



MIZRAHI TEFAHOT

# Financial Statements

## June 2016





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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 2016 quarterly reports, the aforesaid reports should be perused fully, as published to the public.
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## Main factors

### Growth

- Income
- Assets
- Customers' base
- Market share

### Focus

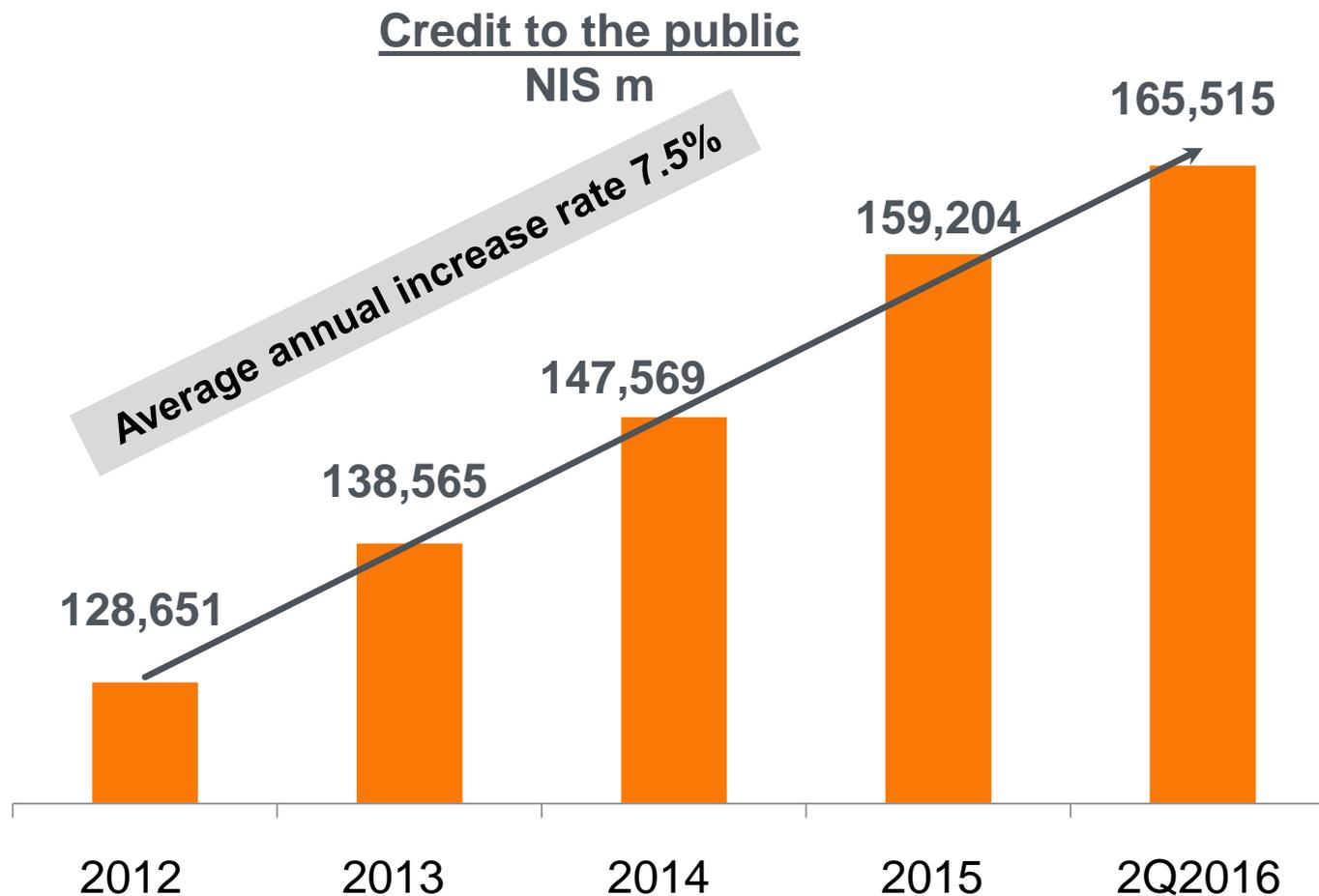
- Focusing on high quality business and private clients
- Focusing on increasing margins on mortgages
- Focusing on efficiency in Bank's capital

### Culture

- Continued implementation of compliance culture
- Implementing culture of achievements and excellence



