



MIZRAHI TEFAHOT

Financial Statements

September 2018





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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 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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Developments in the third quarter of 2018:

In these financial reports, the capital adequacy presented is: Tier 1 capital ratio of 10.11% and total capital ratio of 13.41% (see Note 9 to the financial reports).

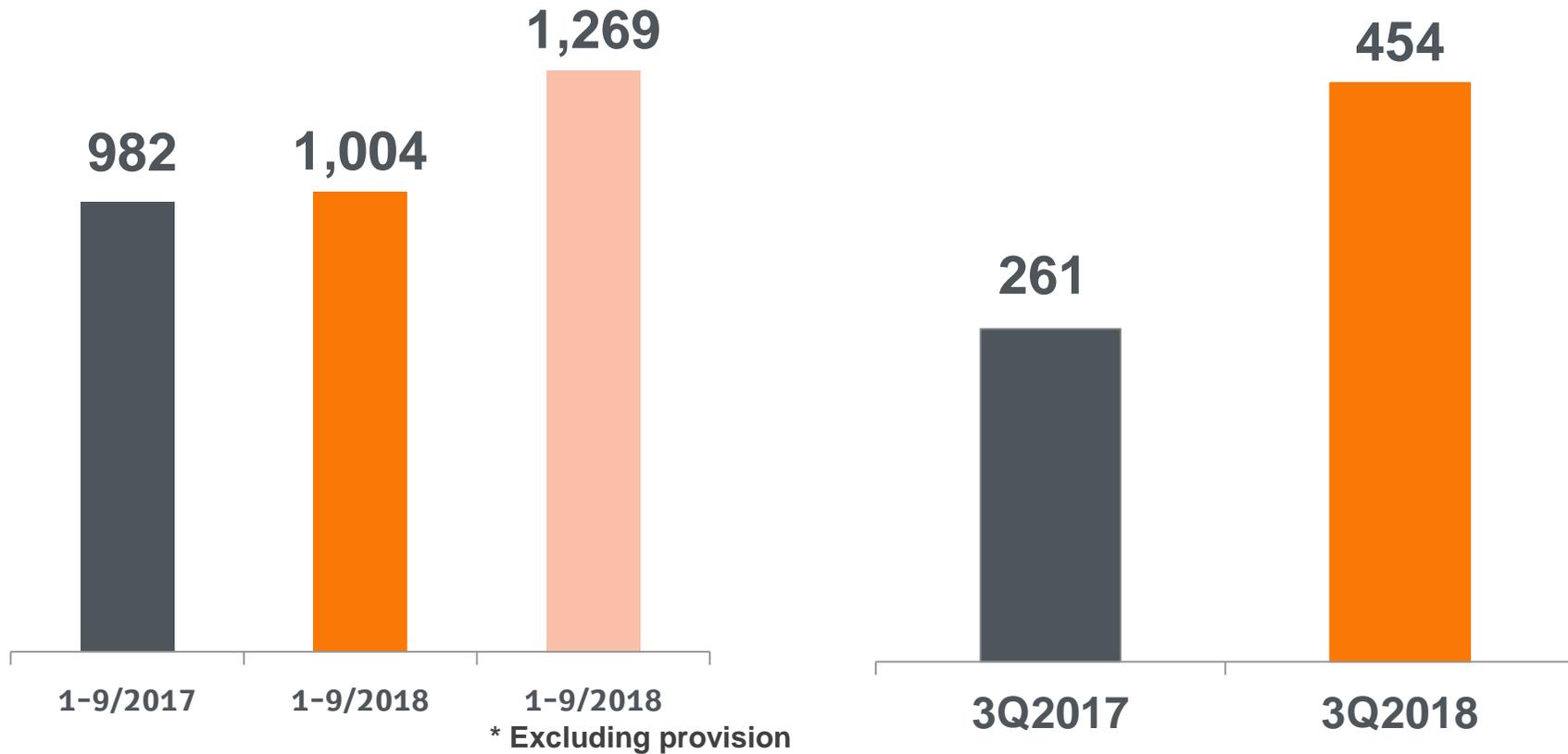
The bank's Board of Directors has not announced the distribution of a dividend due to profits for the third quarter of 2018.

There has been no change to the bank's estimation as mentioned in the financial reports for the second quarter of 2018, referring to the bank's ability to achieve the path of the strategic plan for 2017-2021, as well as to the return to the dividend policy during 2019



High net profit in Q3/2018 derives from core banking activity with no significant extraordinary effects

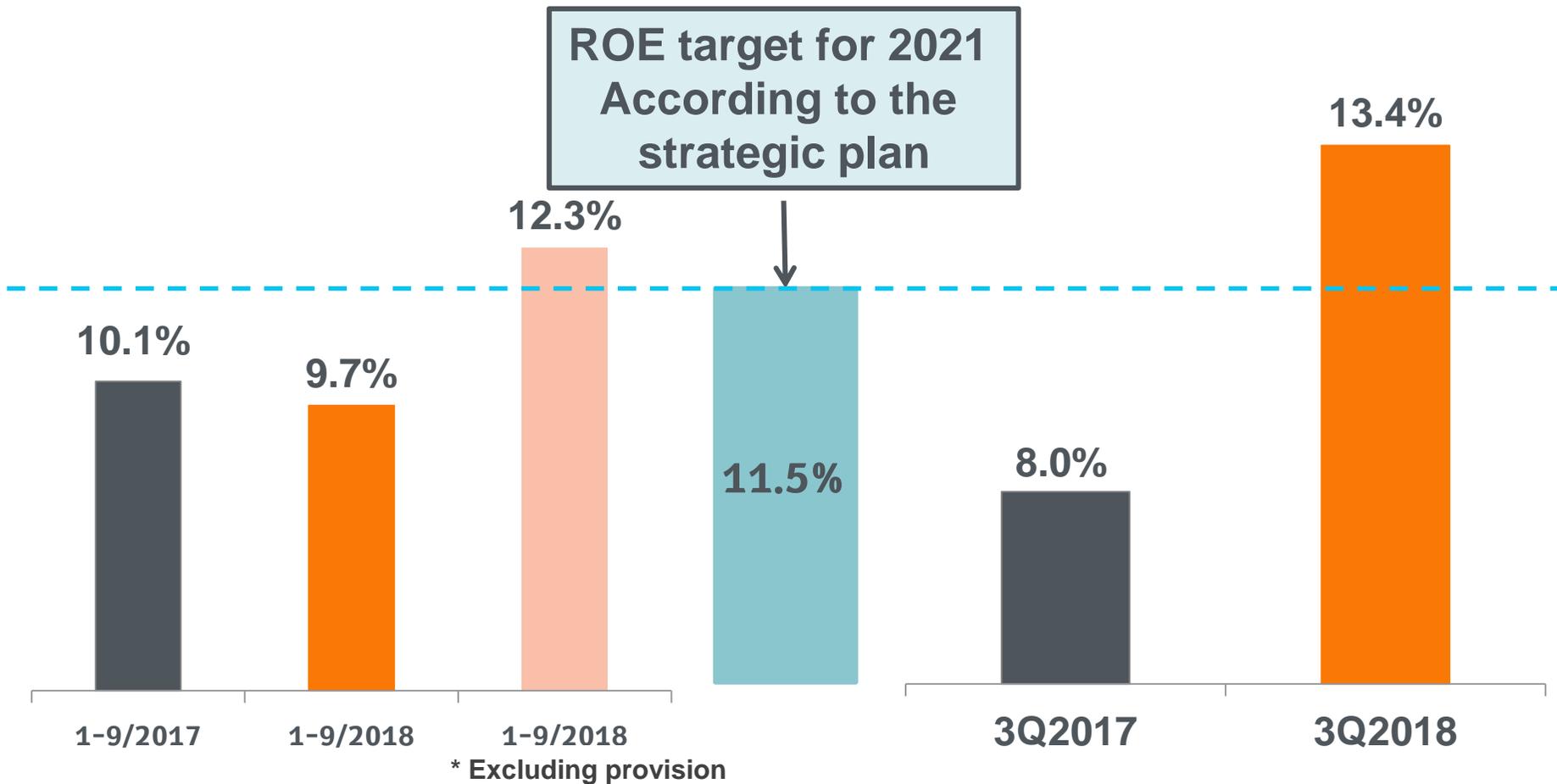
Net profit



* The net profit from ongoing activity of UMTB excluding the provision for the US investigation was calculated taking into account the provisions for bonuses corresponding to the level of profitability and the derived tax expenses thereof.



