



MIZRAHI TEFAHOT

Financial Statements

30 June 2014



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Contents

- **Trends and highlights**

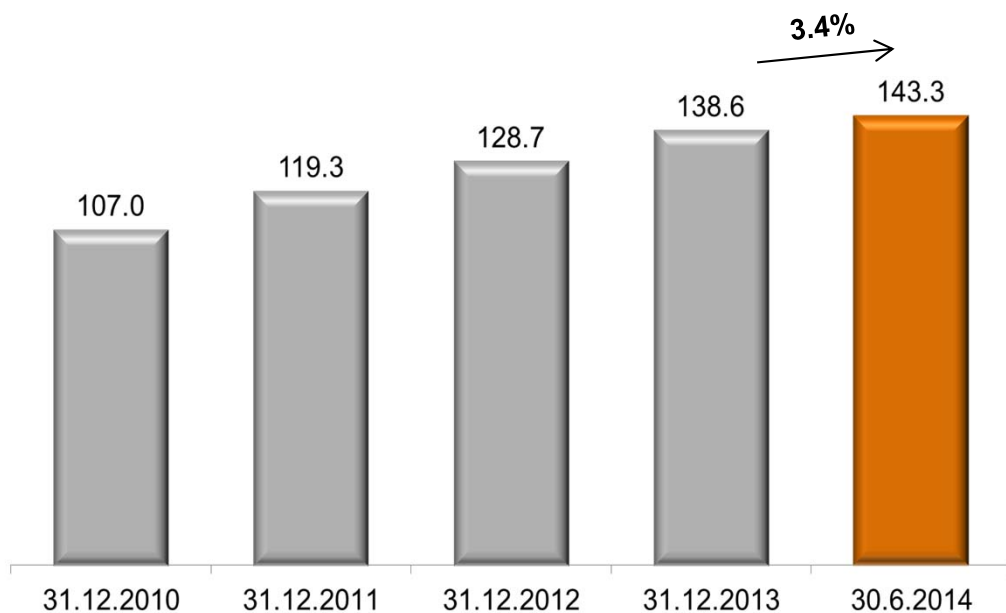
- **30.6.2014 Financial Results**



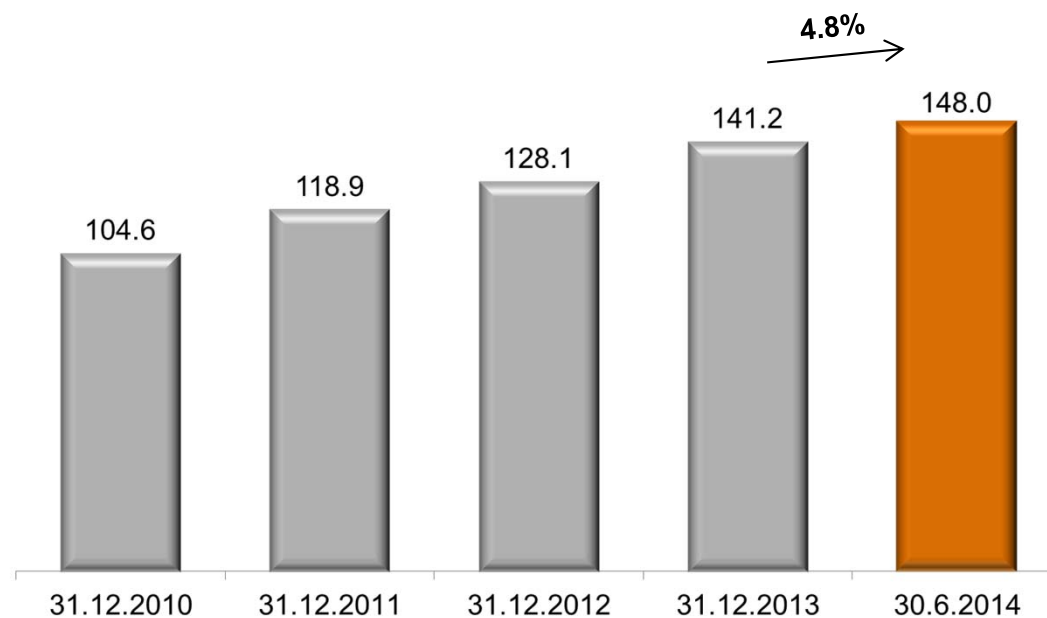
Continuation of growth pattern without jeopardizing risk profile

We continue to grow our deposit base to support loan growth under regulatory requirements

Loans to the public (NIS bil)