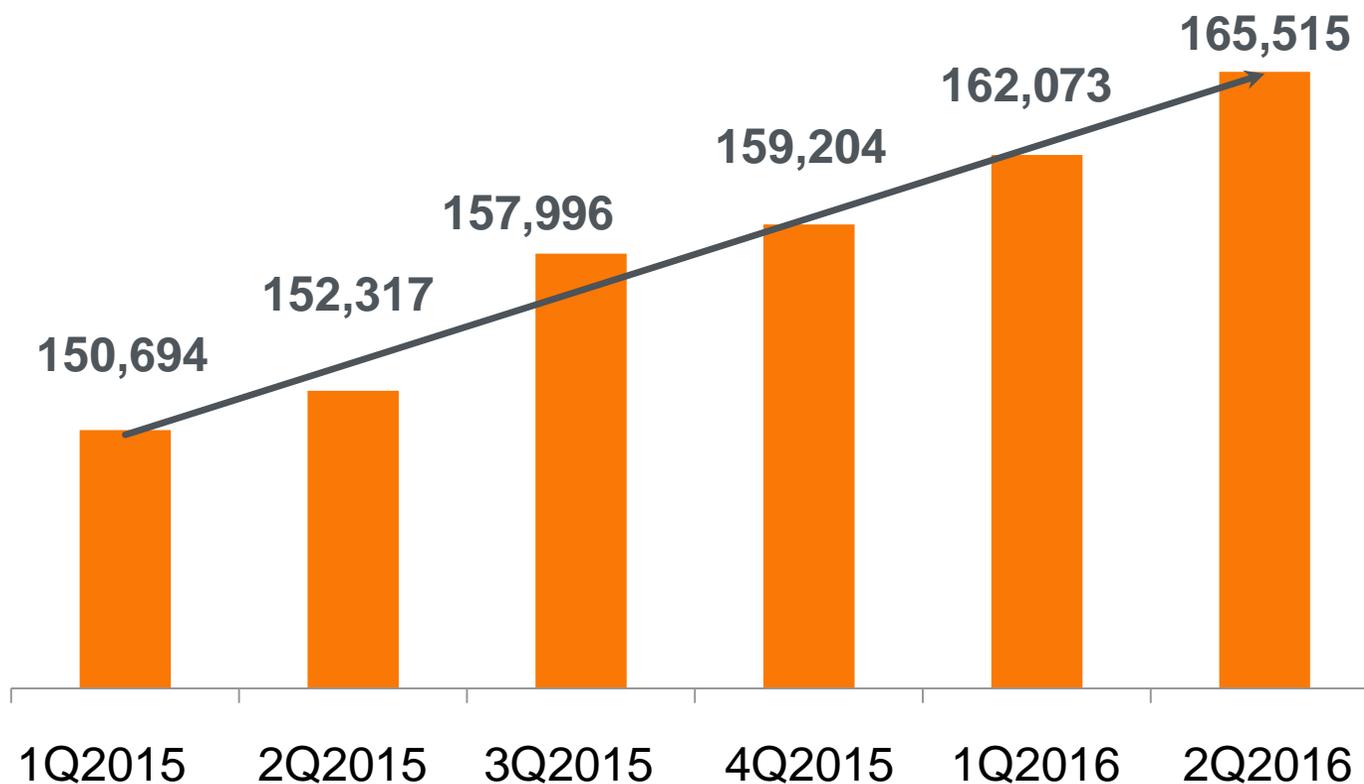
# Continuous loan growth





# Continuous loan growth

Credit to the public  
NIS m



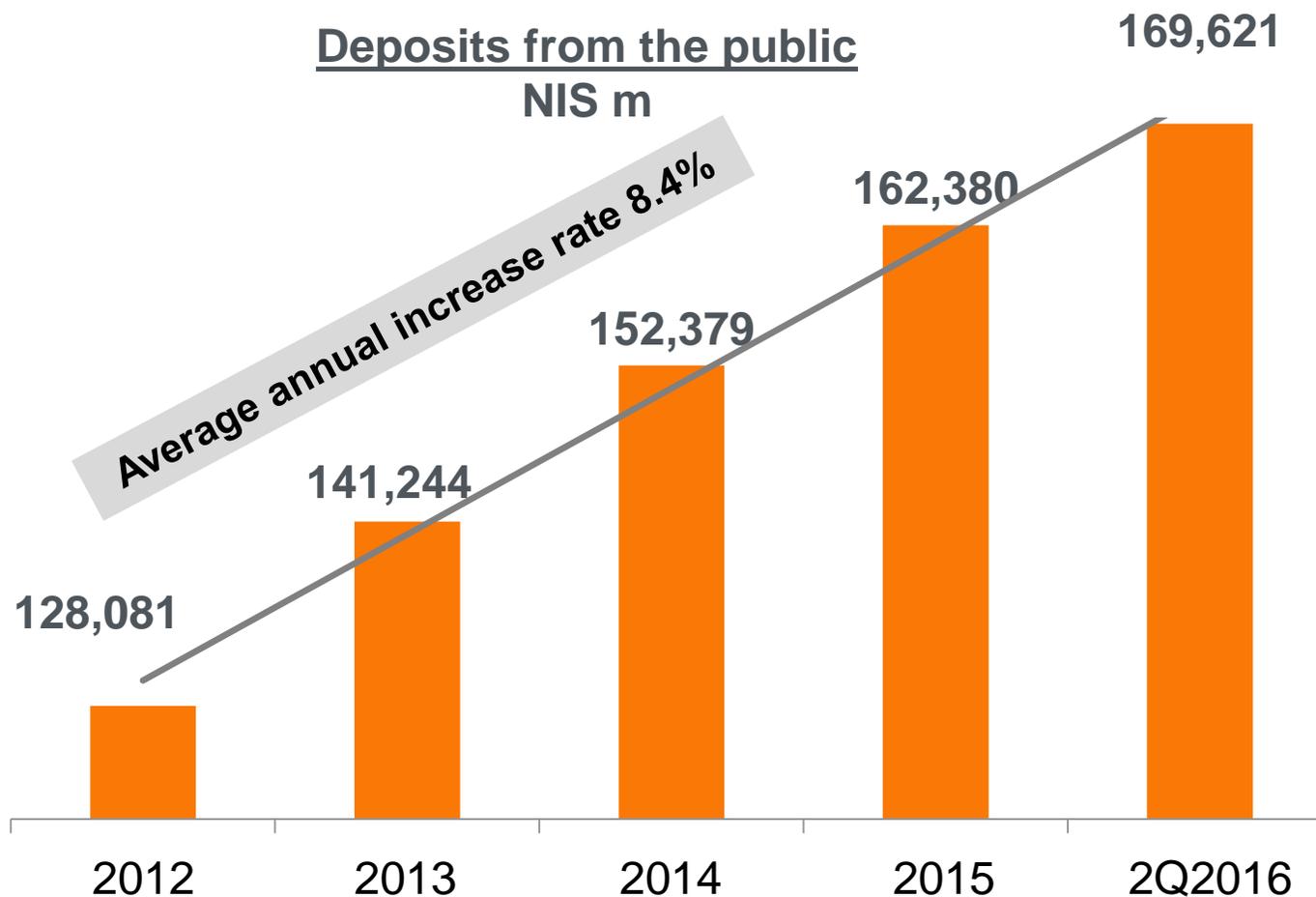


## Credit growth in most segments

<b>Loans to the public</b>			
	<b>30.06.2016</b>	<b>30.06.2015</b>	<b>% of change</b>
Housing loans	109,970	100,005	10%
Households	18,001	16,368	10%
Private banking	84	86	(2.3%)
Small and micro businesses	14,468	13,554	6.7%
Medium businesses	5,037	4,713	6.9%
Large businesses	12,763	12,924	(1.2%)
Institutional investors	1,924	2,170	(11.3%)
Overseas operations	3,268	2,497	30.9%
<b>Total</b>	<b>165,515</b>	<b>152,317</b>	<b>8.7%</b>