ROE

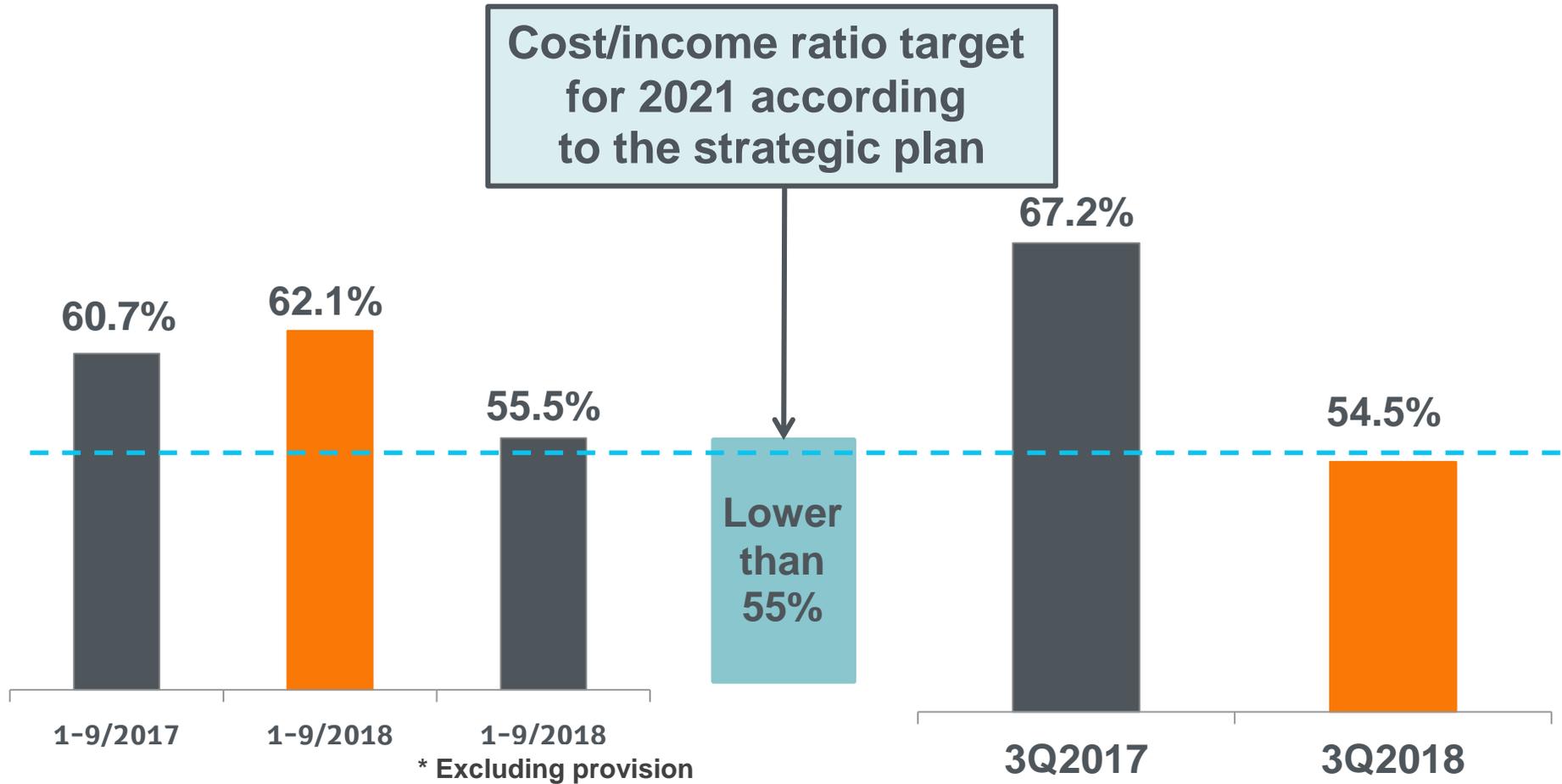


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Cost/income ratio

Cost/ income ratio

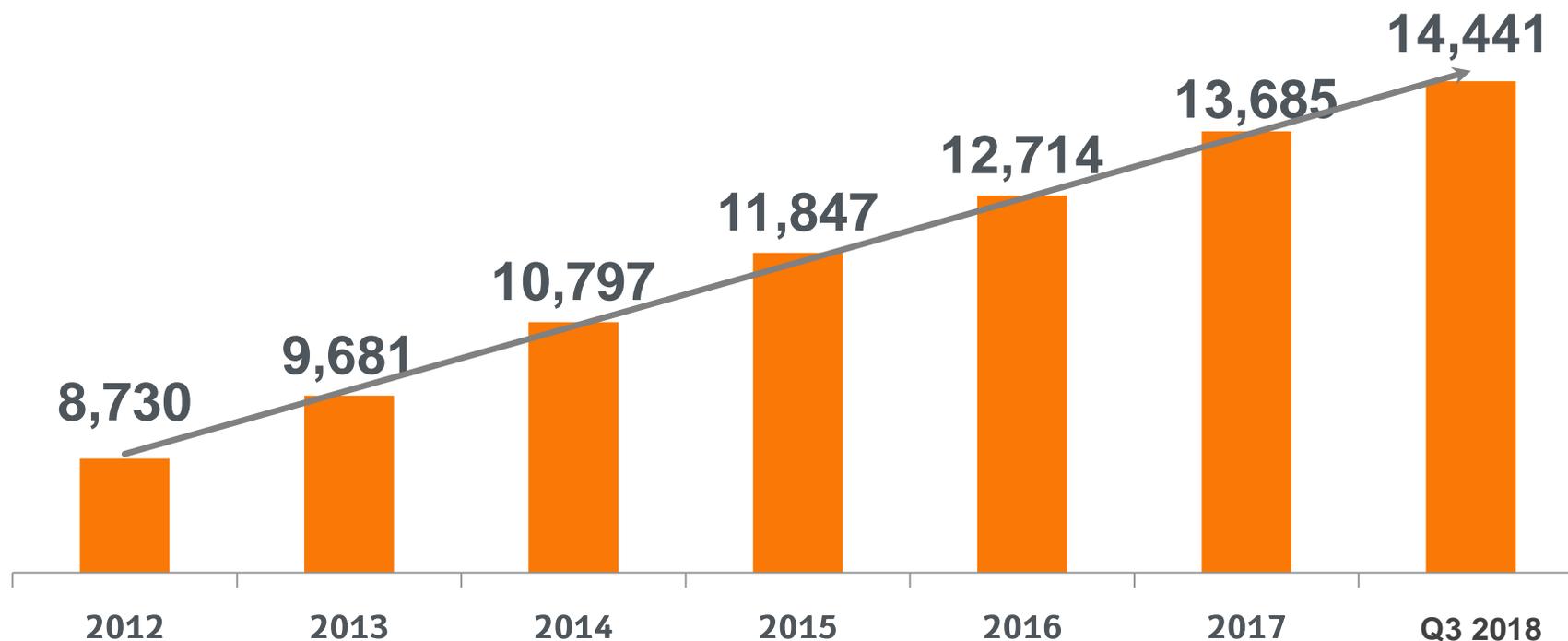


* The efficiency ratio from ongoing activity of UMTB excluding the provision for the US investigation was calculated taking into account the provisions for bonuses corresponding to the level of profitability and the derived tax expenses thereof.



