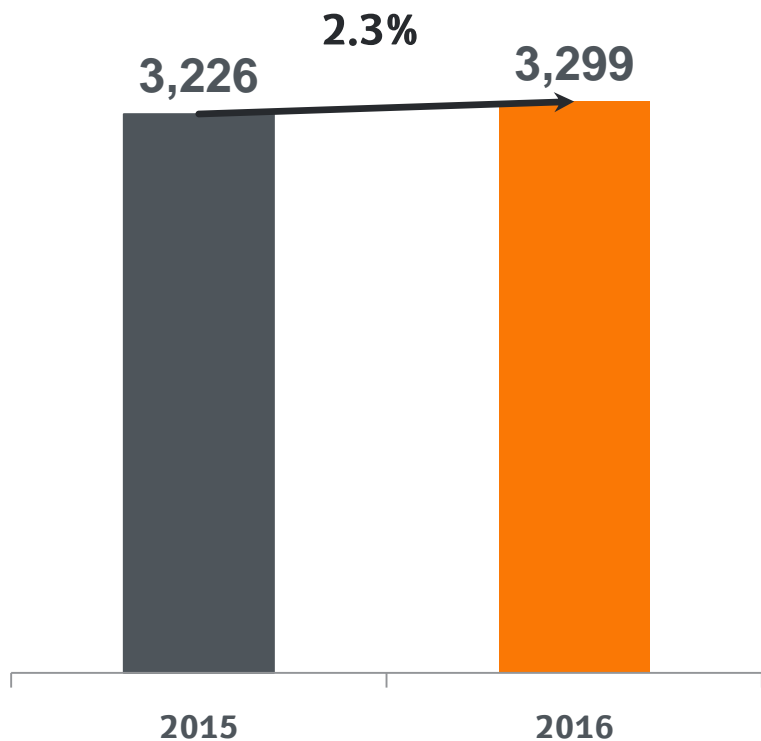
Number of employees



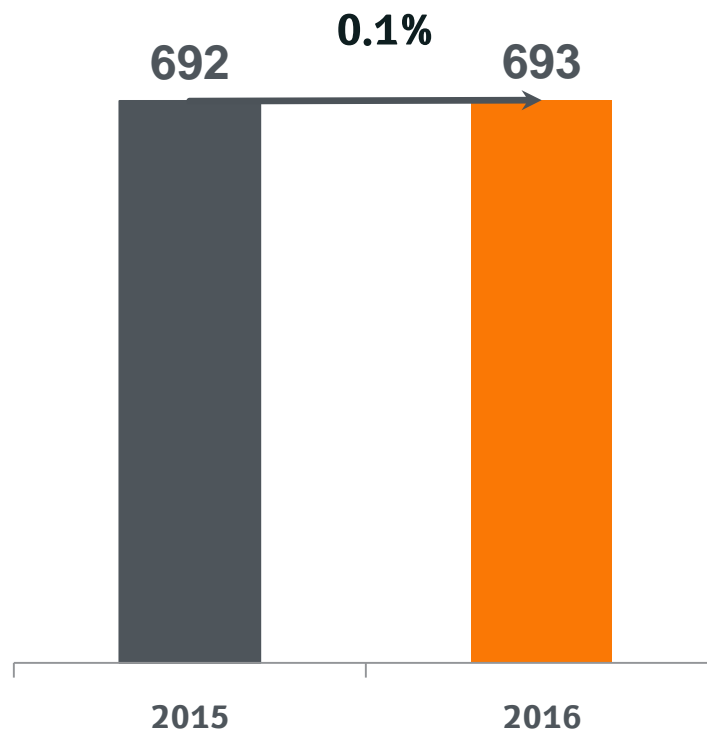


# Tight control of expenses

### Operating and other expenses



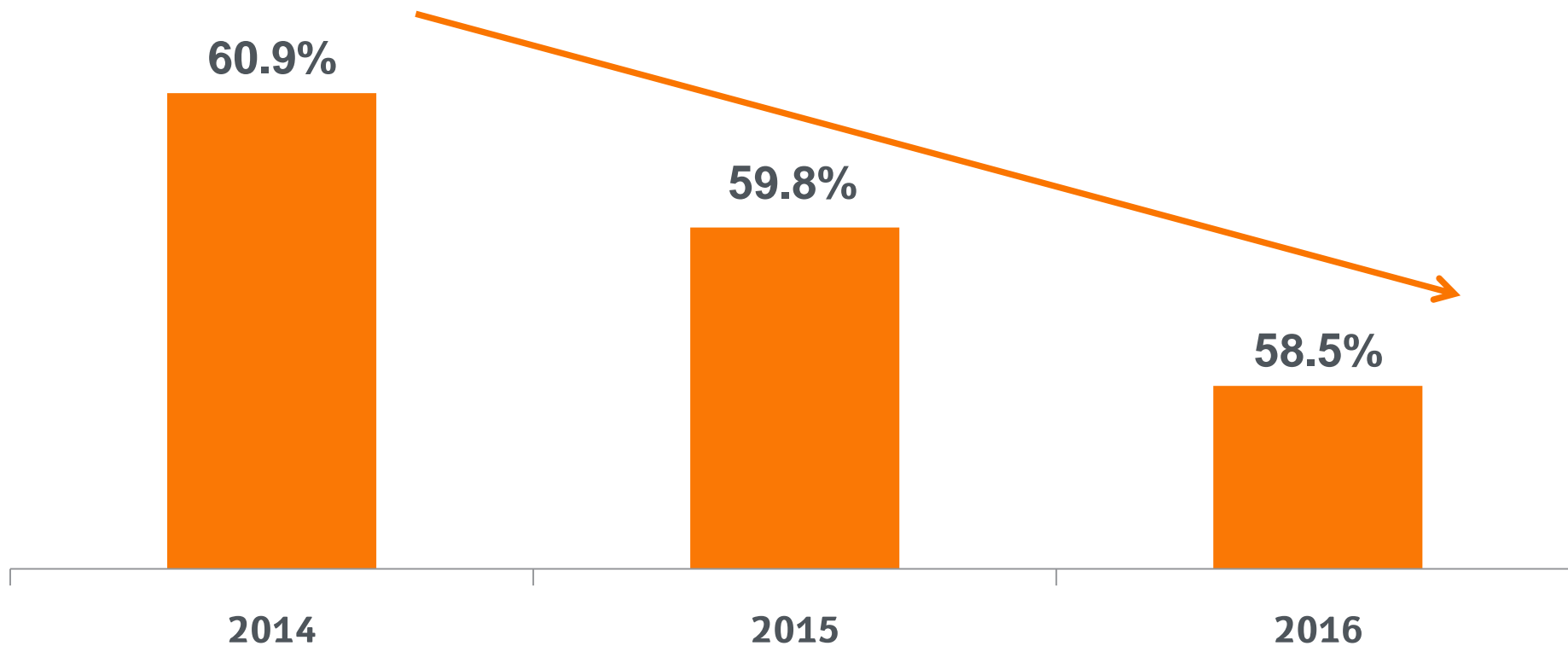
### Maintenance and depreciation



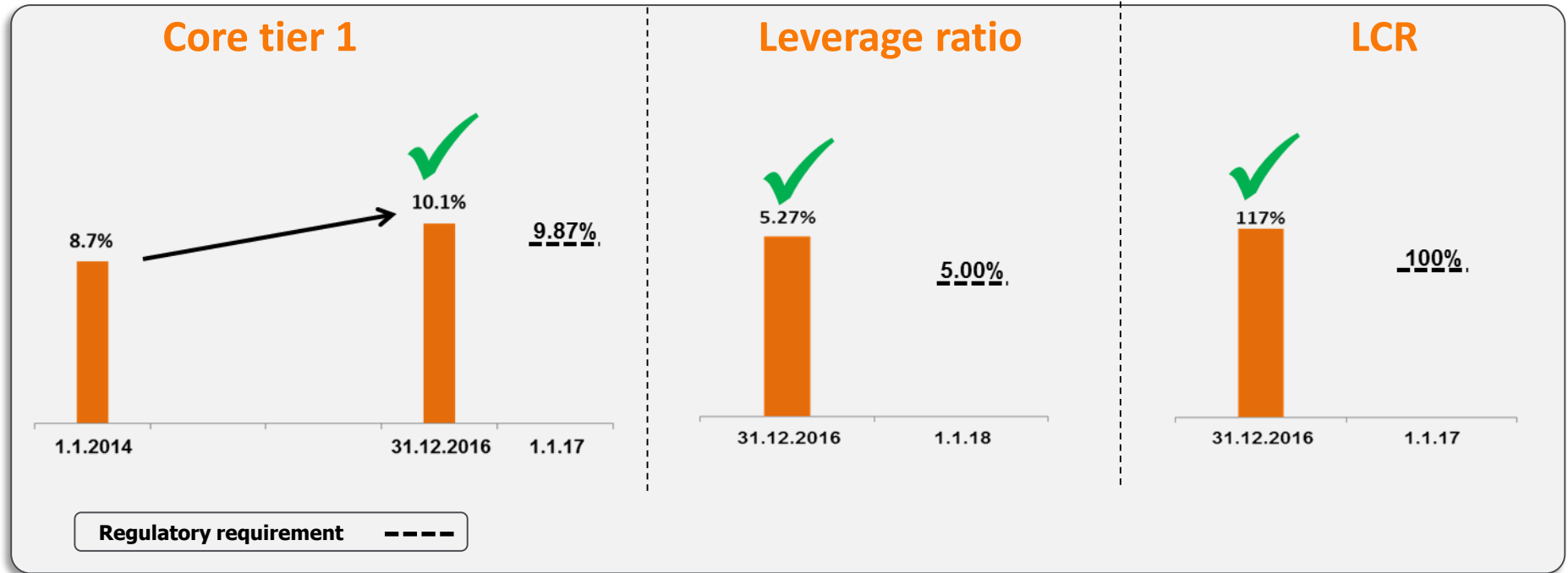




## Continue to improve efficiency

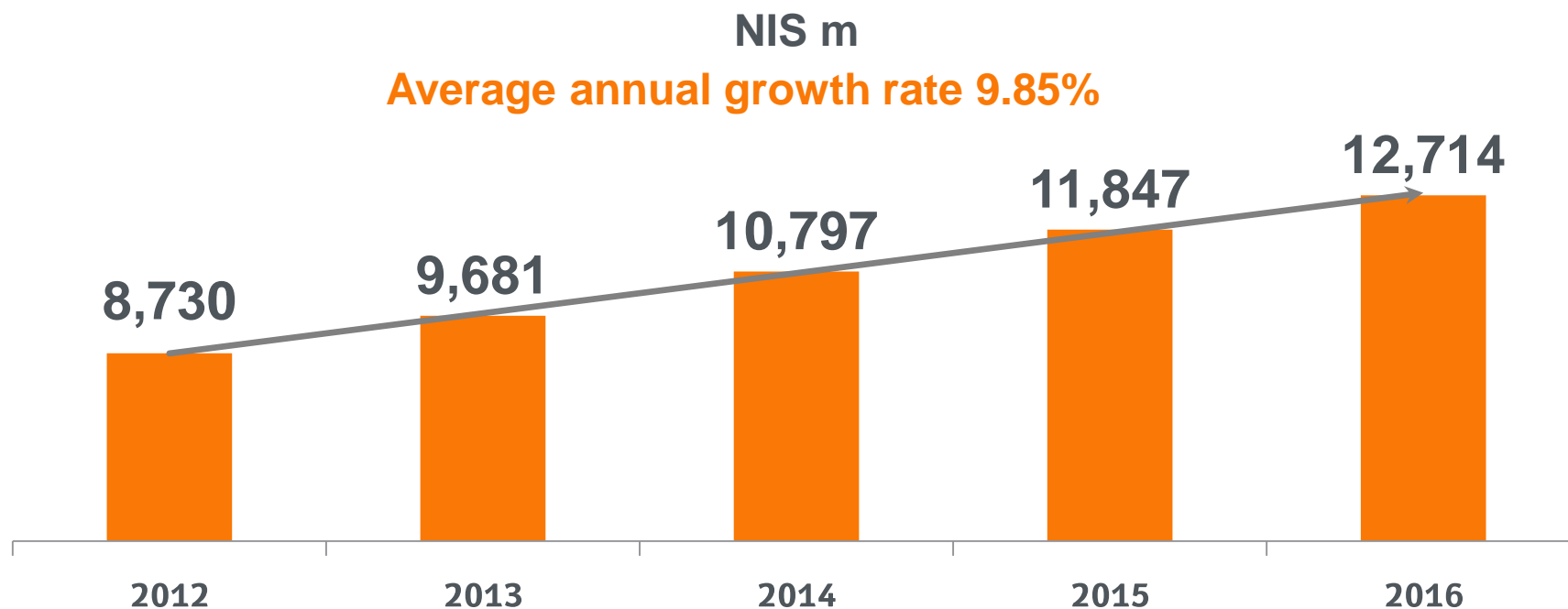