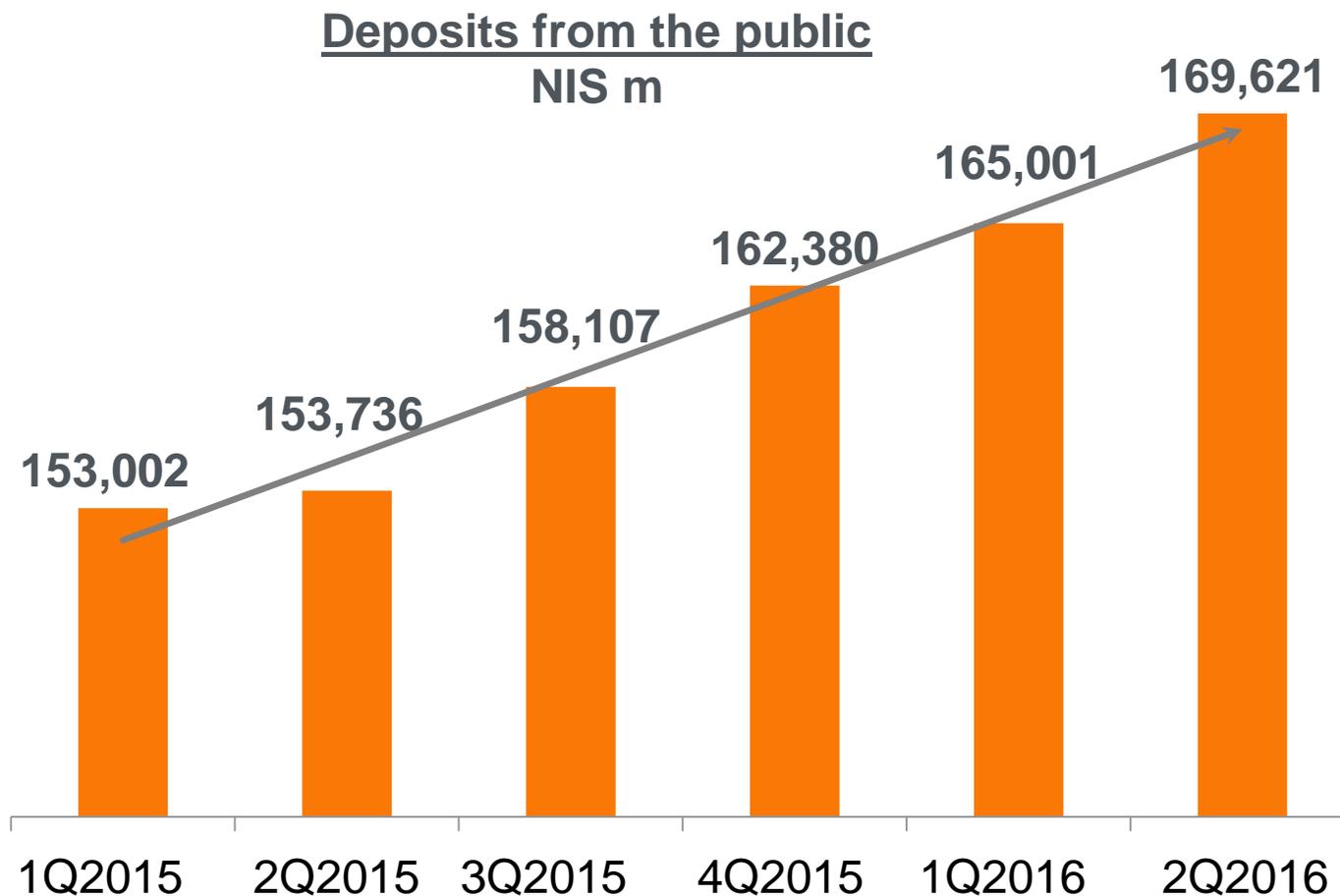


# Continuous deposit growth





# Continuous deposit growth





## Growth in financing revenues in most of operating segments

Financing revenues (NIS m)			
	1H2016	1H2015	% of change
Housing loans	527	480	9.8%
Households	525	478	9.8%
Private banking	25	16	56.3%
Small and micro businesses	373	348	7.2%
Medium businesses	97	90	7.8%
Large businesses	209	216	(3.2%)
Institutional investors	57	56	1.8%
Overseas operations	79	55	43.6%