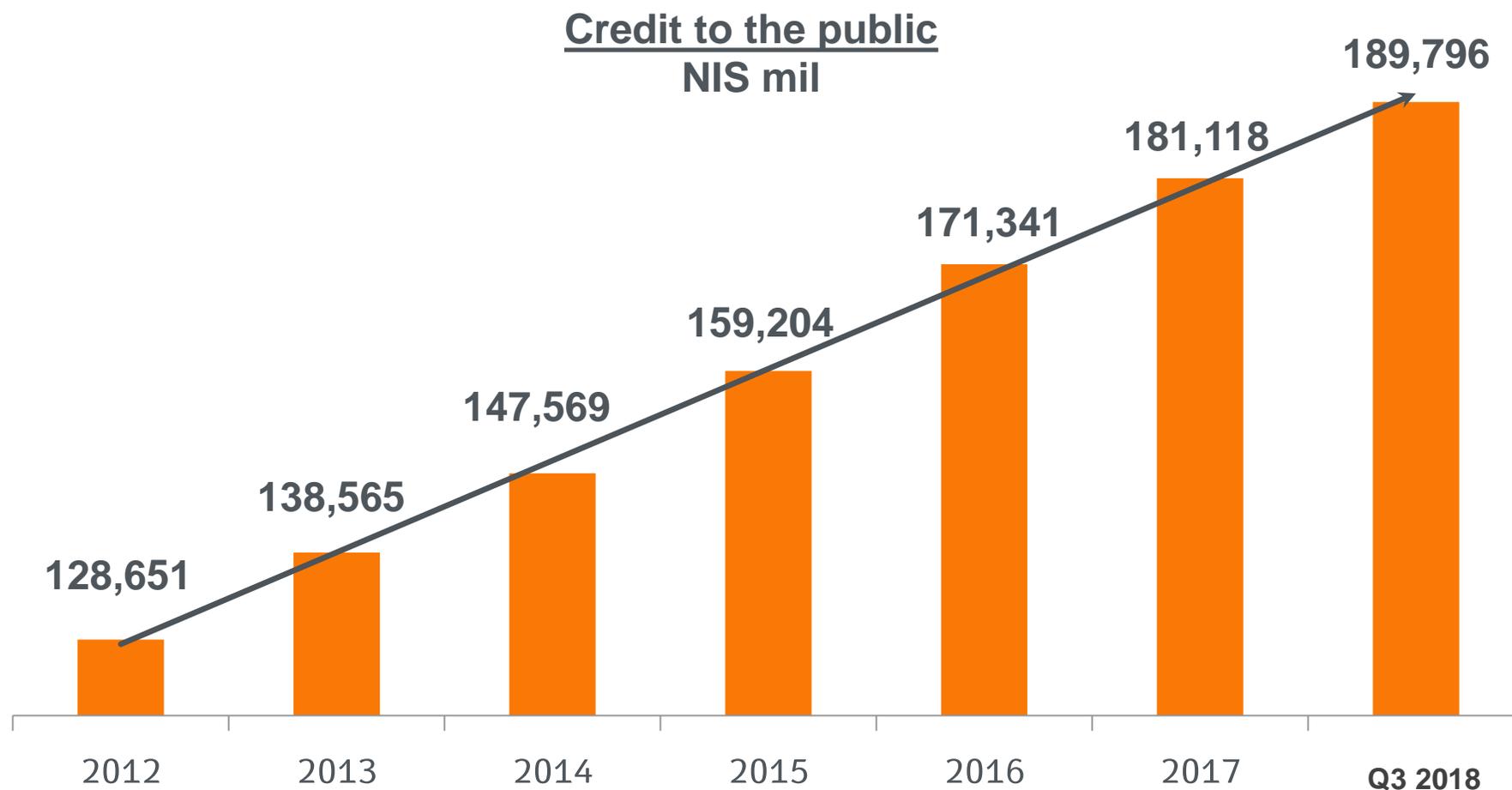
Continue to increase the Equity base (NIS mil)

Average annual growth rate 9.2%





Continuous loan growth



Average annual growth rate 7%



Credit growth in all segments

Loans to the public (NIS mil)			
	30.9.2018	30.9.2017	% of change
Housing loans	123,848	118,685	4.4%
Households and Private banking	20,491	19,511	5.0%
Small and micro businesses	18,428	16,114	14.4%
Medium businesses	6,055	5,642	7.3%
Large businesses and Institutional investors	17,197	15,448	11.3%
Overseas operations	3,777	3,221	17.3%
Total	189,796	178,621	6.3%

Credit growth in all segments – led by business segments

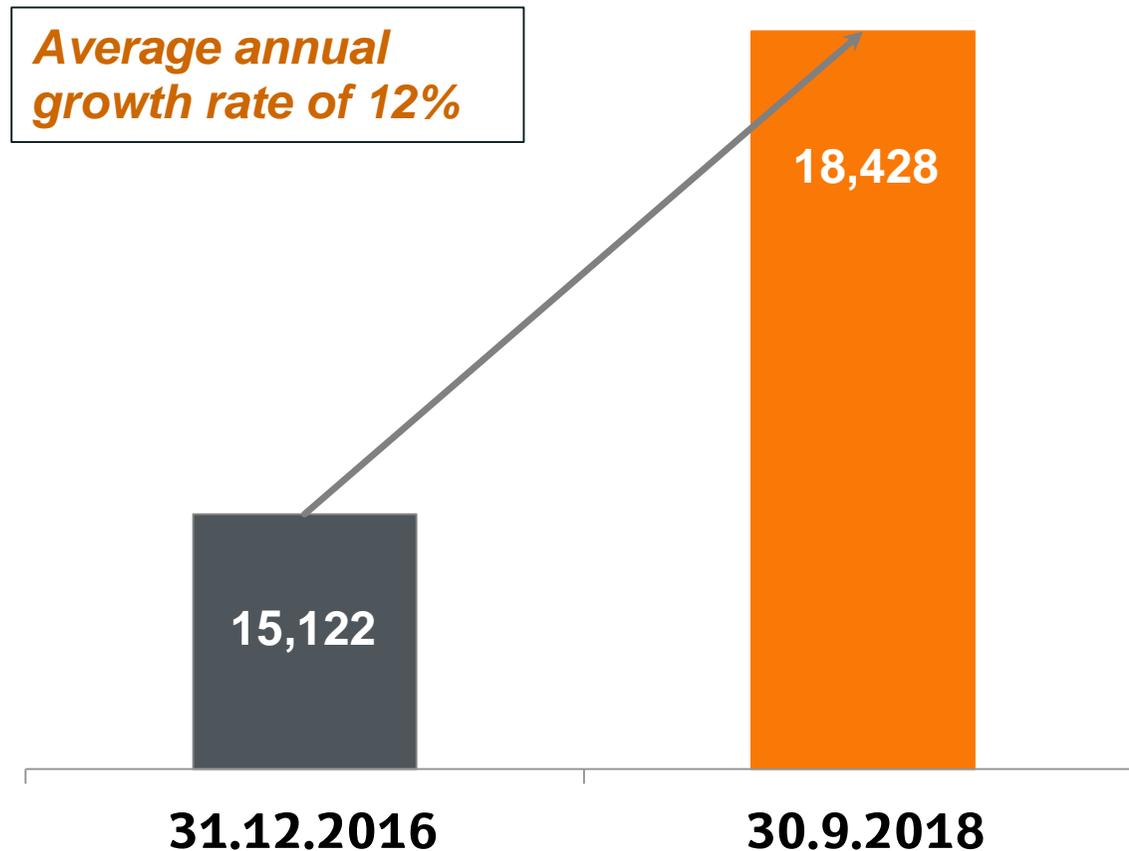
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45,547 (Total Business Segments 2018)
40,425 (Total Business Segments 2017)

Growth of 12.4% in Business segments

Double digit average annual growth rate in credit to small and micro businesses since the beginning of the new strategic plan

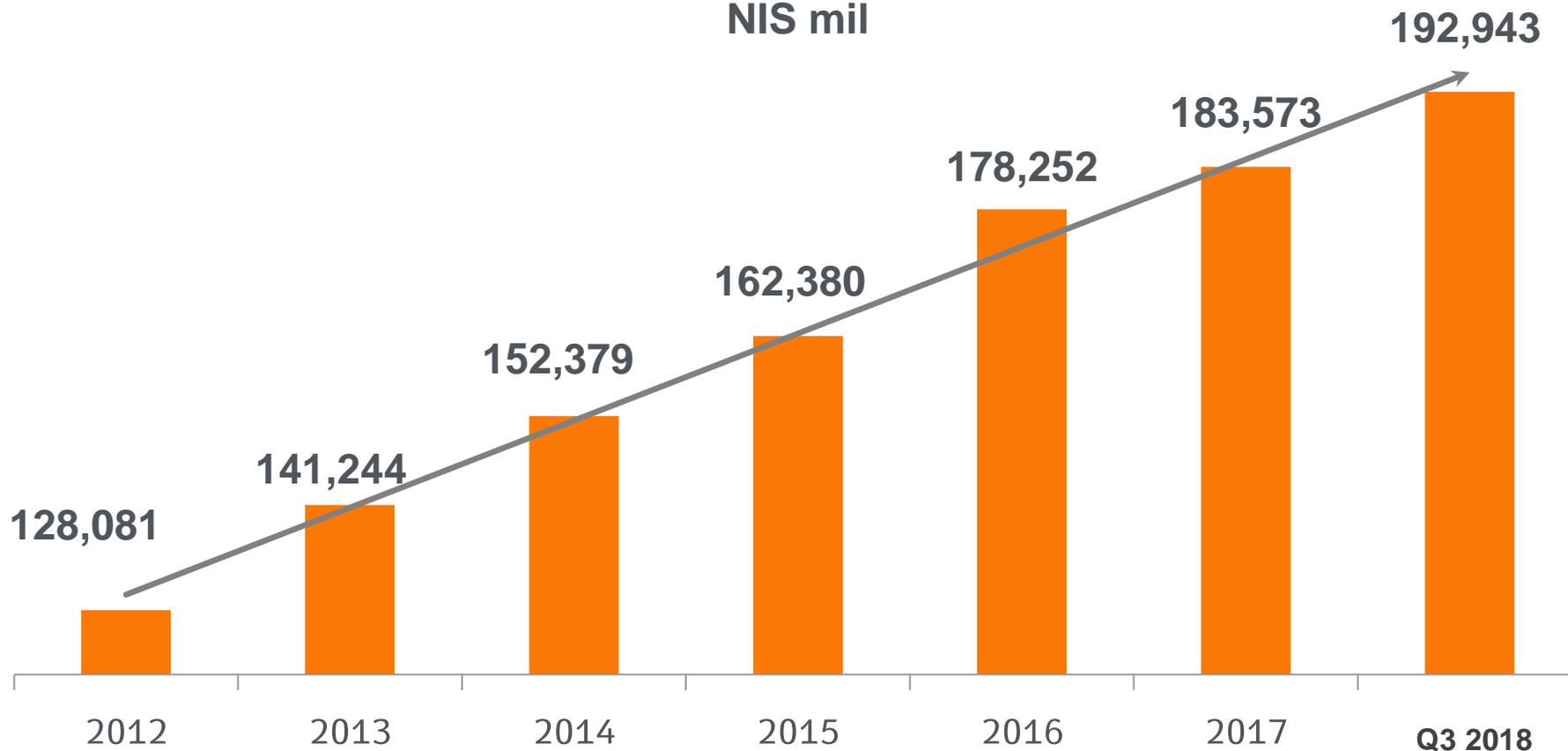
Credit to small and micro business (NIS mil)