# Achieving regulatory financial ratios thresholds





## Increasing equity base



Average growth of ~NIS 1 billion every year !



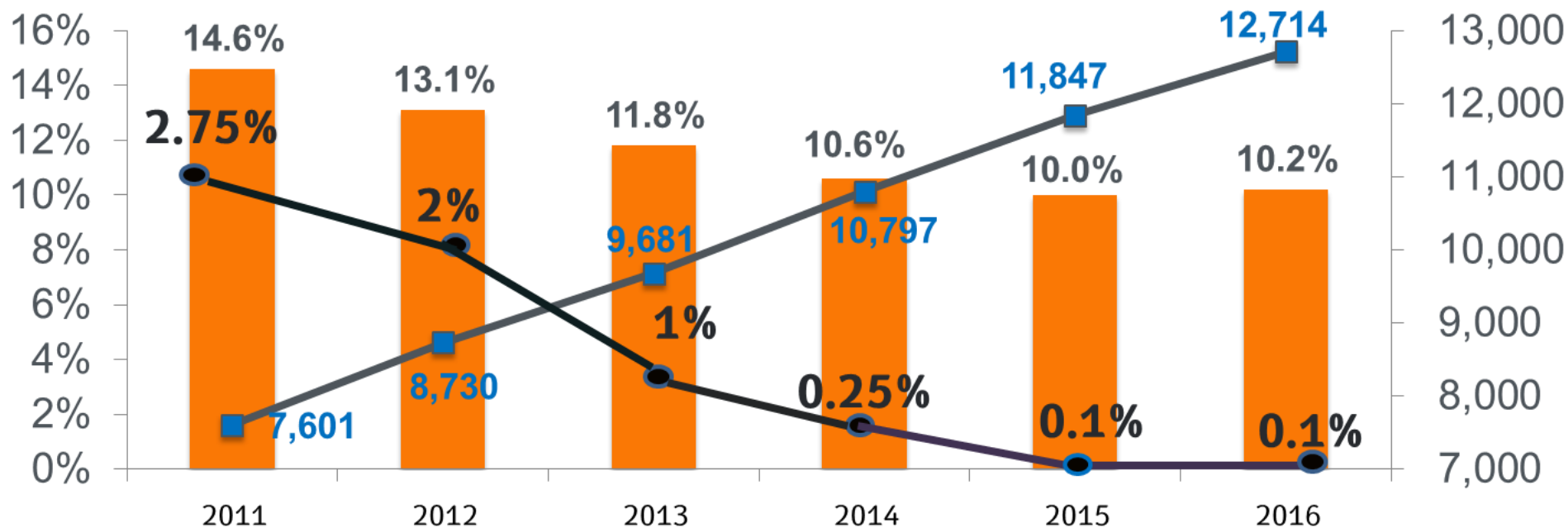
- ✓ **Improving risk weighted assets**
  - selling mortgage portfolios
  - insuring guarantees according to the Sale Law
  - syndications and participations with institutional investors
  