# Tight control of expenses

## Operating and other expenses

825      1.3%      839



2Q2015

2Q2016

## Maintenance and depreciation

174      (1.7%)      171



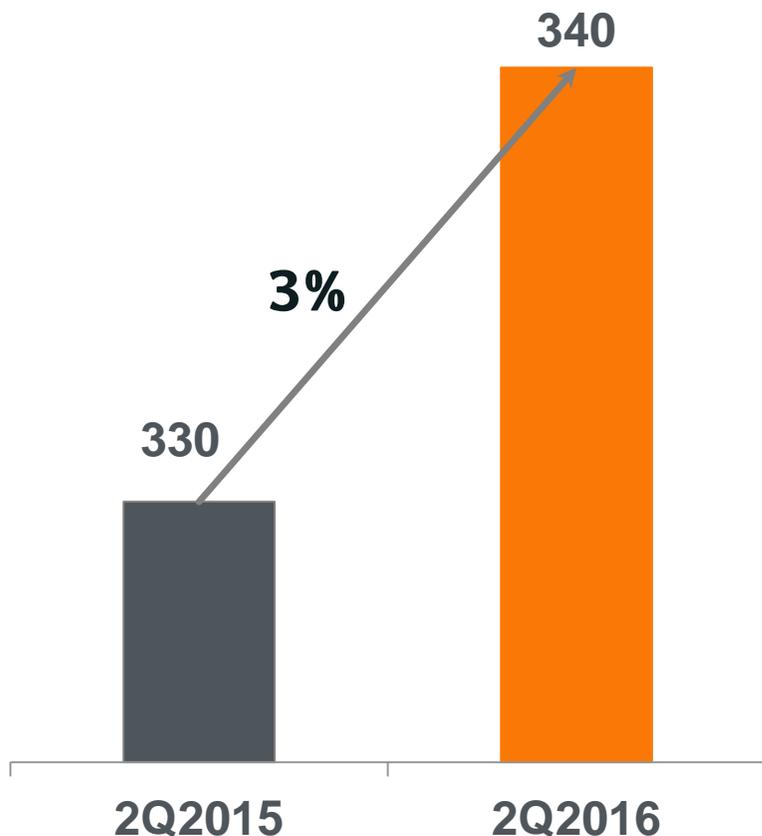
2Q2015

2Q2016

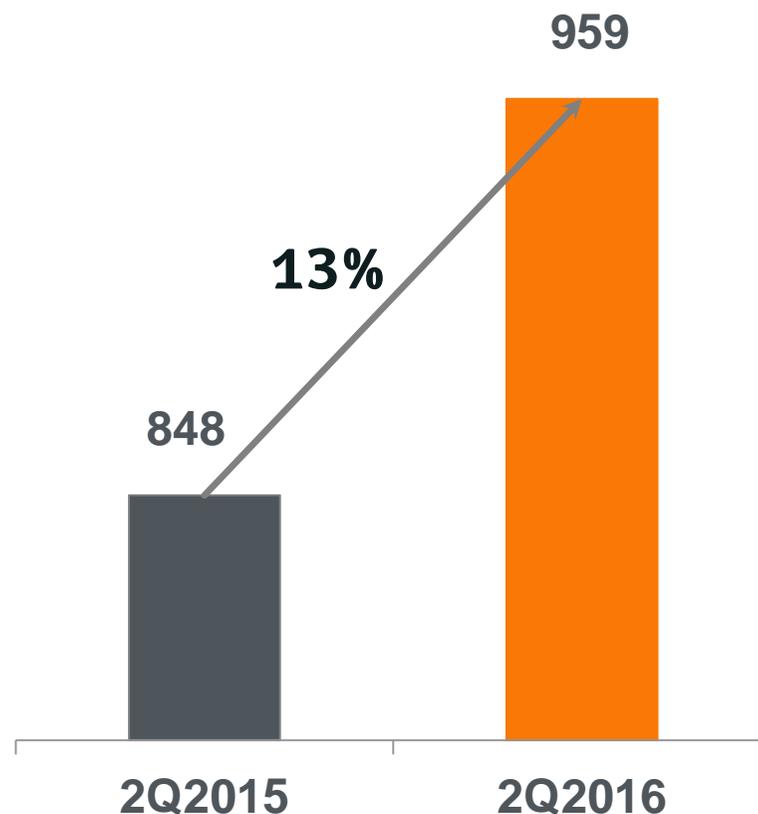


# Increase in net profit and financing revenues from current operations compared to