Continuous deposit growth

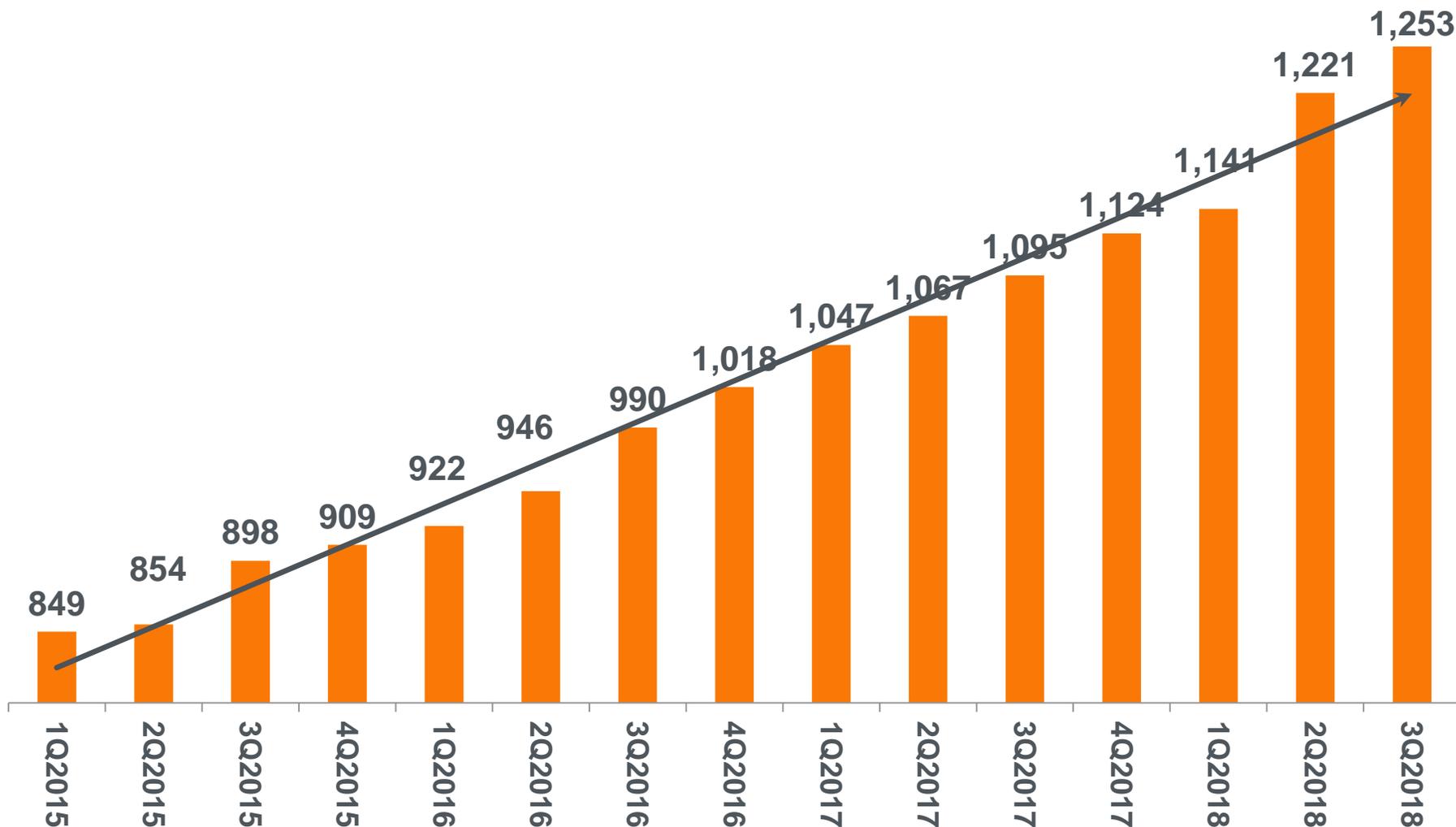
Deposits from the public
NIS mil



Average annual growth rate 7.4%



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





Growth in financing revenues in all business segments

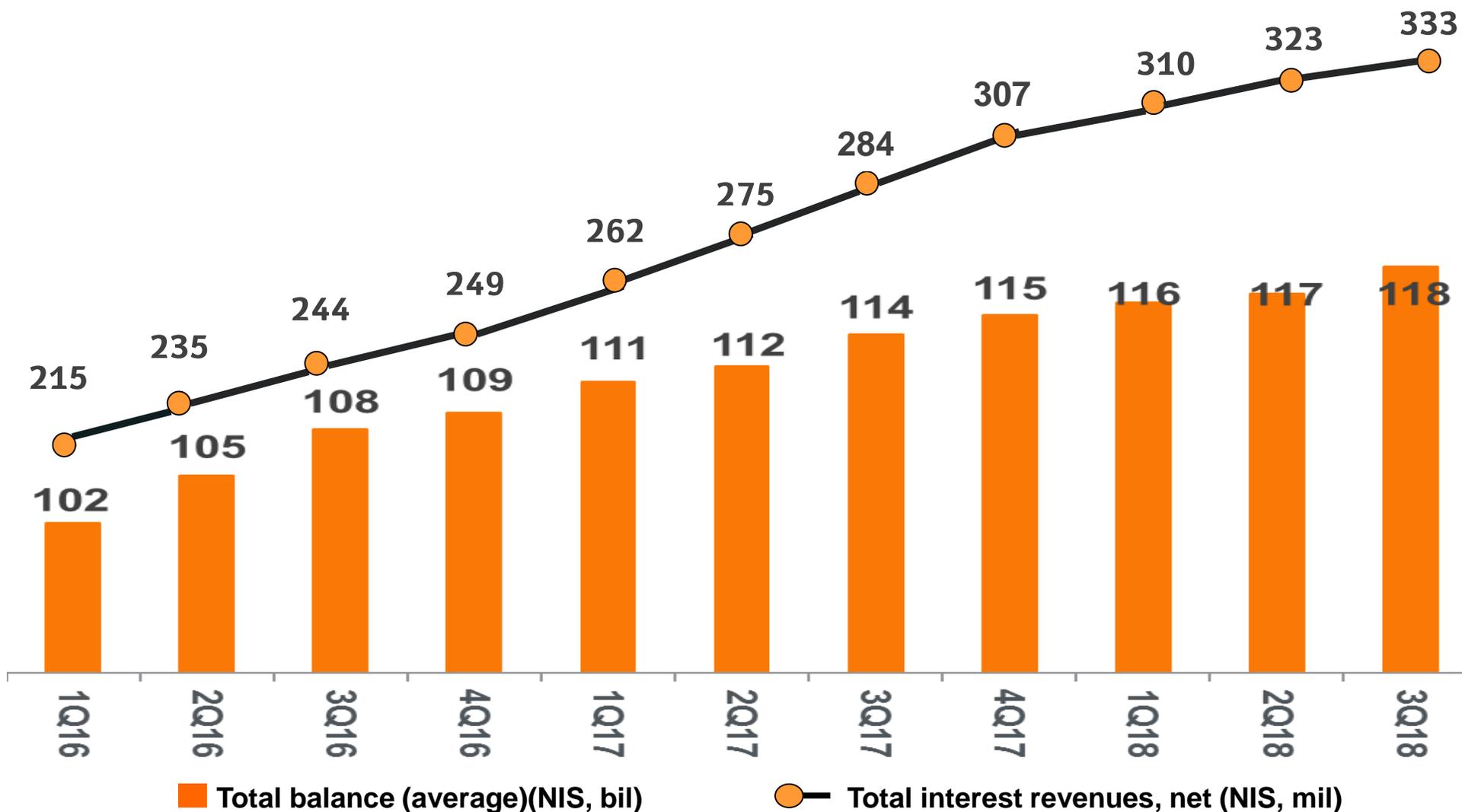
Double digit growth in all business segments