- ✓ **Creating operational flexibility in managing the physical assets of UMTB** by replacing ownership with rentals
  
- ✓ **Optimization of existing branch network**



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

ROE(%)

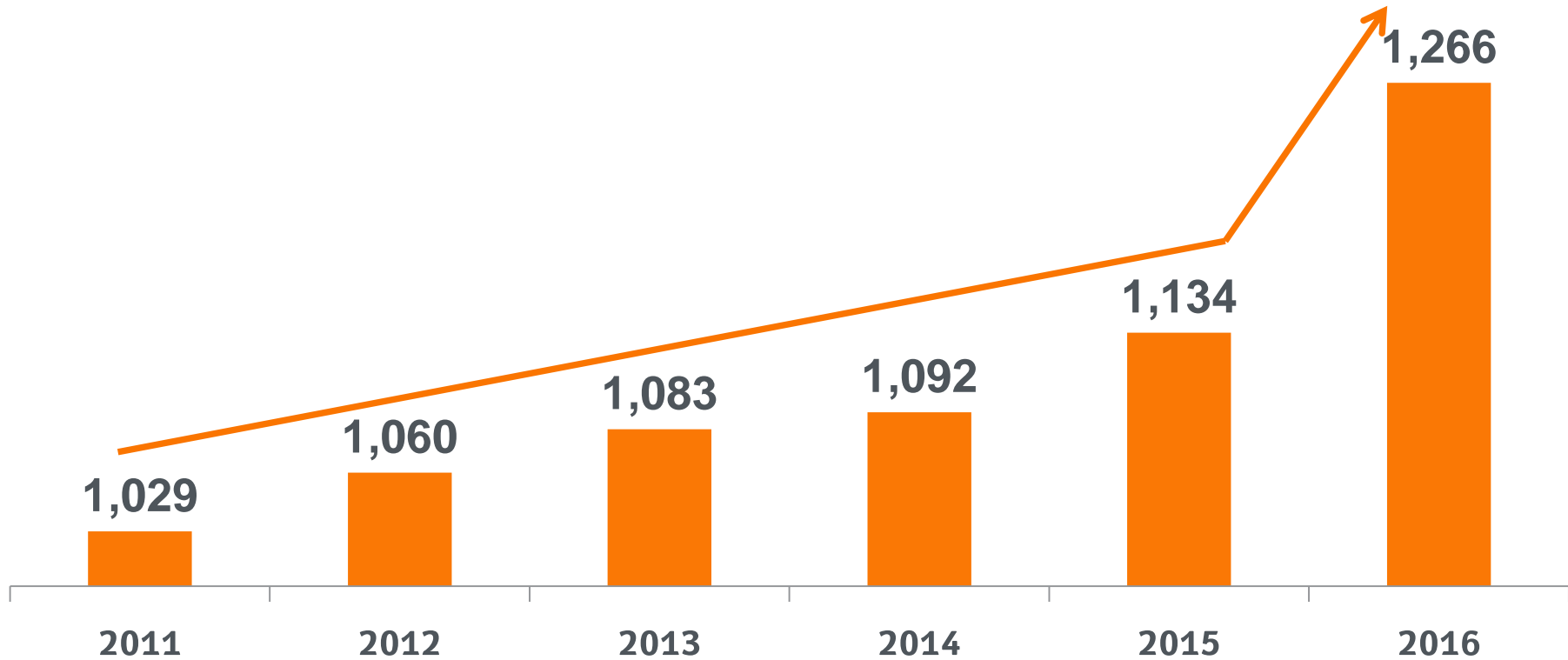
Equity (NIS mil)



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



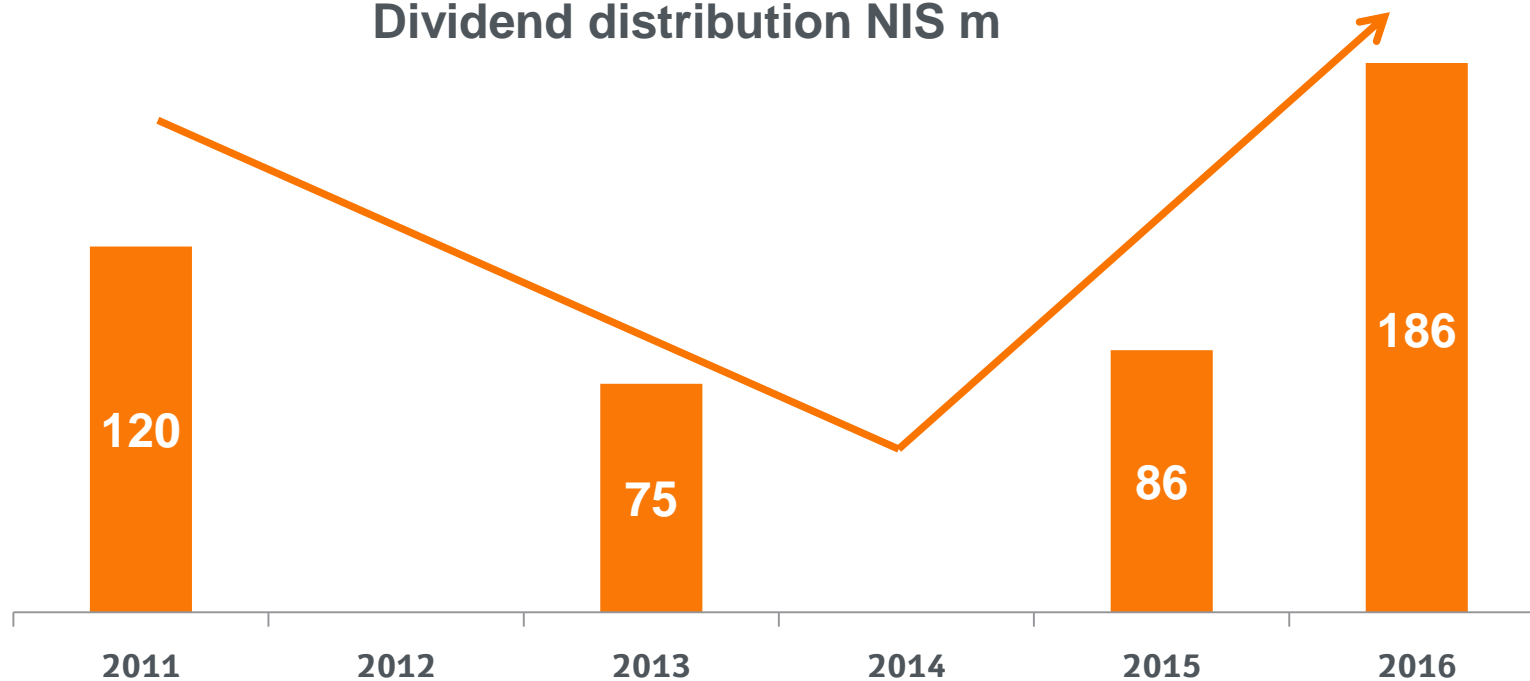
# Record high net profit, considerably higher than previous years