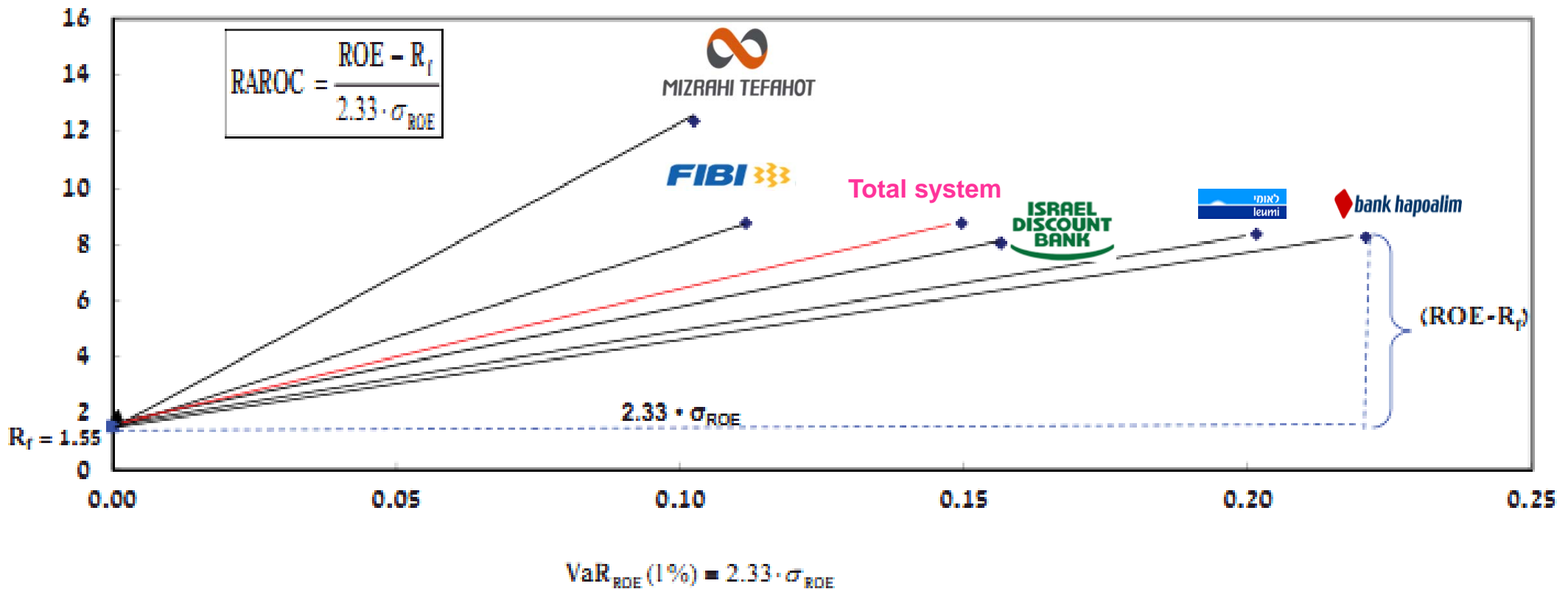


Deposits from the public (NIS bil)



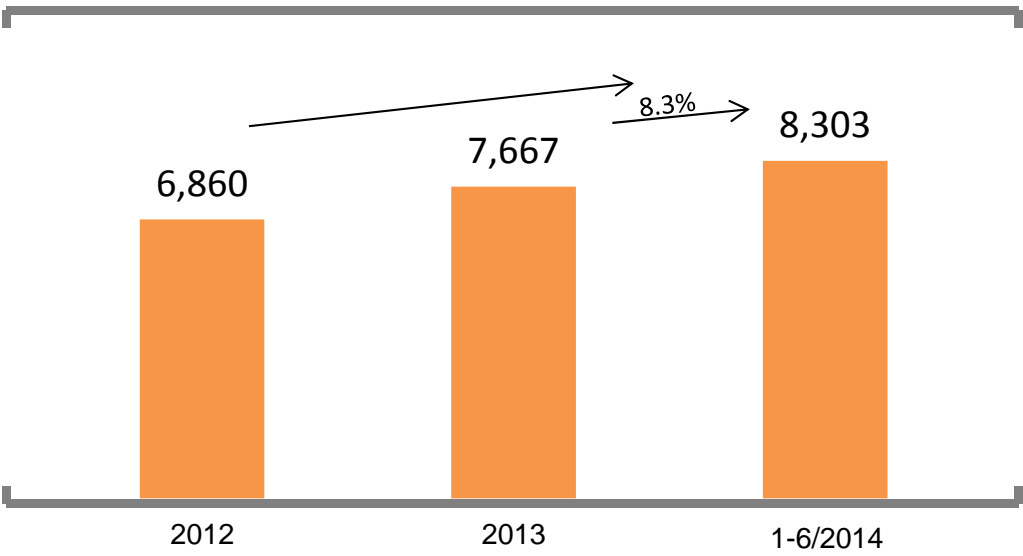
Continue to provide best combination of high return with low risk

Risk Adjusted Return On Capital - comparison between the five major banking groups and the system, average 2007 - 2013

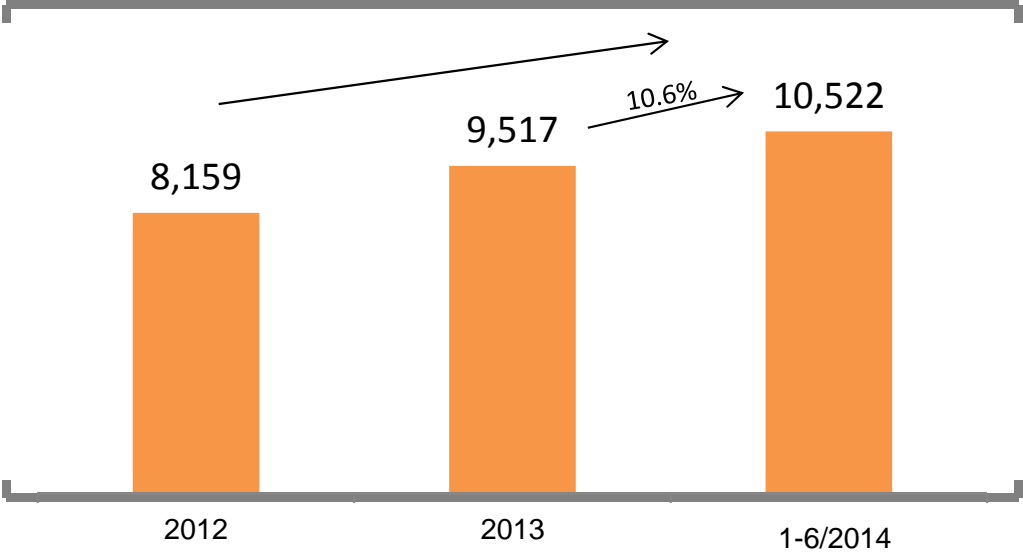


Ongoing growth pattern – small business segment

Loans to the public (NIS mil)

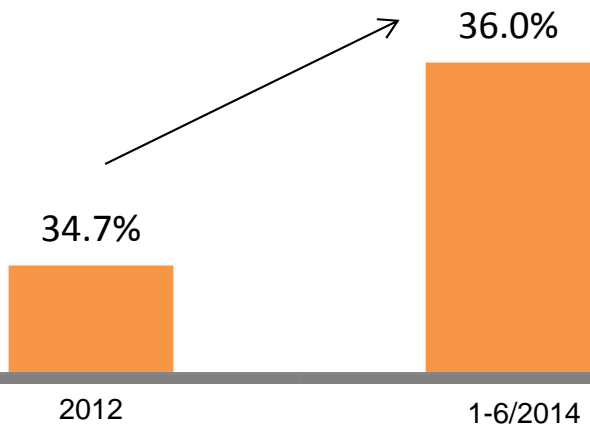


Deposits from the public (NIS mil)