Q2/15

## Net profit



## Financing revenues from current operations

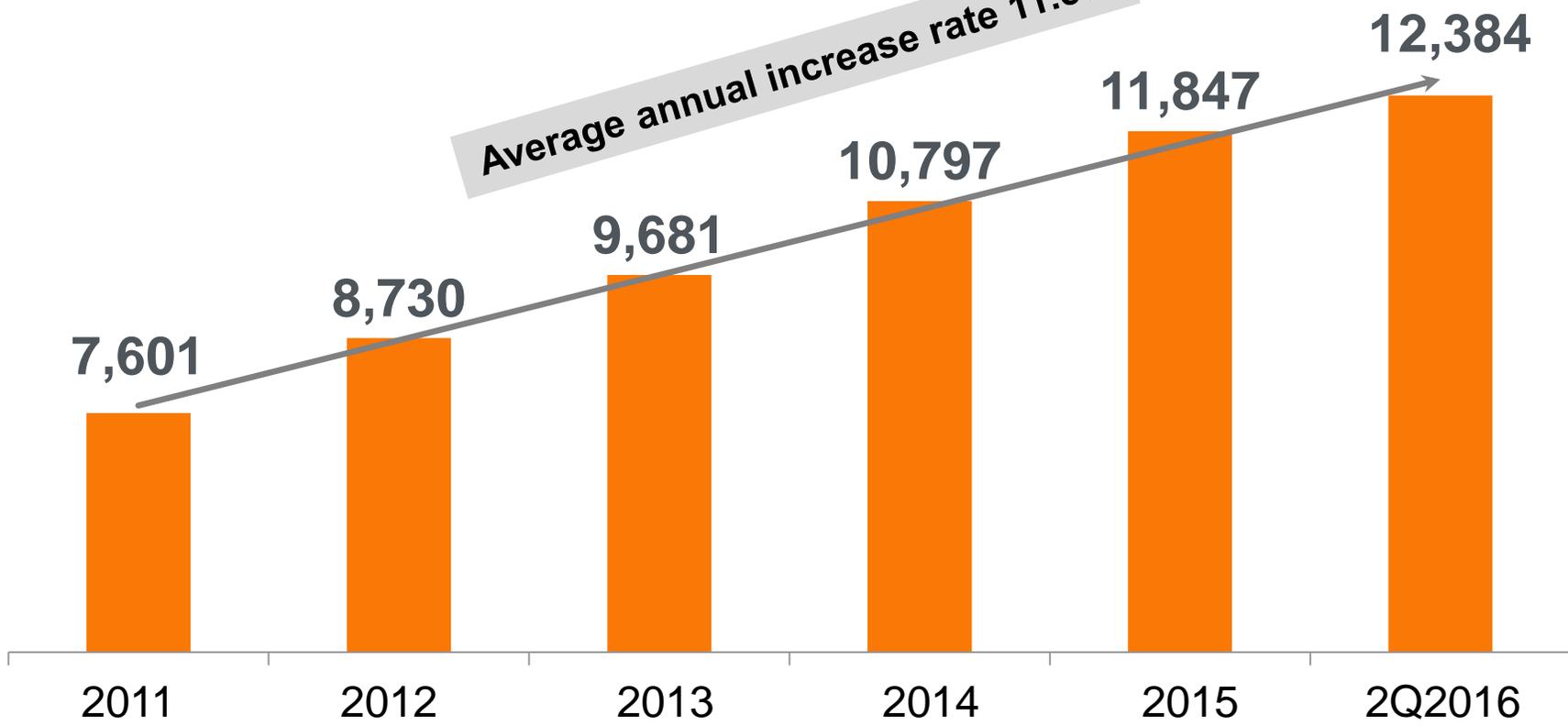




# Increasing equity base

Equity  
NIS m

Average annual increase rate 11.5%

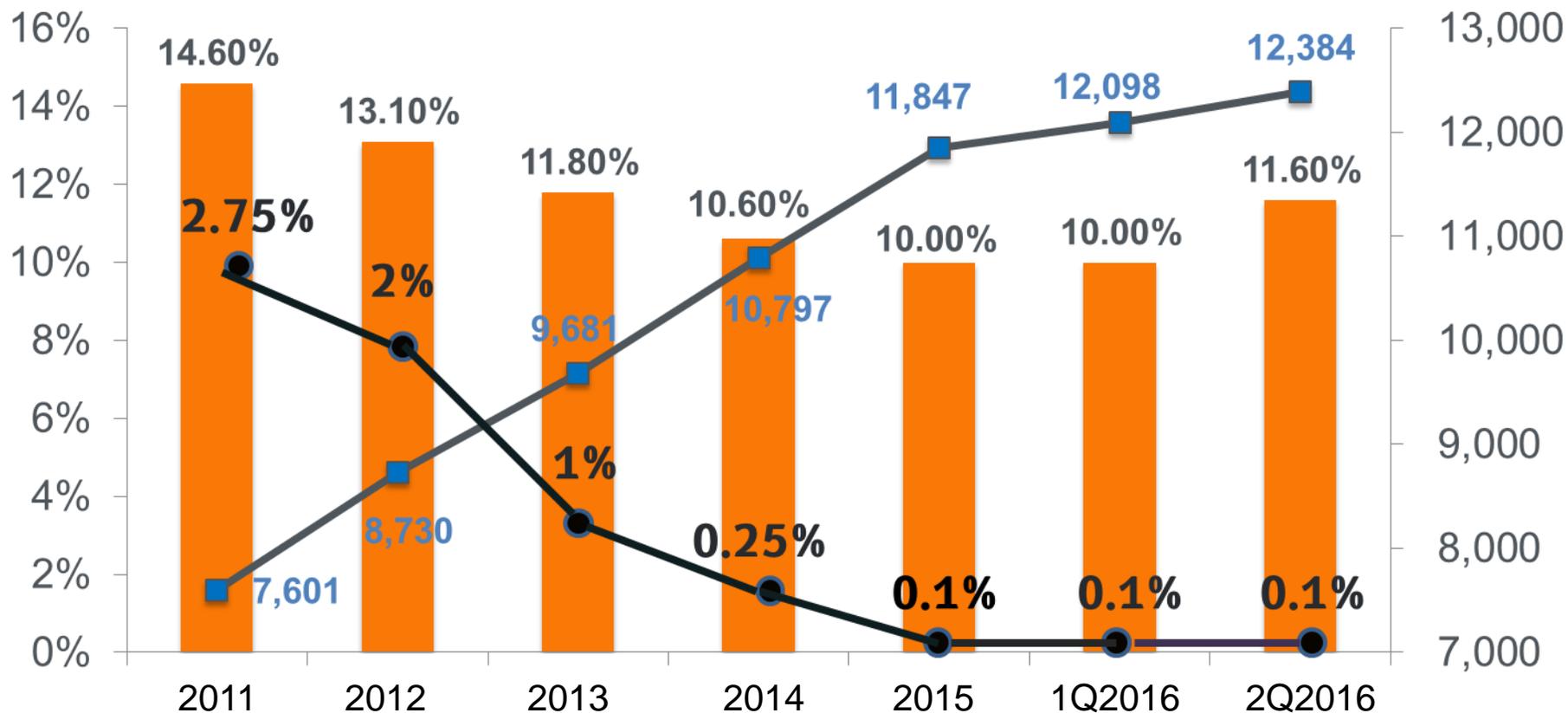




# Double digit ROE despite dramatic increase in Equity and extremely low interest rate

ROE(%)

Equity (NIS mil)