# Dividend distribution

Dividend distribution NIS m

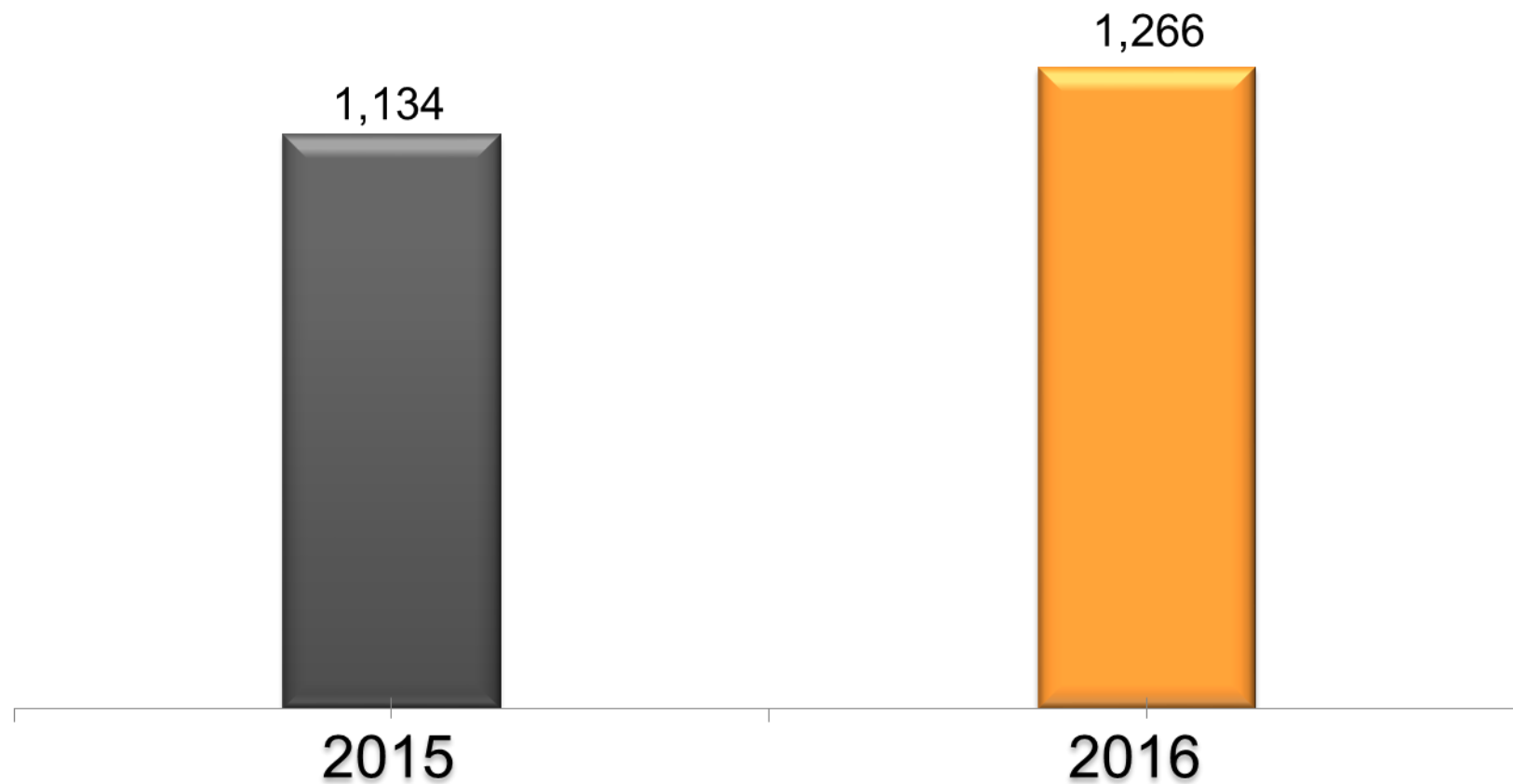




# Financial results

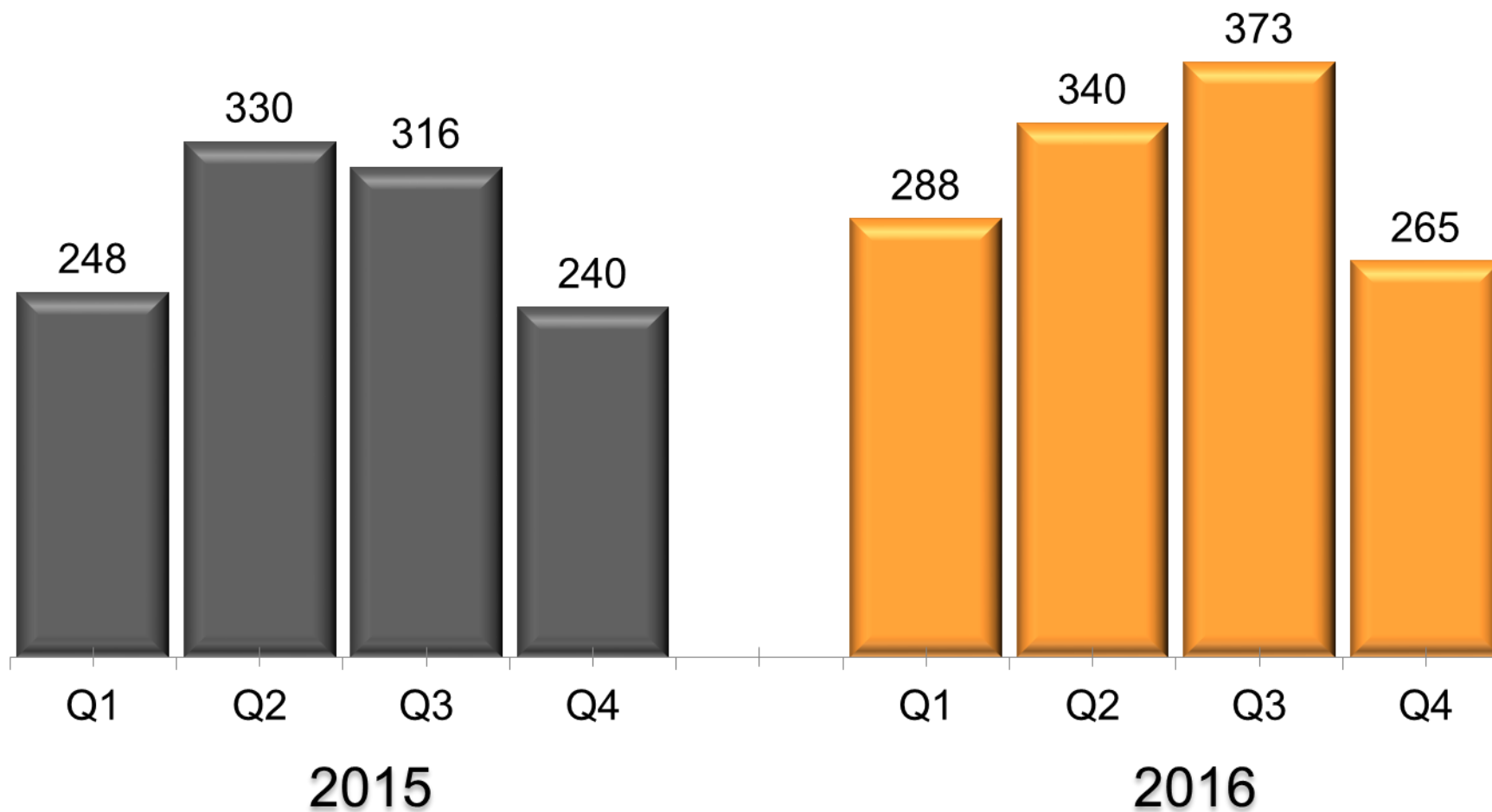


## Net profit (NIS mil)



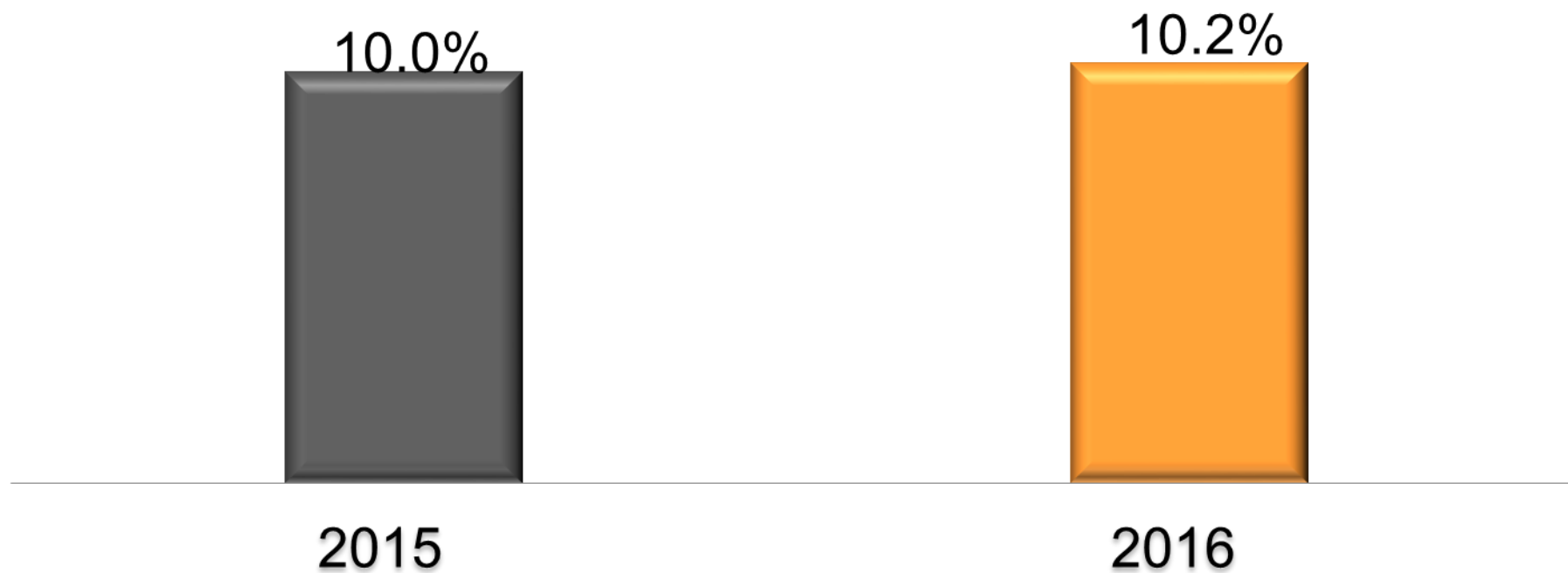


# Net profit (NIS mil)



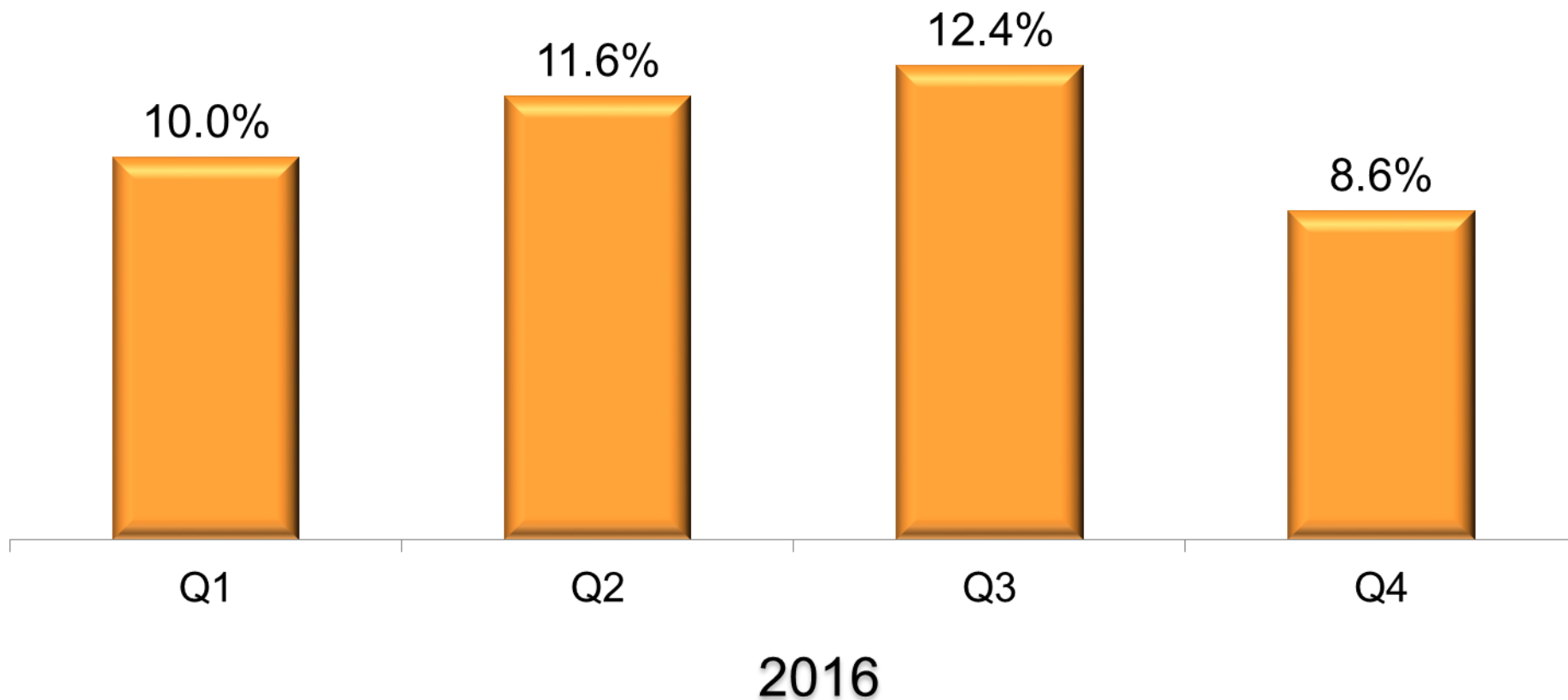