(Financing revenues (NIS m)			
	1-9/2018	1-9/2017	of change %
Housing loans	1,118	956	16.9%
Households and private banking	997	887	12.4%
Small and micro businesses	738	654	12.8%
Medium businesses	178	153	16.3%
Large businesses and institutional investors	483	428	12.9%
Overseas operations	157	122	28.7%

Higher growth in financing revenues than credit growth, due to increase in NIMs



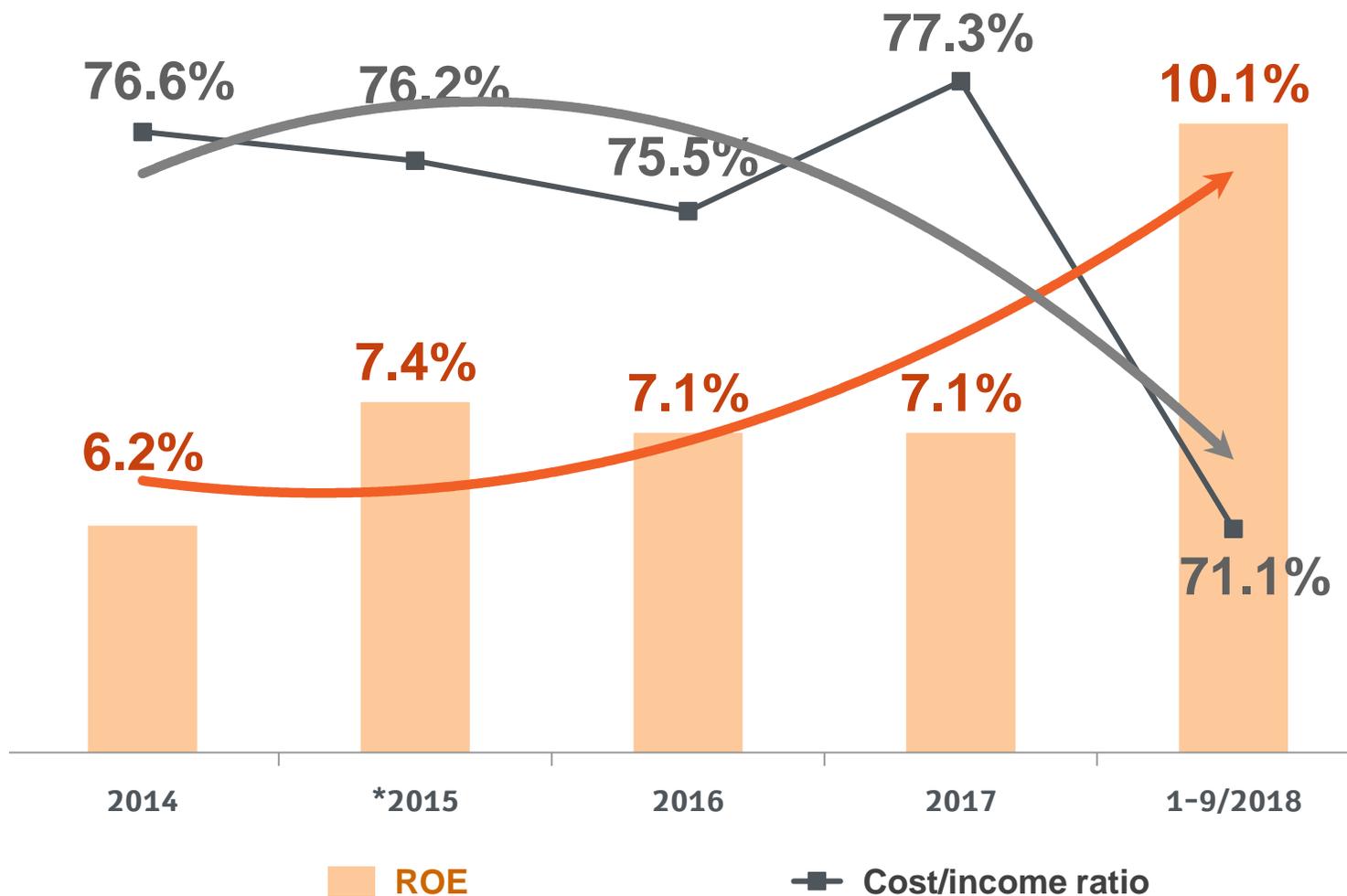
Mortgages –balance and revenues*



* Operating segments in conformity with management approach. Note 12 to quarterly reports



After new IT system successful implementation, Yahav bank presents strong business results



* 2015 results exclude extraordinary profit from capital market activity, the non-adjusted ROE is 11.3%, and cost/income ratio of 68.1%



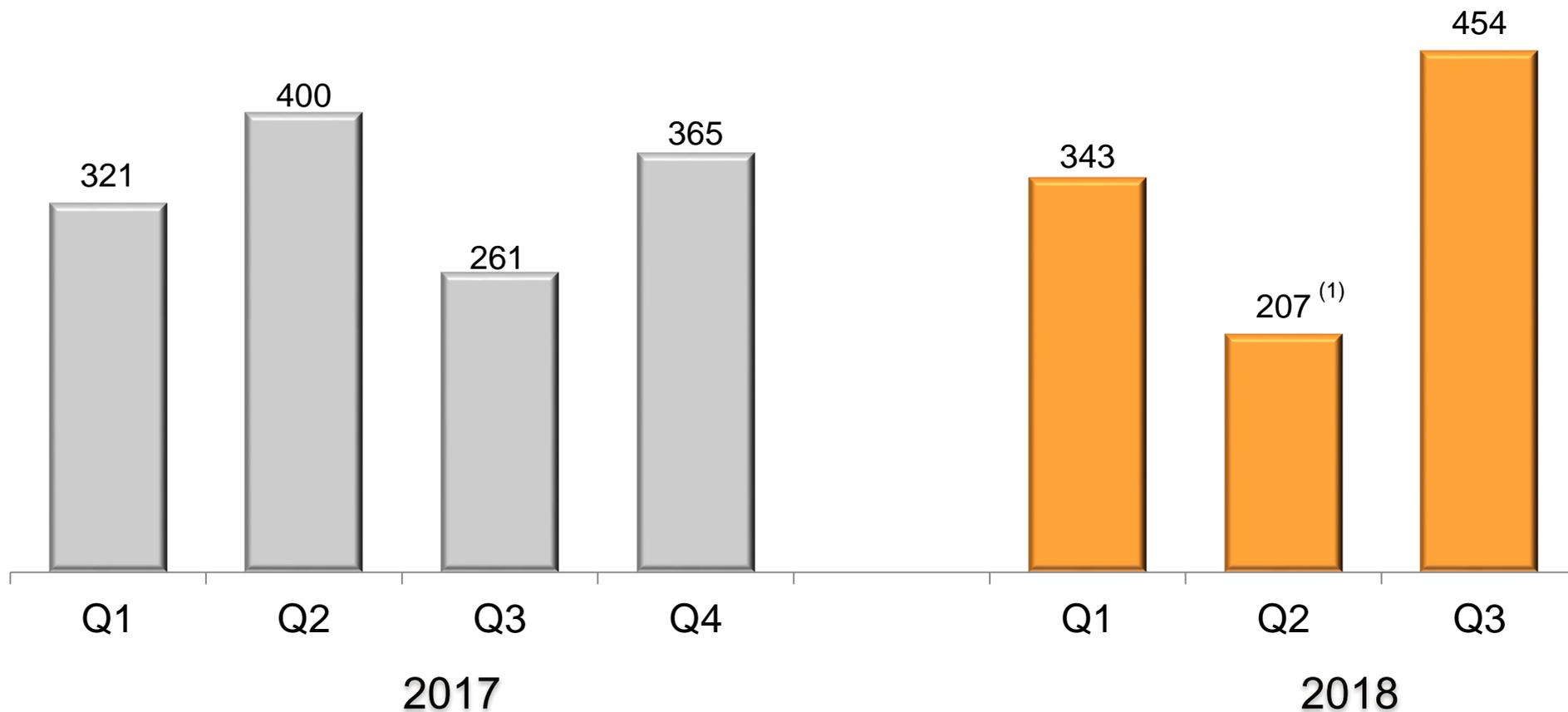
Financial assets administration services			
Segment	30.9.2018	30.9.2017	% of change
Provident funds operation	82,113	76,192	7.8
Trustee assets	75,926	77,275	(1.7)
Mutual funds operation	17,204	16,240	5.9
Other managed assets	14,364	11,640	23.4



Financial results



Net profit (NIS mil)