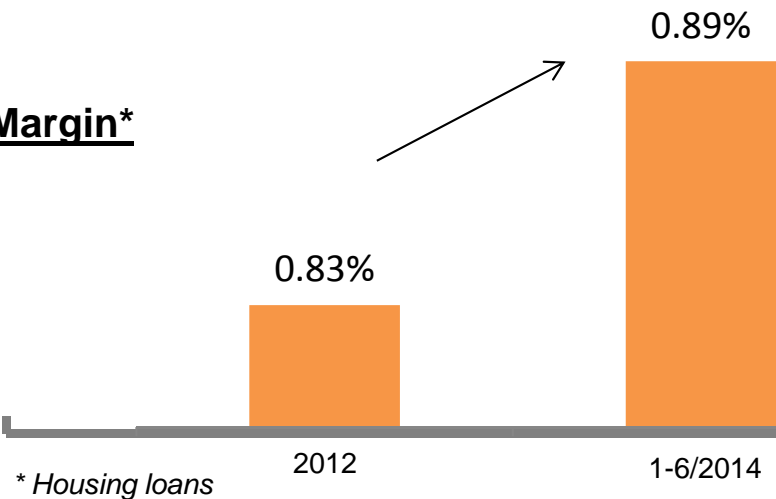


Growing income while reducing risk

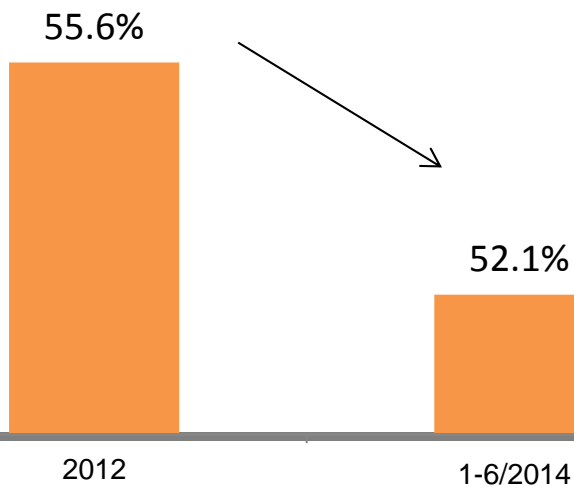
Market share



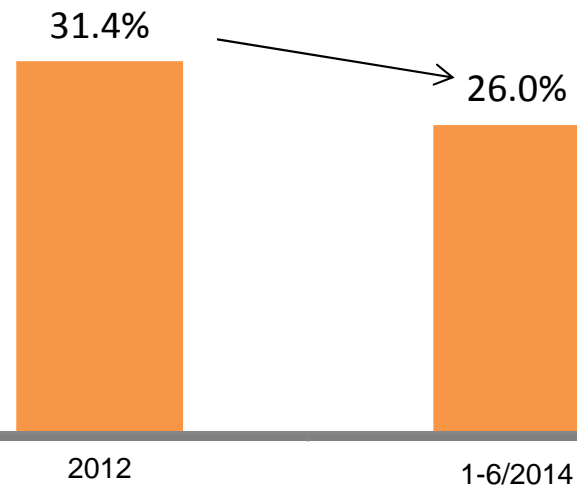
Margin*



LTV

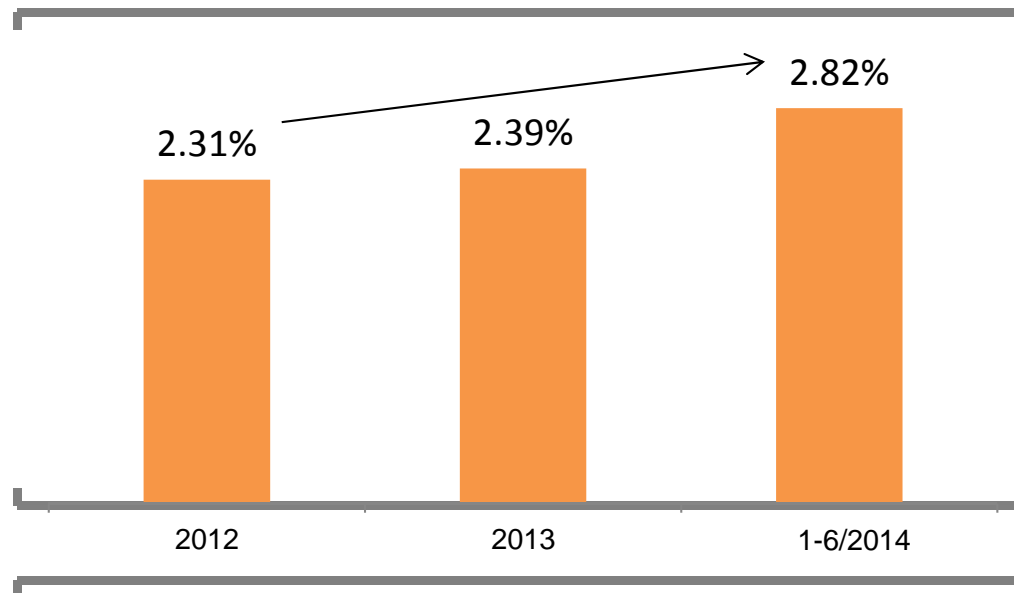


Payment load

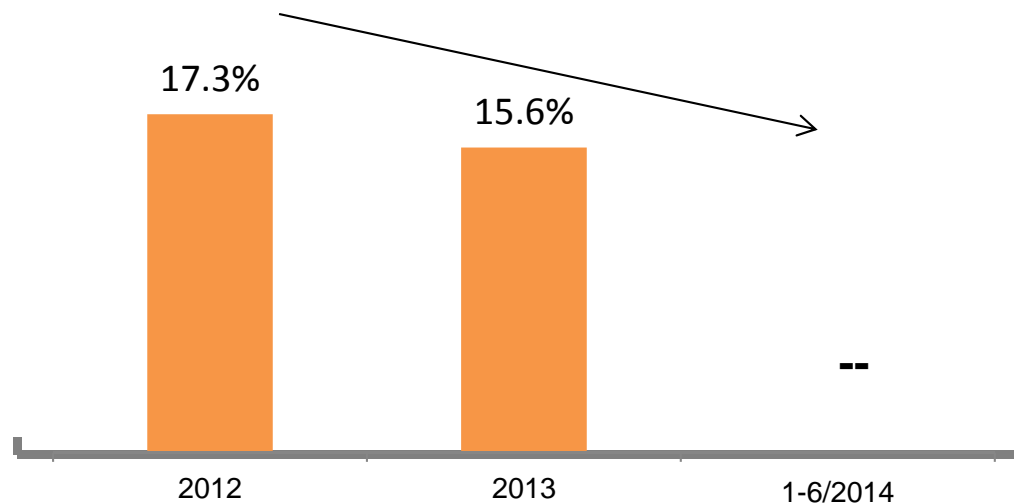


Growing income while reducing risk

Margin



Significant exposure to group of borrowers*



* Disclosure of credit risk with respect to significant exposure to borrower groups is provided with regard to each group of borrowers whose net indebtedness, on consolidated basis, after allowed deductions pursuant to Proper Conduct of Banking Business Regulation 313, exceeds 15% of the banking corporation capital (as defined in said regulation). **As of June 30 2014, the Bank has no borrower group which meets the aforementioned condition.**