## Net profit -ROE



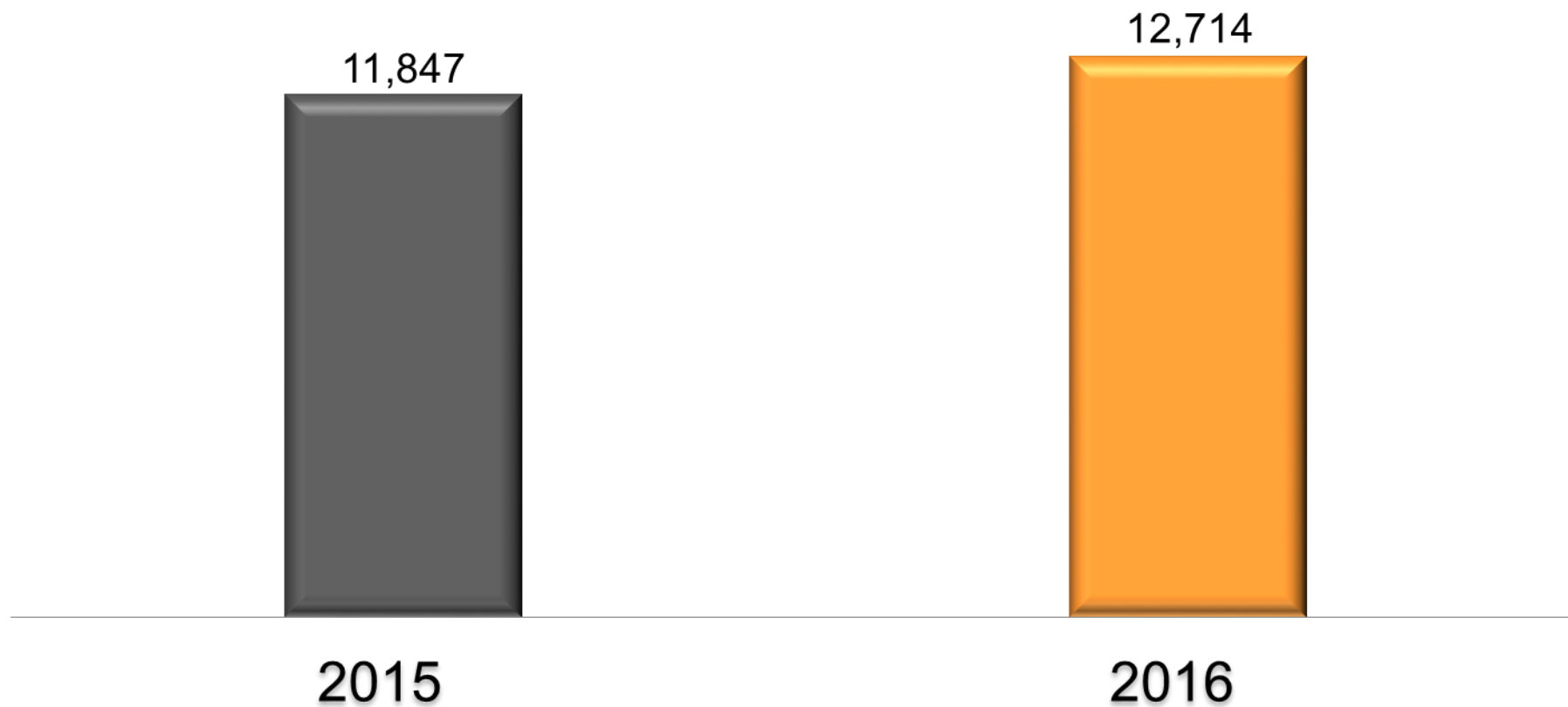


# Net profit -ROE



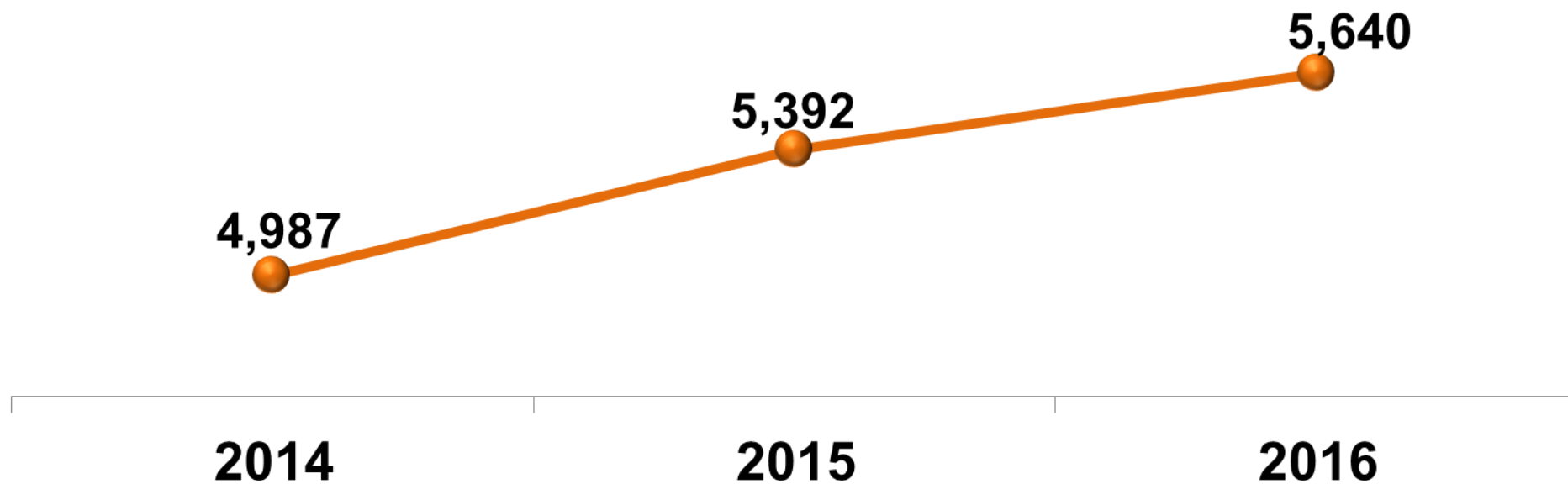


## Equity (NIS bil)





## Total revenues\* (NIS mil)



\* Including interest revenues net, and non interest revenues

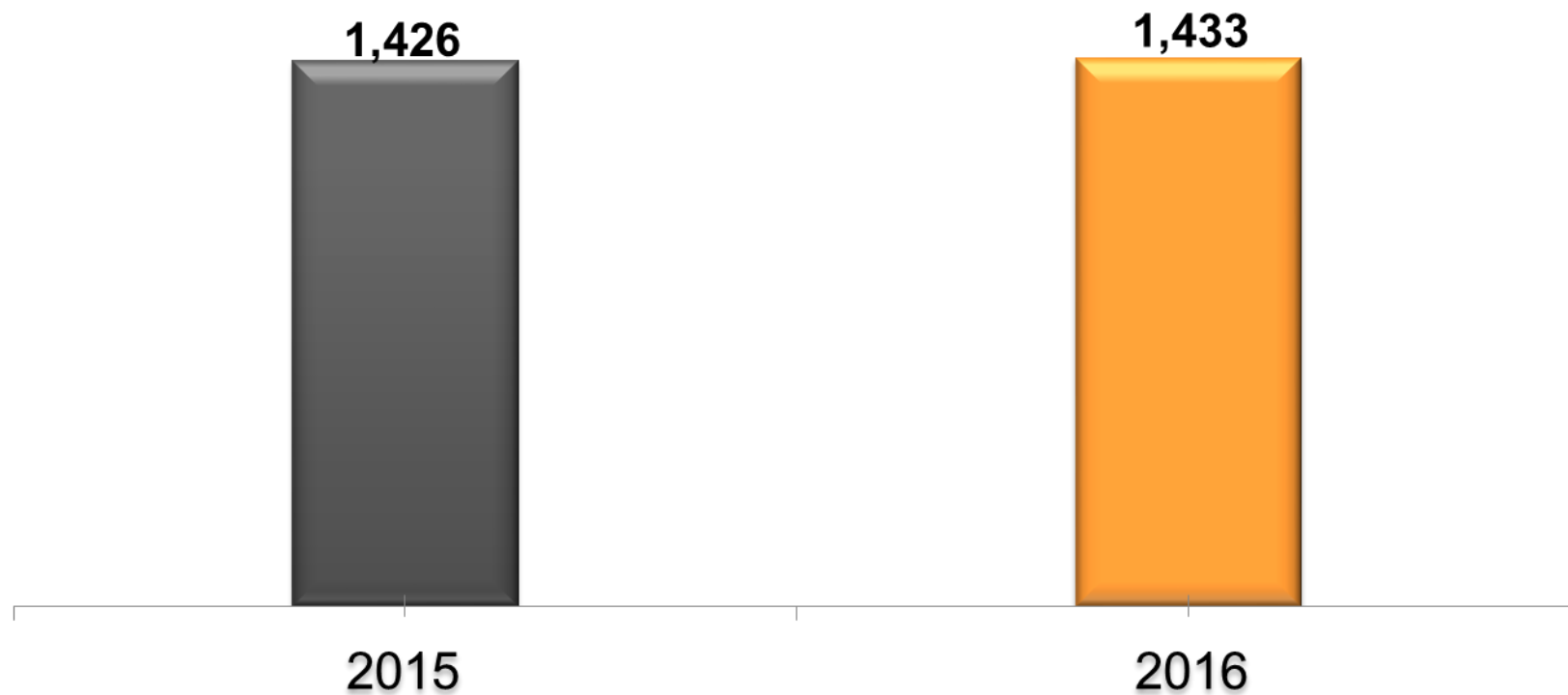