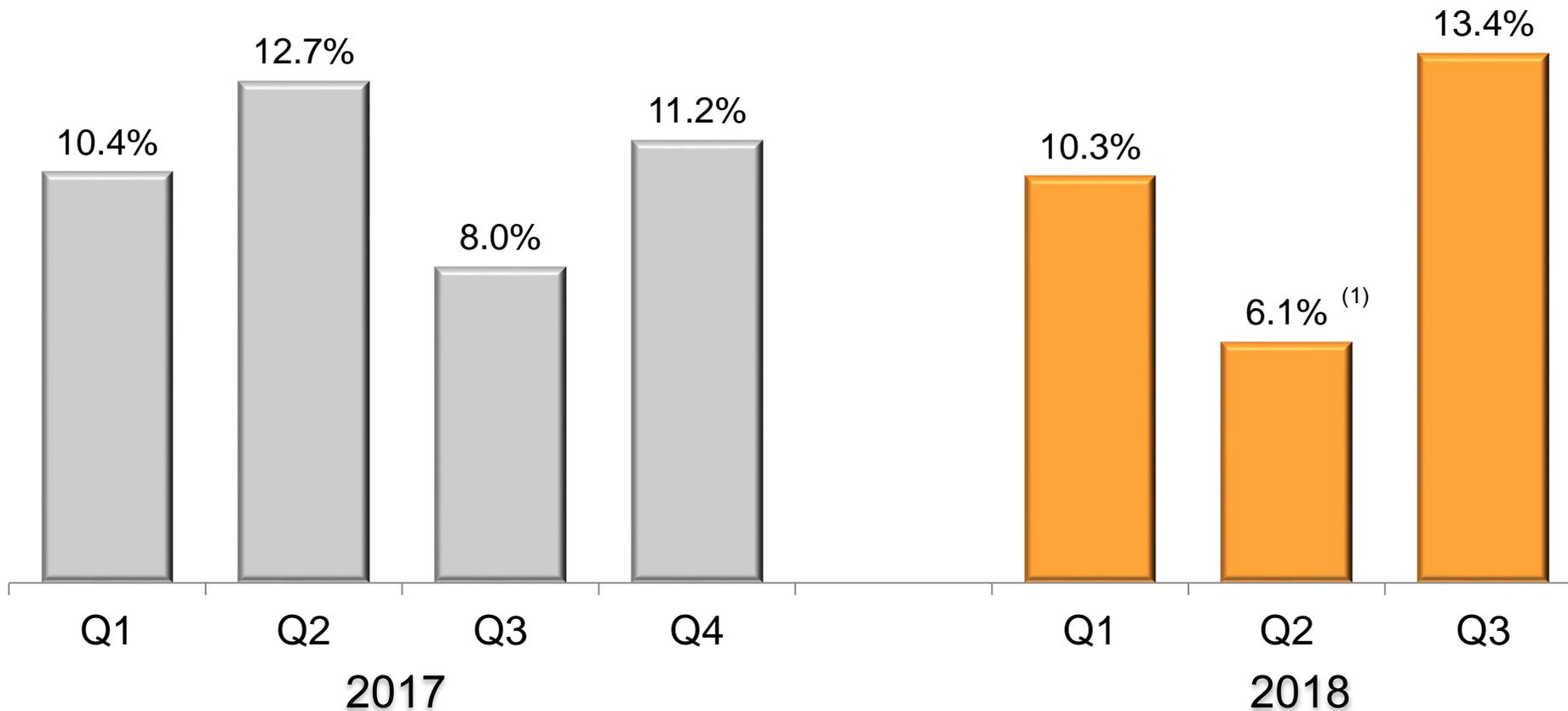


(1) Net Profit excluding the impact of provision with respect to the US DOJ investigation totaled 472 NIS mil.