Employees representation and labor relations

UMTB is growing in activity, market share, income, and personnel and branch network to support that growth. Maintaining proper labor relations in all levels is a part of the culture of UMTB

- Mizrahi-Tefahot Technology Division Ltd. : on April 30, 2014, a collective bargaining arrangement was signed in which the parties agreed on employees wage promotion and a principle agreement regarding students' employment and labor dispute elimination. On June 2, 2014, a collective bargaining agreement was signed, mainly for the arrangement of final calculation of advanced payroll payments for previous years, the employment of students under special agreement, voluntary retirement plan and the elimination of the labor dispute regarding wage.
- Mizrahi Tefahot's Council of Managers (about 250 managers): on June 16, 2014, a wage agreement was concluded with the Managers' Council for the period 2013-2017. the agreement covers various issues including industrial calm during the entire agreement period, and an option plan resembling the granting conditions relevant to top managers.
- Mizrahi Tefahot's Employees Representation: ongoing negotiations. The current agreement is valid until the end of 2015.



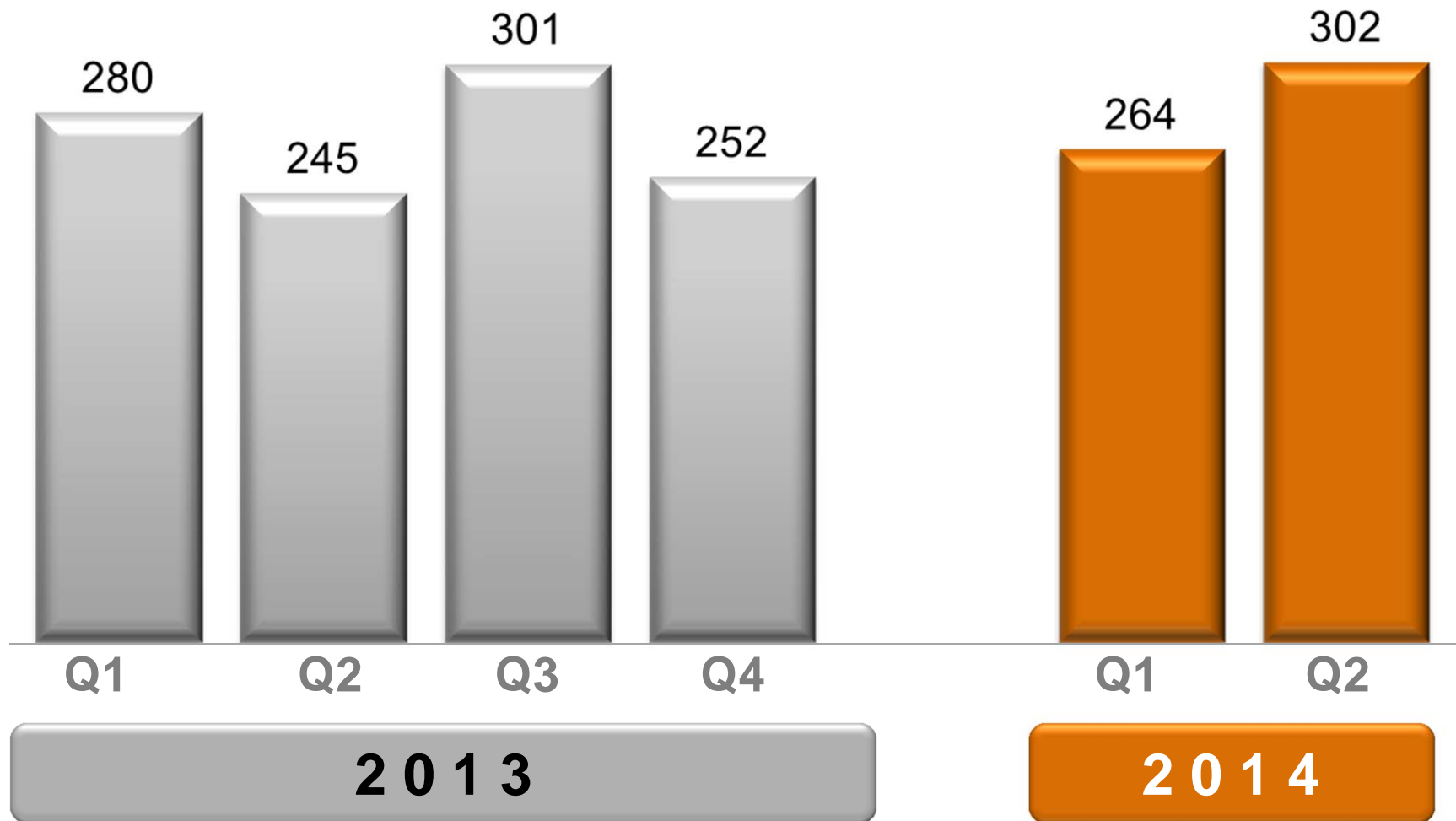
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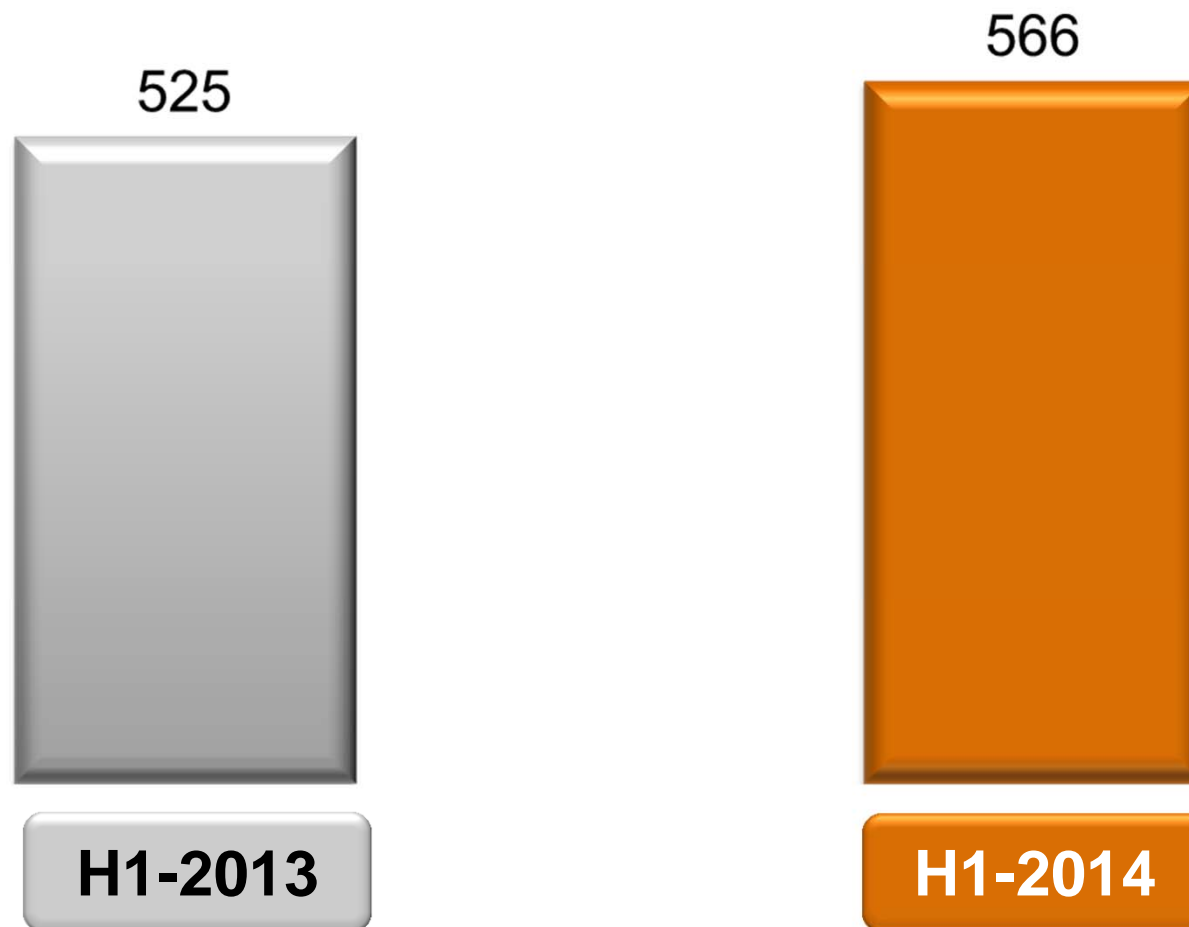
- **30.6.2014 Financial Results**