## Financing Revenues (NIS mil)

	2015	2016	Rate of change
Interest revenues, net	3,534	3,778	
Non-interest financing revenues	358	295	
Total financing revenues	3,892	4,073	4.7
Less:			
Linkage differentials with respect to CPI position	(130)	(48)	
Revenues from collection of interest on troubled debt	54	40	
Gain from debentures	180	72	
Effect of accounting treatment of derivatives at fair value and others	278	133	
Total effects other than current operations	382	197	
Total financing revenues from current operations	3,510	3,876	10.4



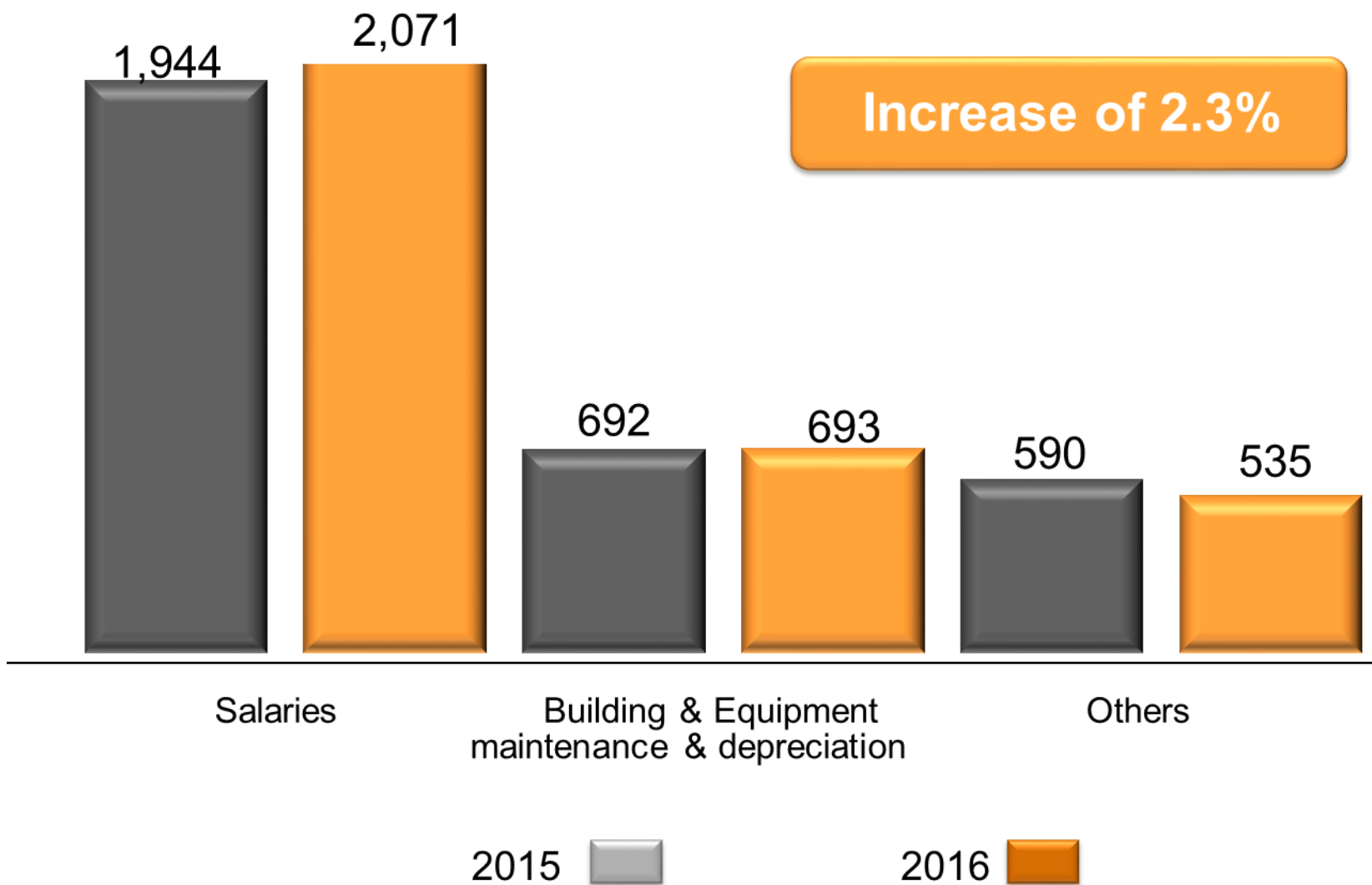
## Commissions (NIS mil)