Net profit - ROE

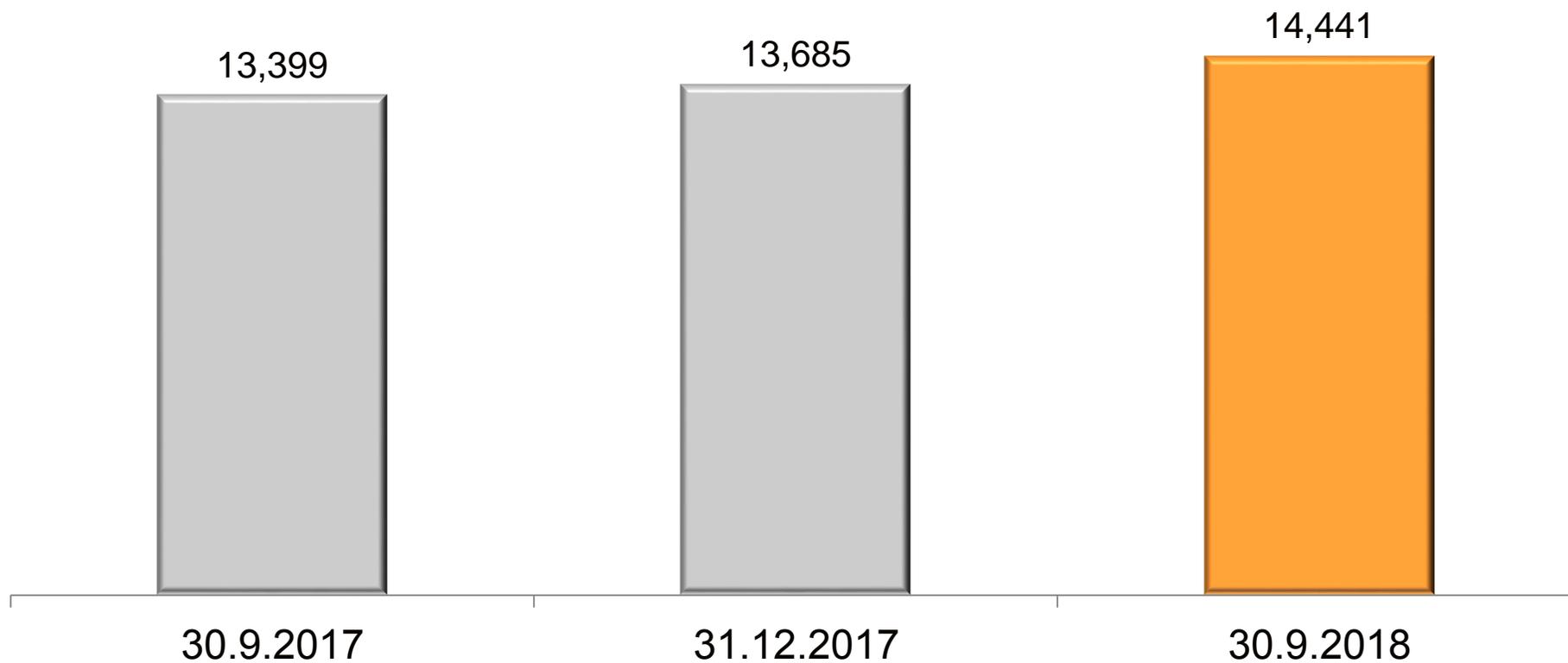
MIZRAHI TEFAHOT



(1) ROE excluding the impact of US DOJ investigation - 14.1%

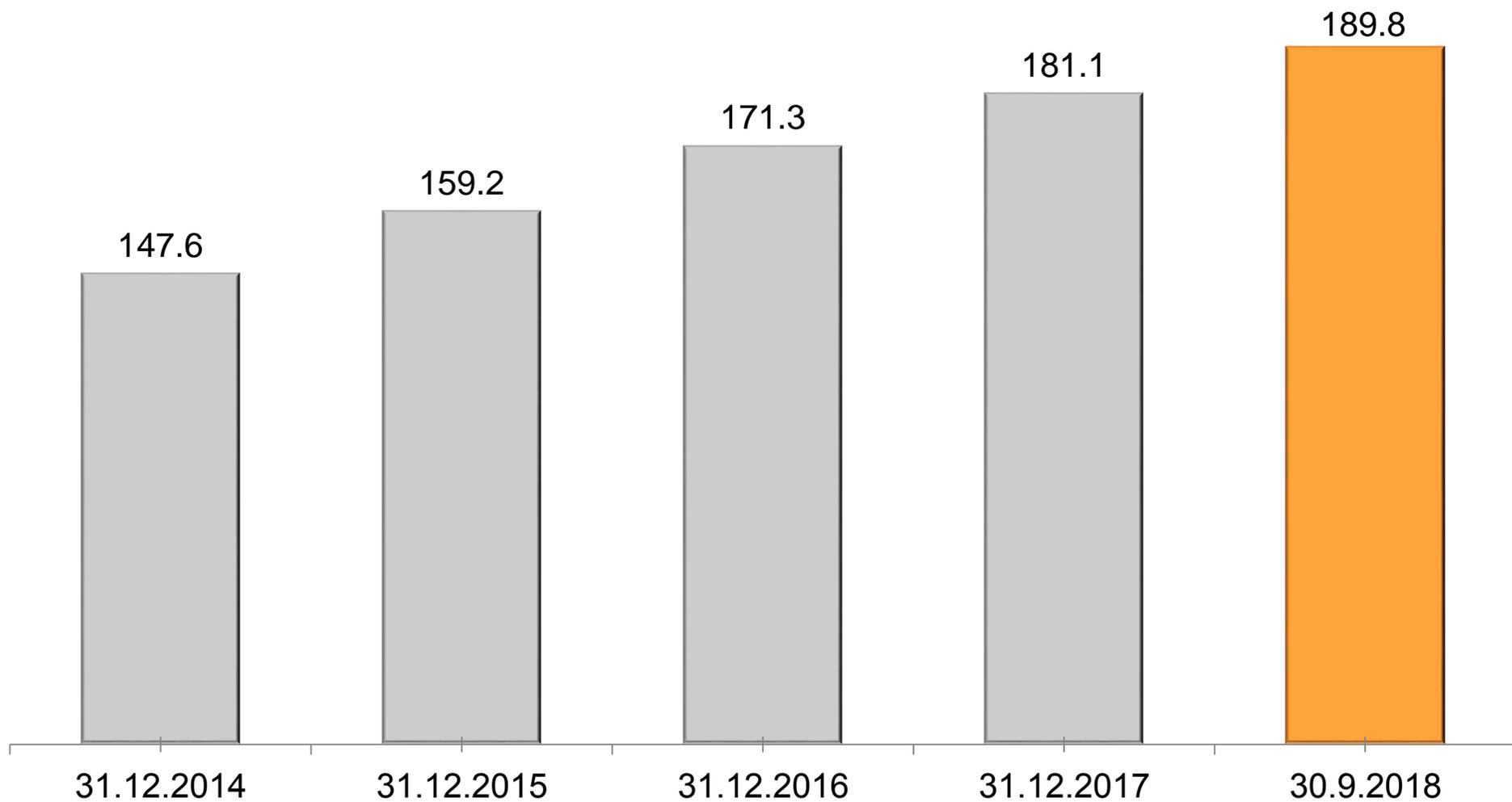


Equity (NIS mil)



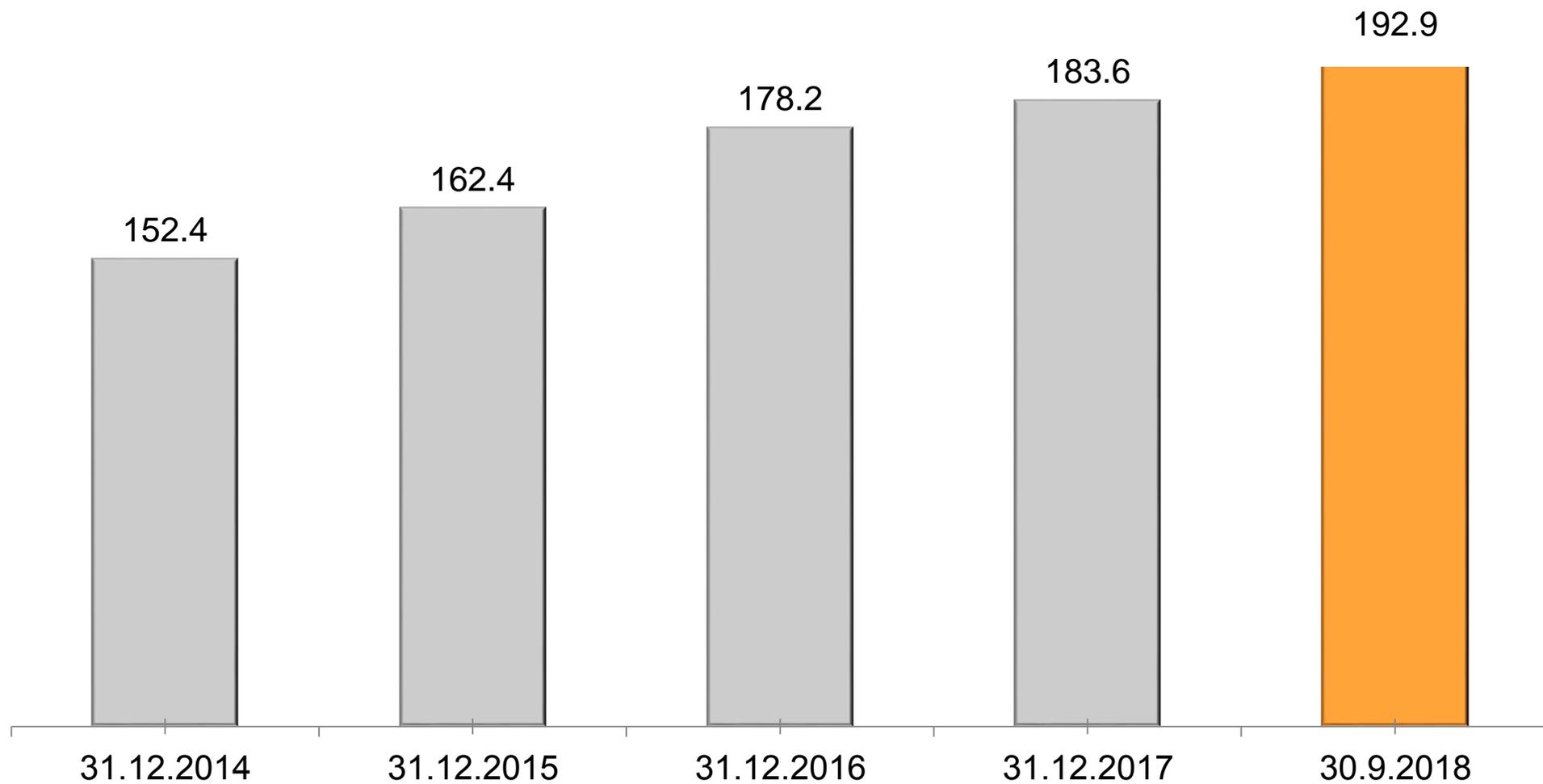


Loans to the public (NIS bil)





Deposits from the public (NIS bil)



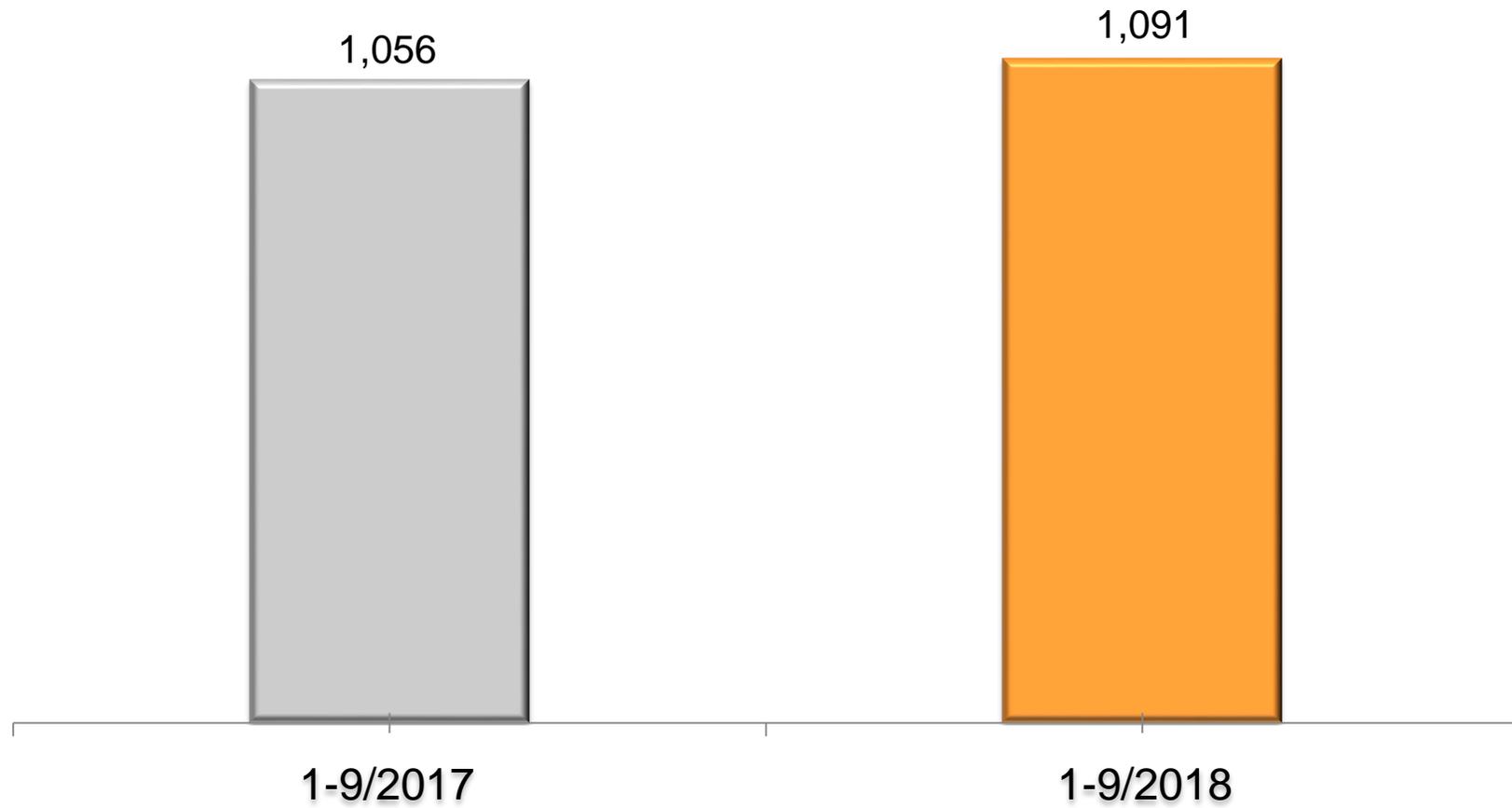


Financing Revenues (NIS mil)