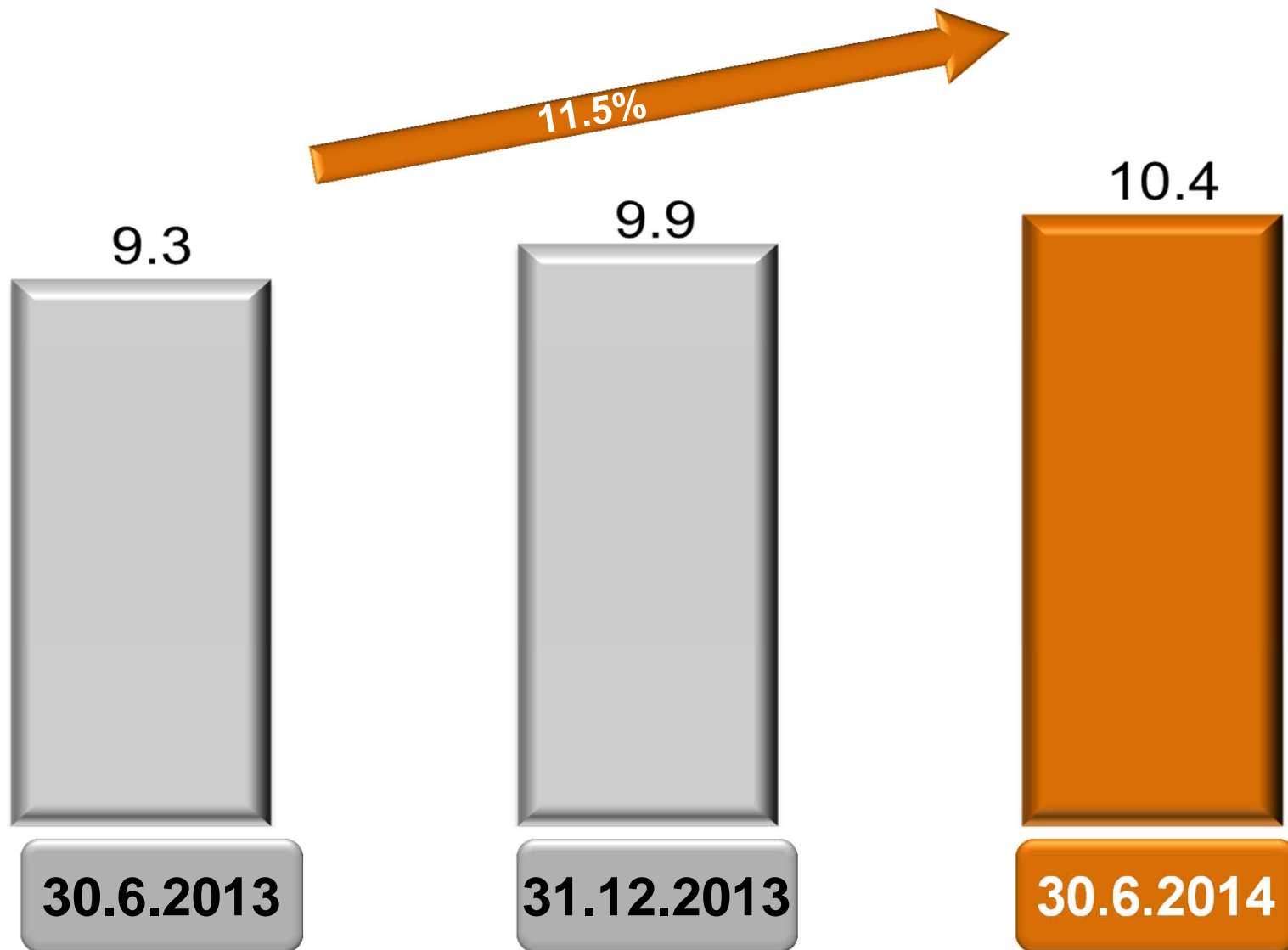
Net profit (NIS mil)



Net profit (NIS mil)



Equity (NIS bil)