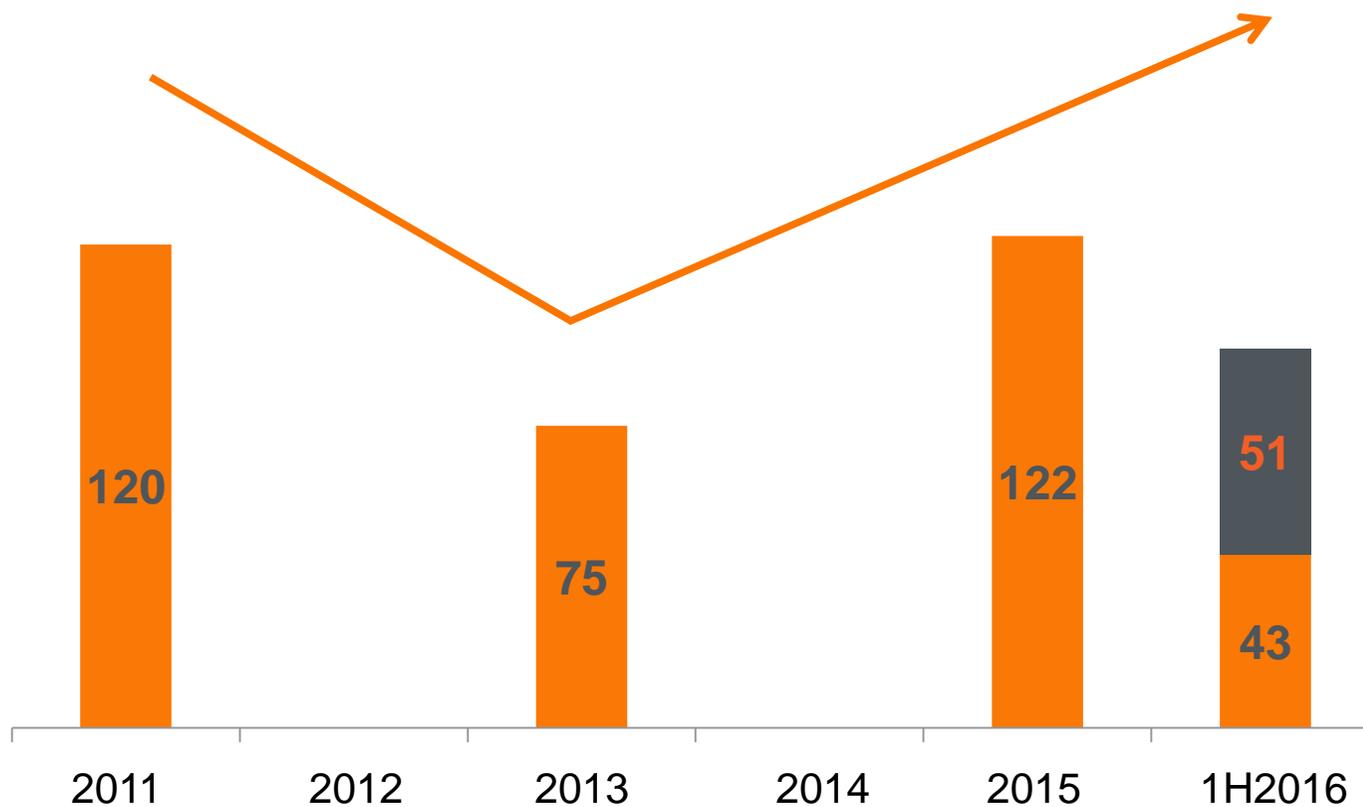


In black – Bank of Israel interest rate at the end of a calendar year



# Dividend distribution

Dividend distribution (NIS m)





## Progress in line with the strategic plan

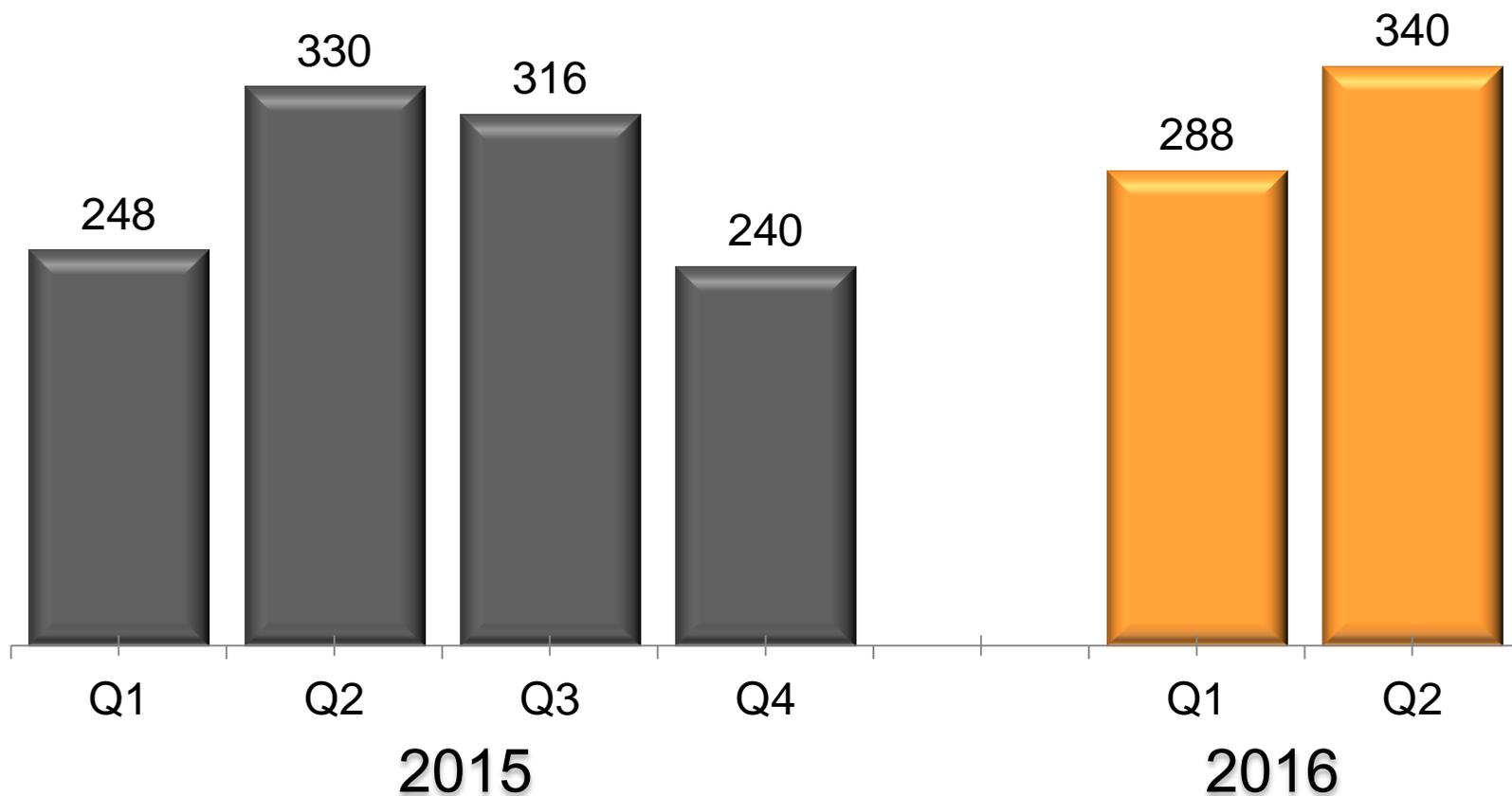
Market Shares	31.3.2016	31.12. 2017 Updated plan
Loans to the Public	17.8%	19.0%
Balance Sheet Debt in Israel	19.1%	20.0%
Deposits from the Public	15.2%	17.5%
Mortgages (New Initiations)	39.2% *	+35%