	1-9/2017	1-9/2018	Rate of change
Interest revenues, net	3,211	3,662	
Non-interest financing revenues	81	324	
Total financing revenues	3,292	3,986	21.1
Less:			
Linkage differentials with respect to CPI position	22	165	
Revenues from collection of interest on troubled debt	33	29	
Gain from debentures	41	13	
Effect of accounting treatment of derivatives at fair value and others	(13)	164	
Total effects other than current operations	83	371	
Total financing revenues from current operations	3,209	3,615	12.7

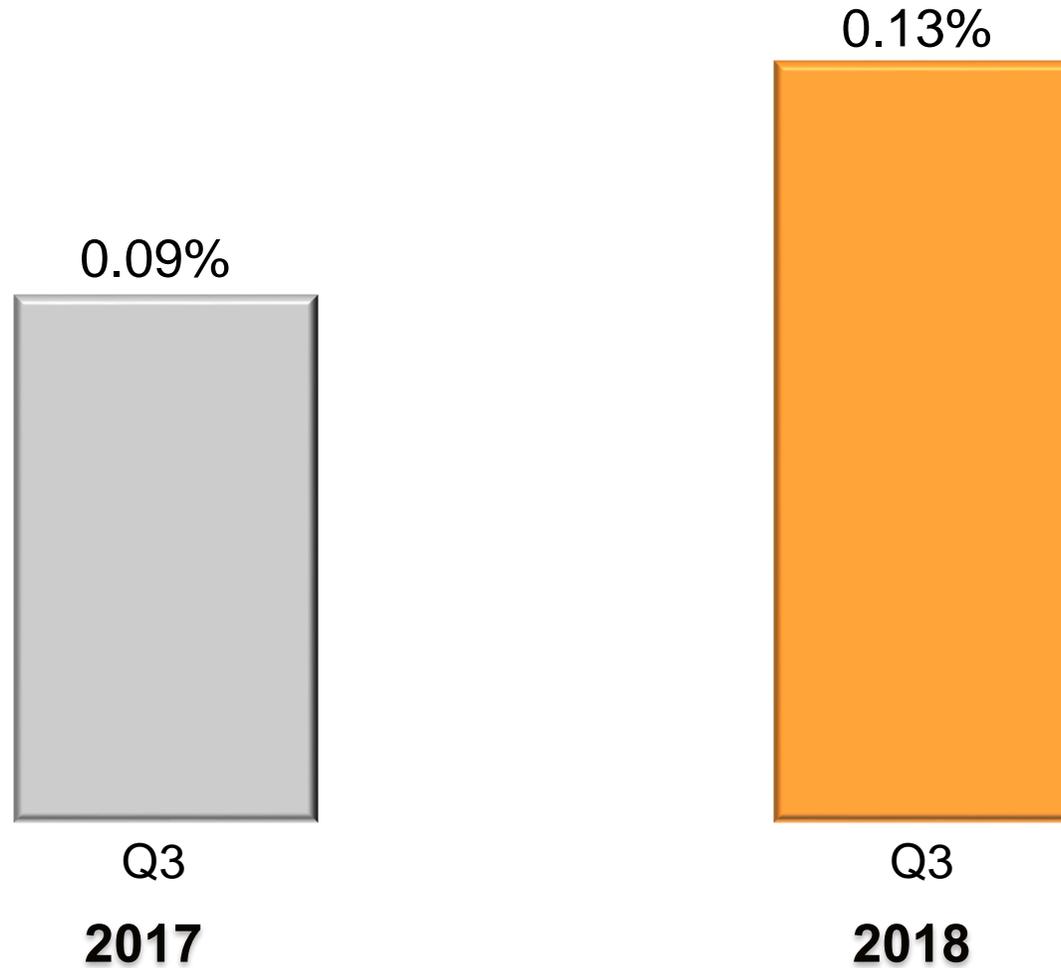


Commissions (NIS mil)



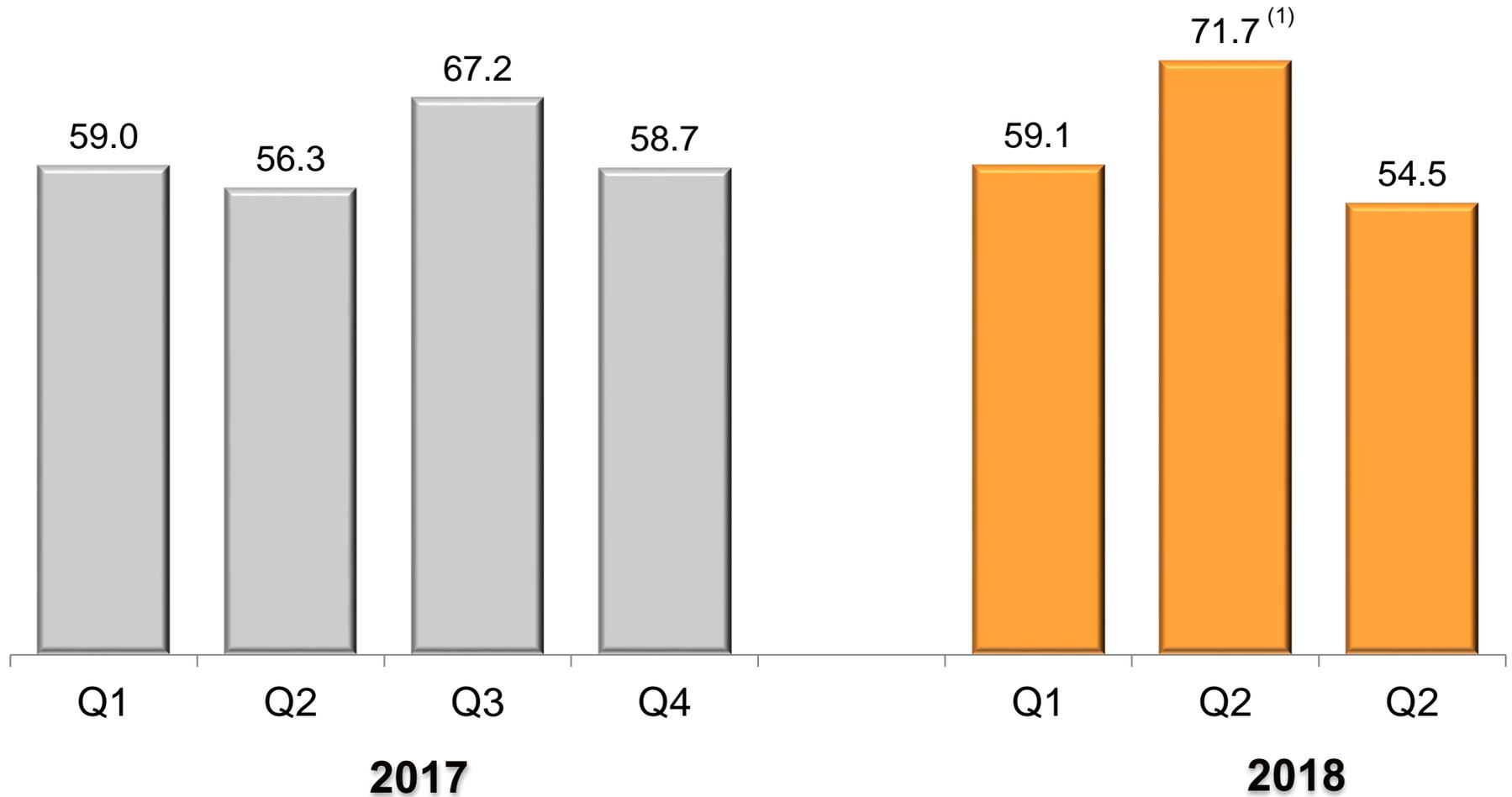


Provisions / loans to the public





Cost / income ratio



(1) Cost/income ratio excluding the impact of US DOJ investigation – 53.8%



Capital adequacy