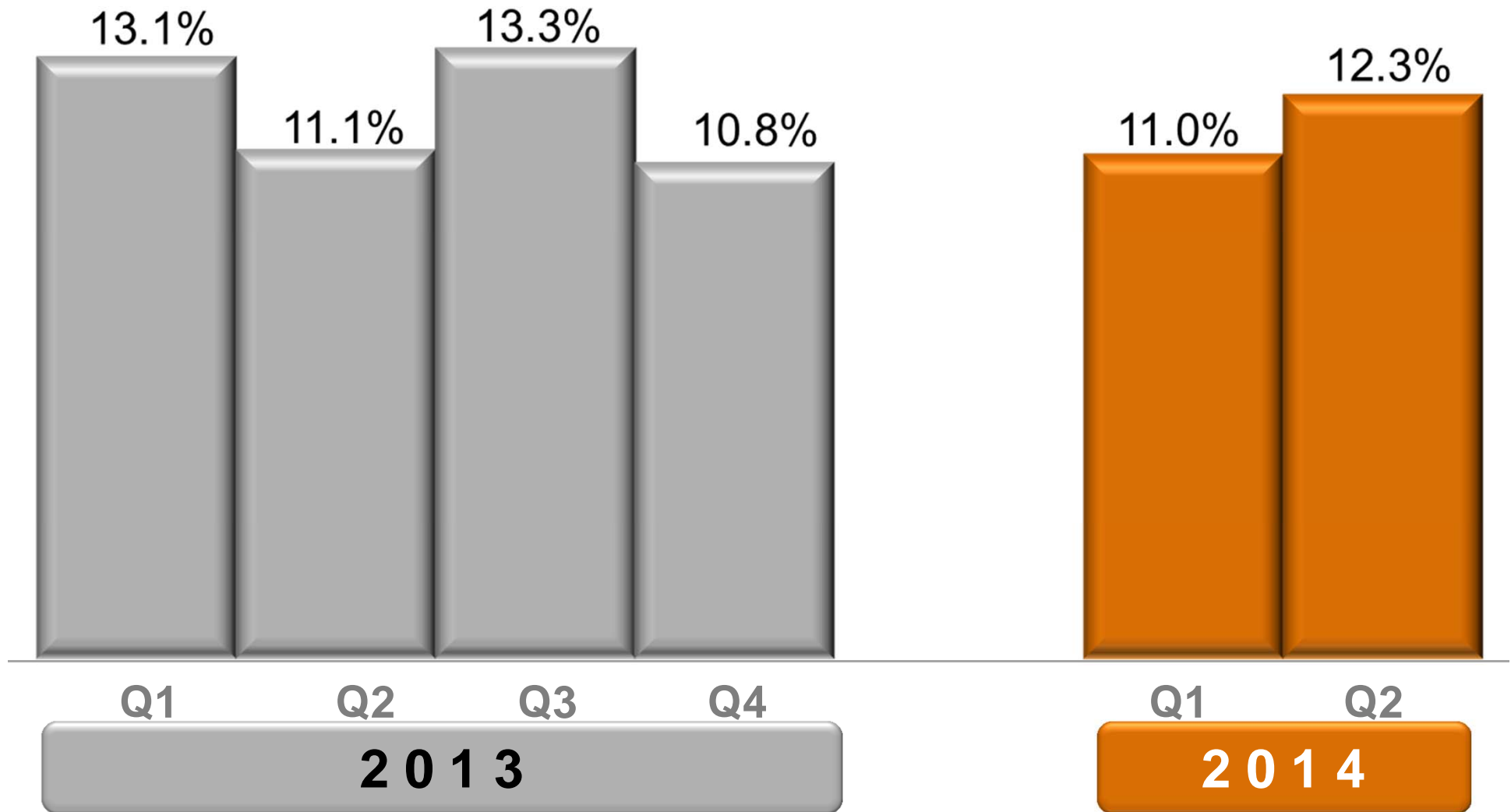


Financing revenues (NIS mil)

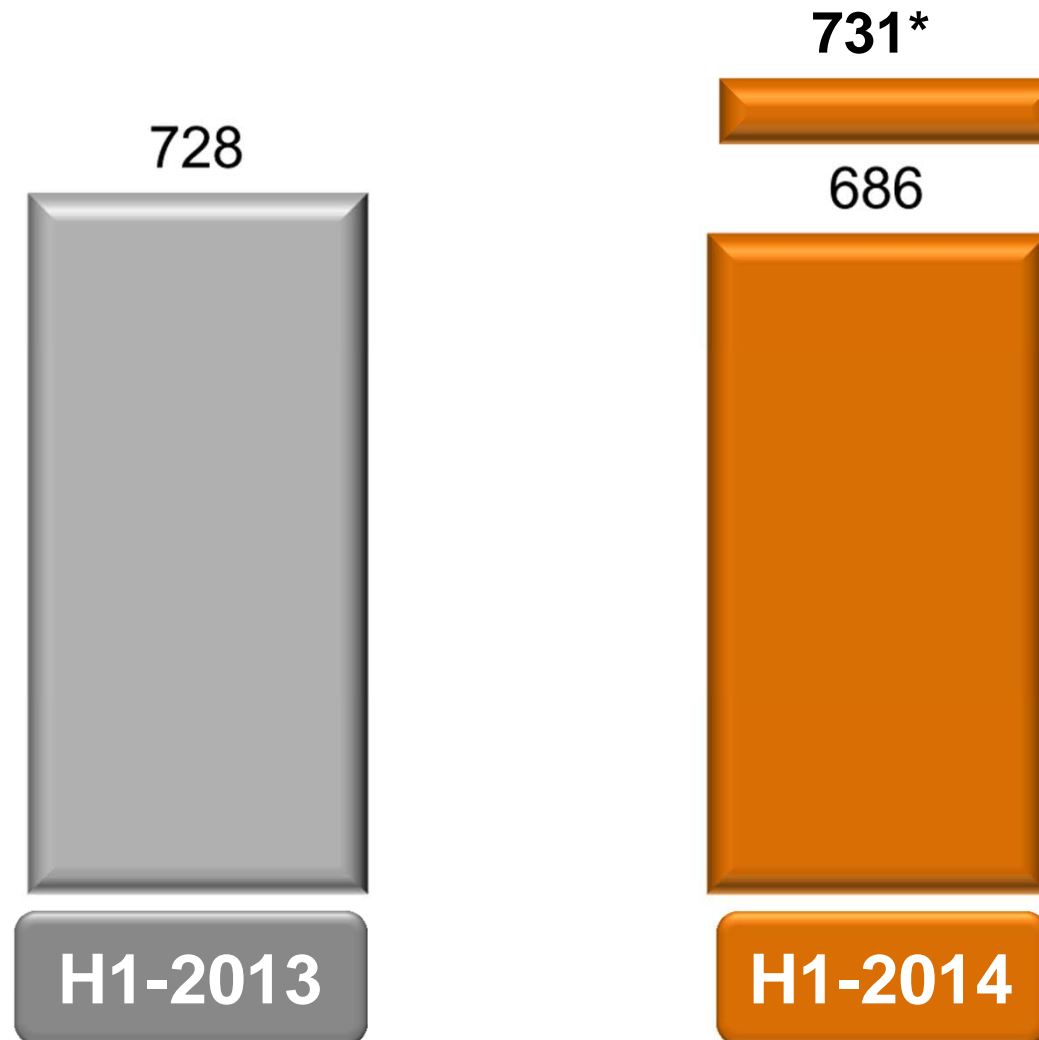
	H1-2014	H1-2013	Rate of change
Interest revenues, net	1,636	1,675	
Non-interest financing revenues	79	81	
Total financing revenues	1,715	1,756	(2.3)
Less:			
Effect of application of FAS 91	77	-	
Linkage differentials with respect to CPI position	(13)	54	
Revenues from collection of interest on troubled debt	40	38	
Gain from debentures	45	55	
Effect of accounting treatment of derivatives at fair value and others	(47)	69	
Total financing revenues from current operations	1,613	1,542	4.6
Bank of Israel interest at the end of the period	0.75%	1.25%	