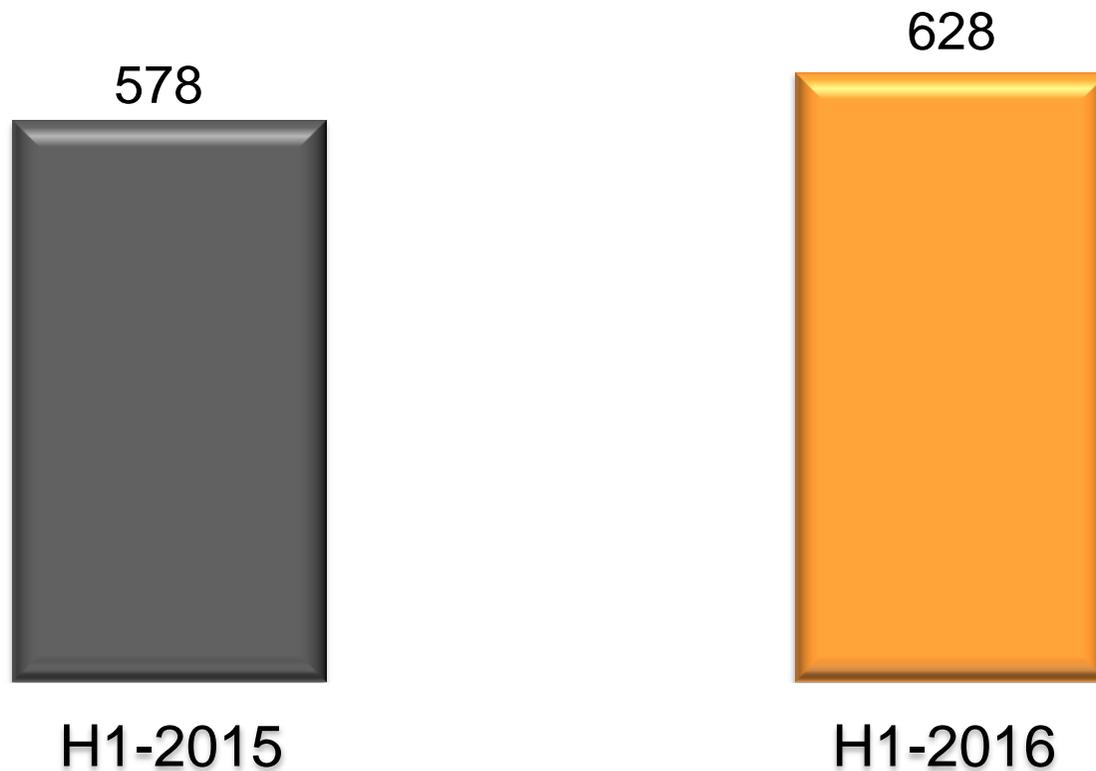
# Financial results



# Net profit (NIS mil)

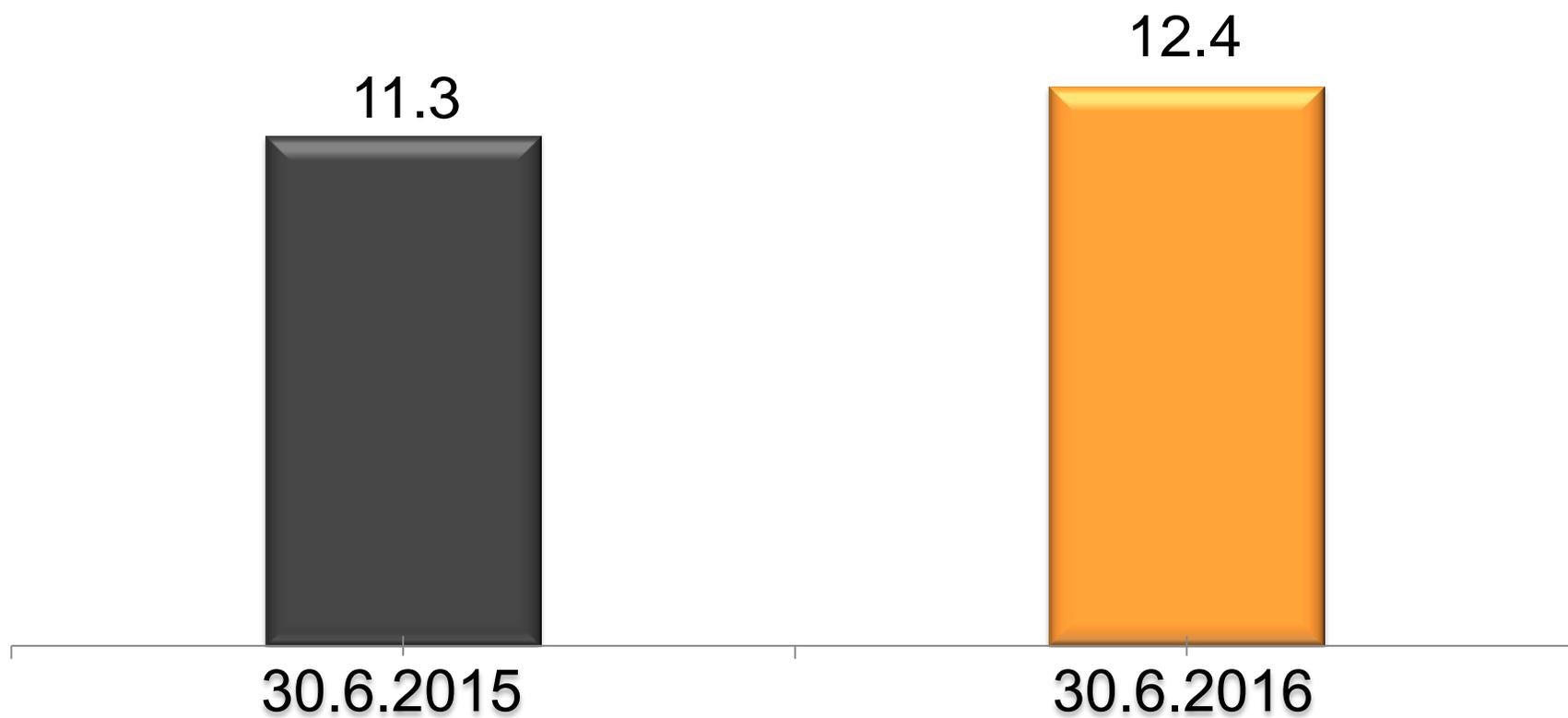