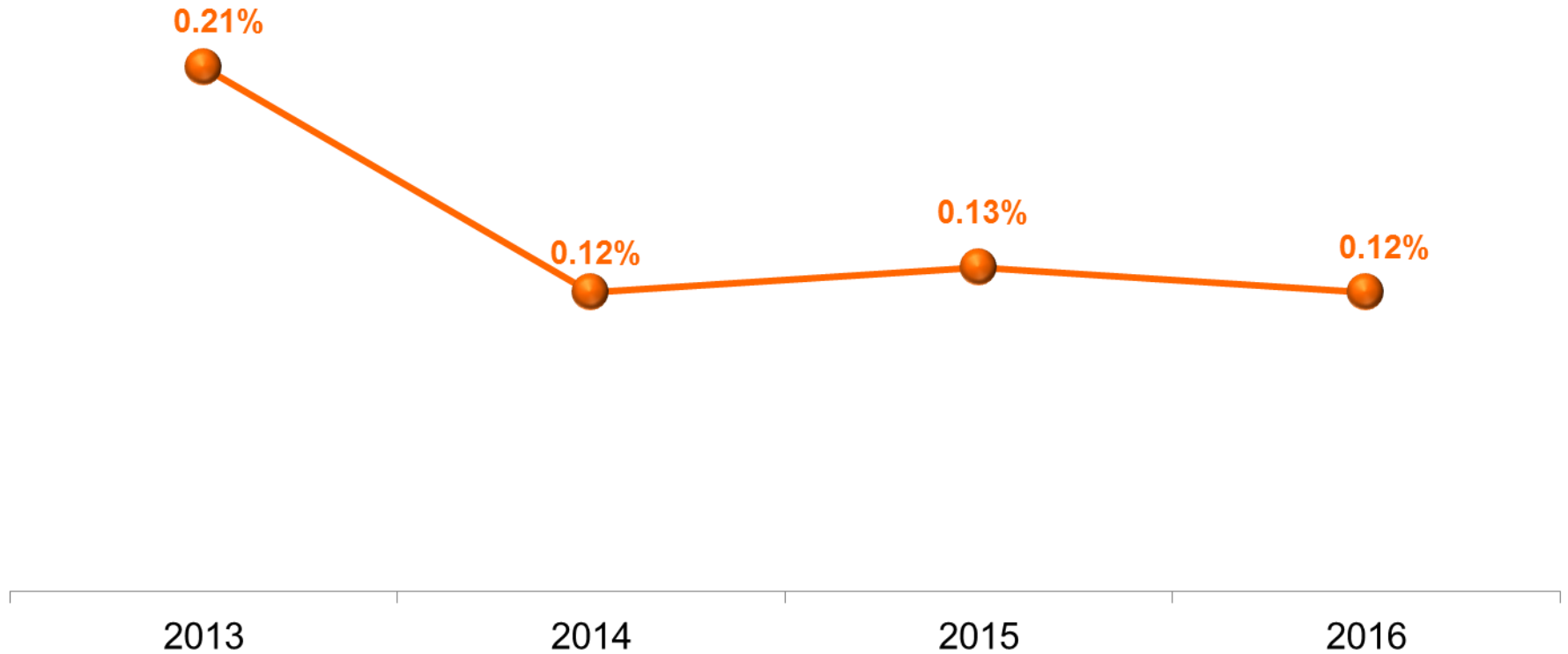


## Operating and other expenses (NIS mil)



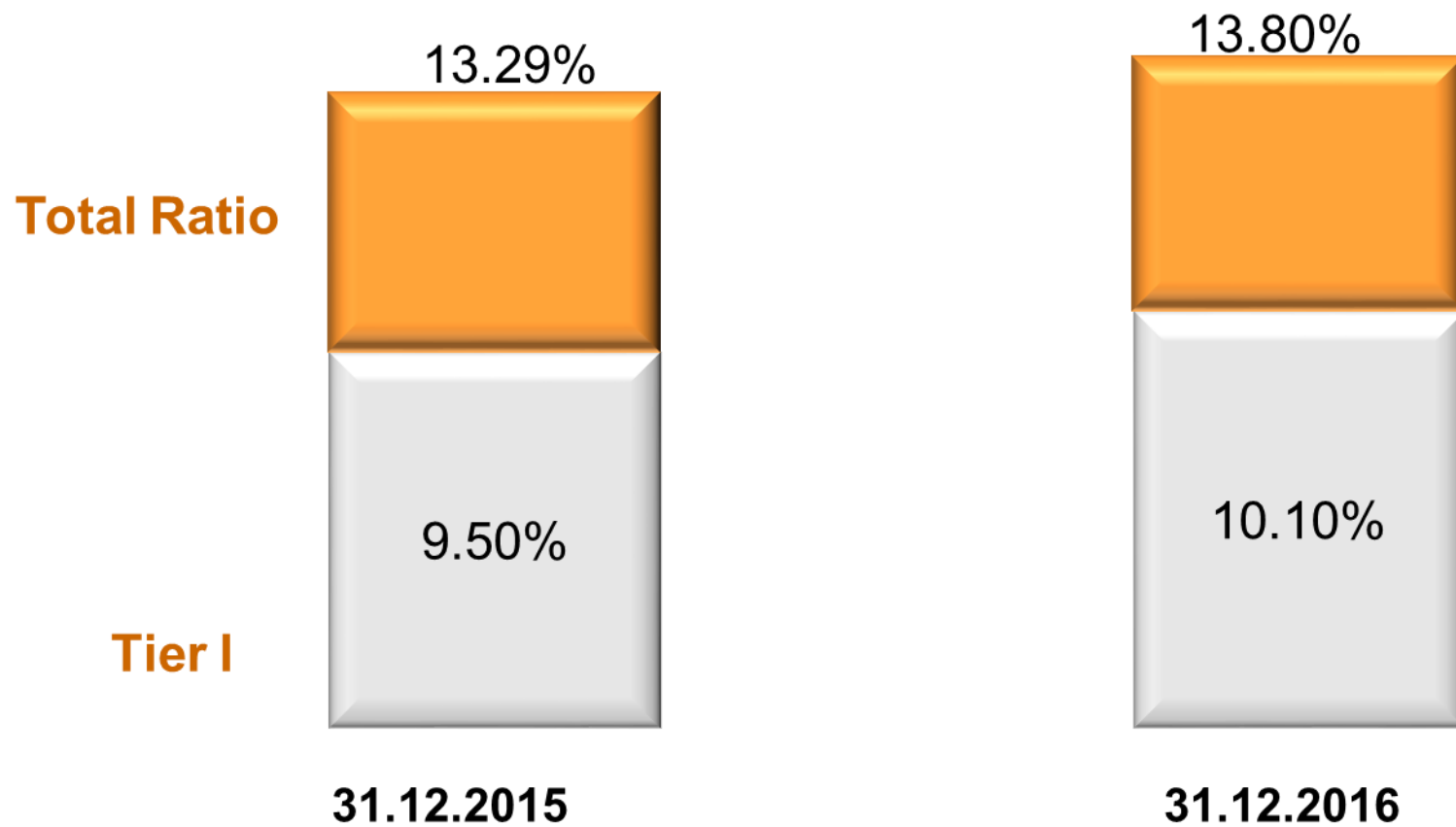


# Provisions / loans to the public





# Capital adequacy





## Dividend (NIS mil)