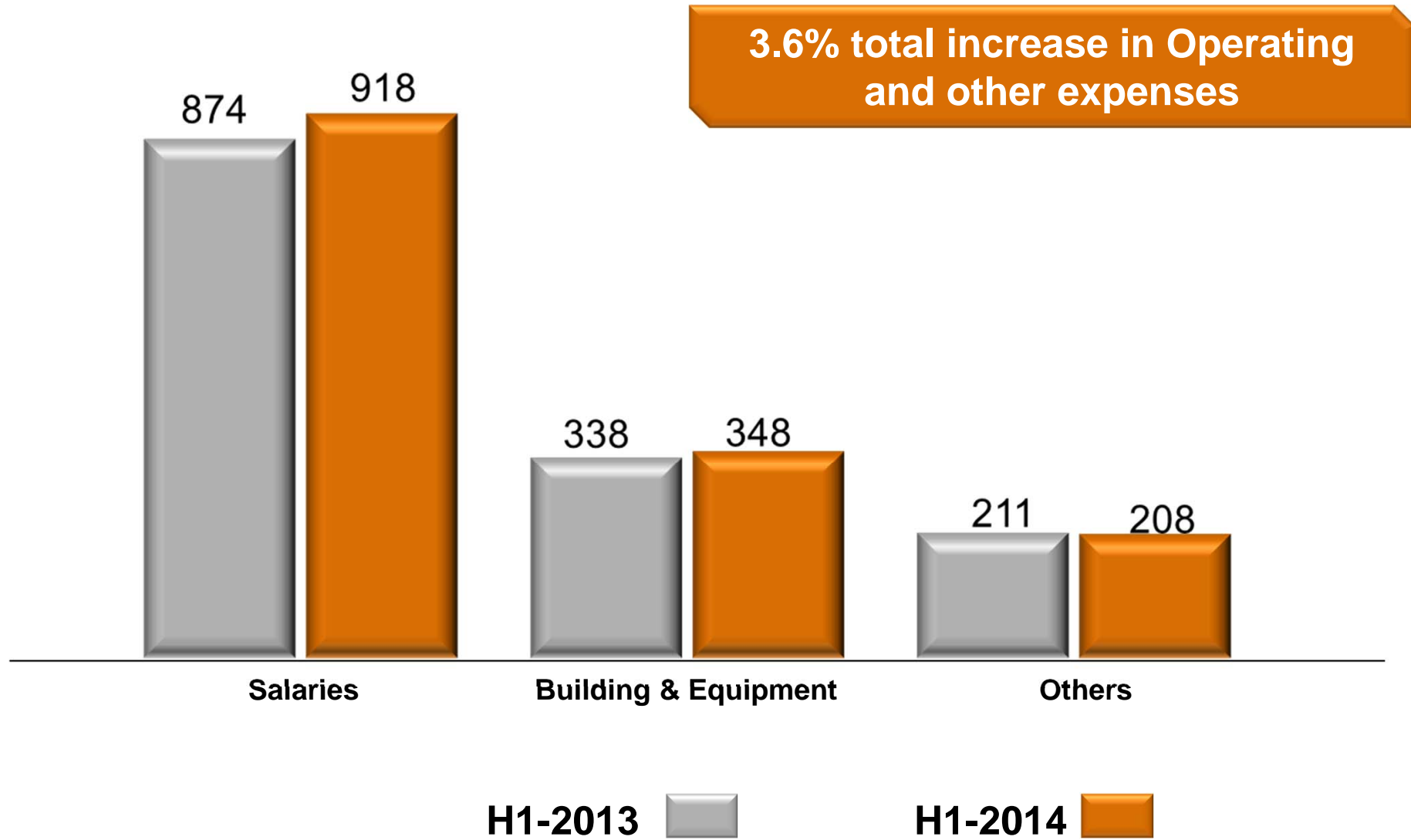
Net profit - ROE



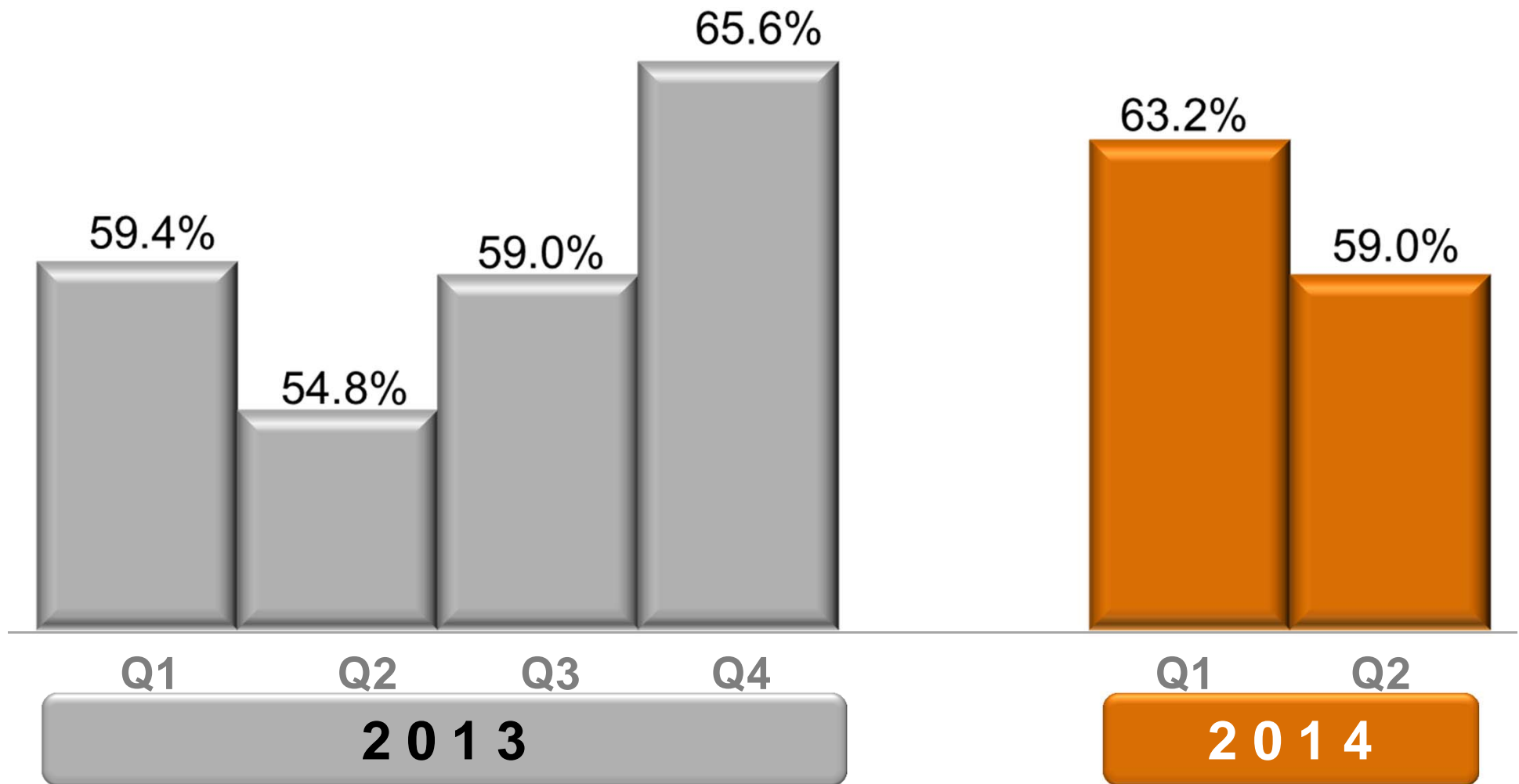
Operating commissions (NIS mil)



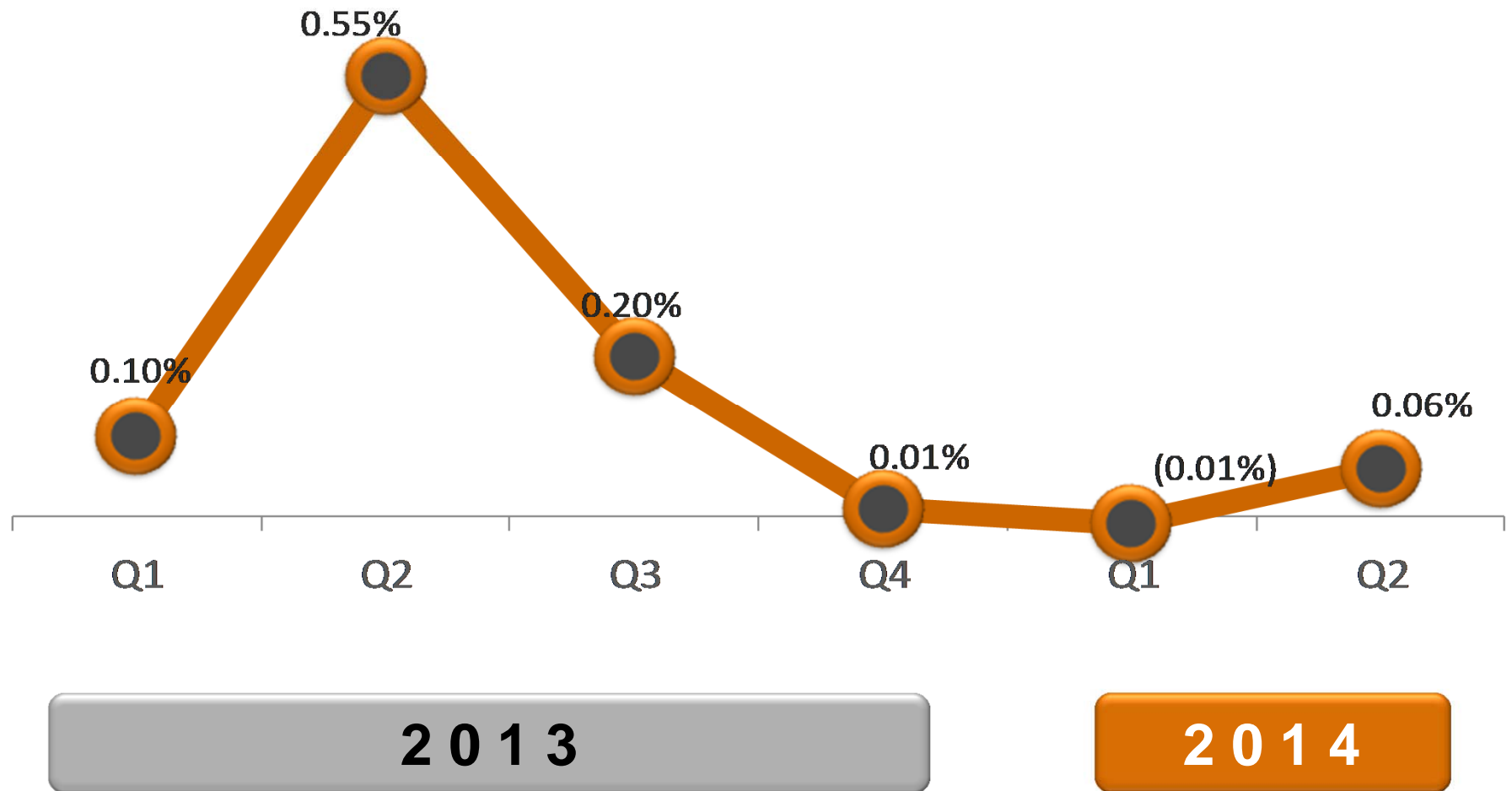
Operating and other expenses (NIS mil)



Cost / income ratio



Provisions / loans to the public



Capital adequacy