## Net profit (NIS mil)



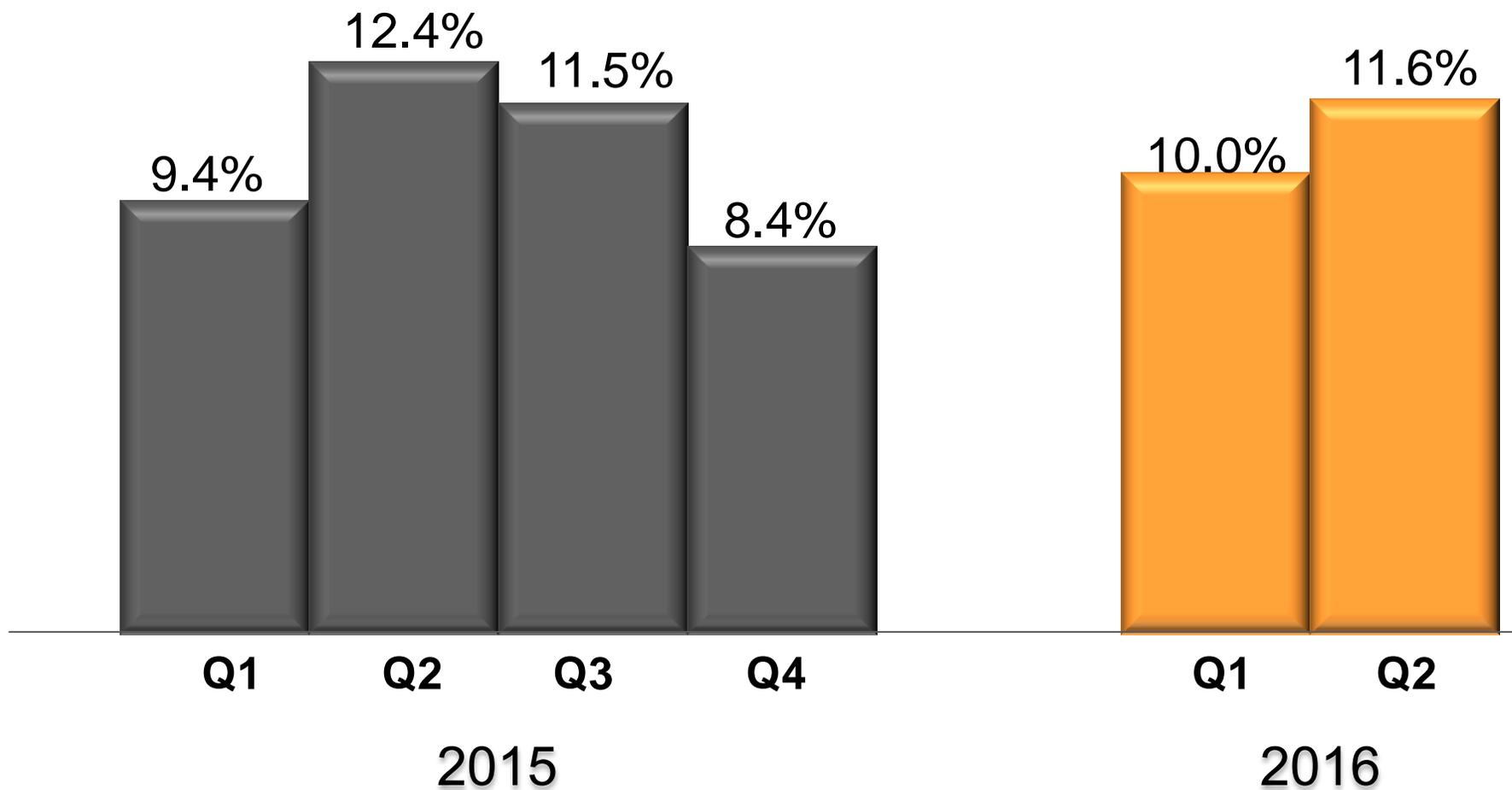


## Equity (NIS bil)





# Net profit - ROE (NIS mil)



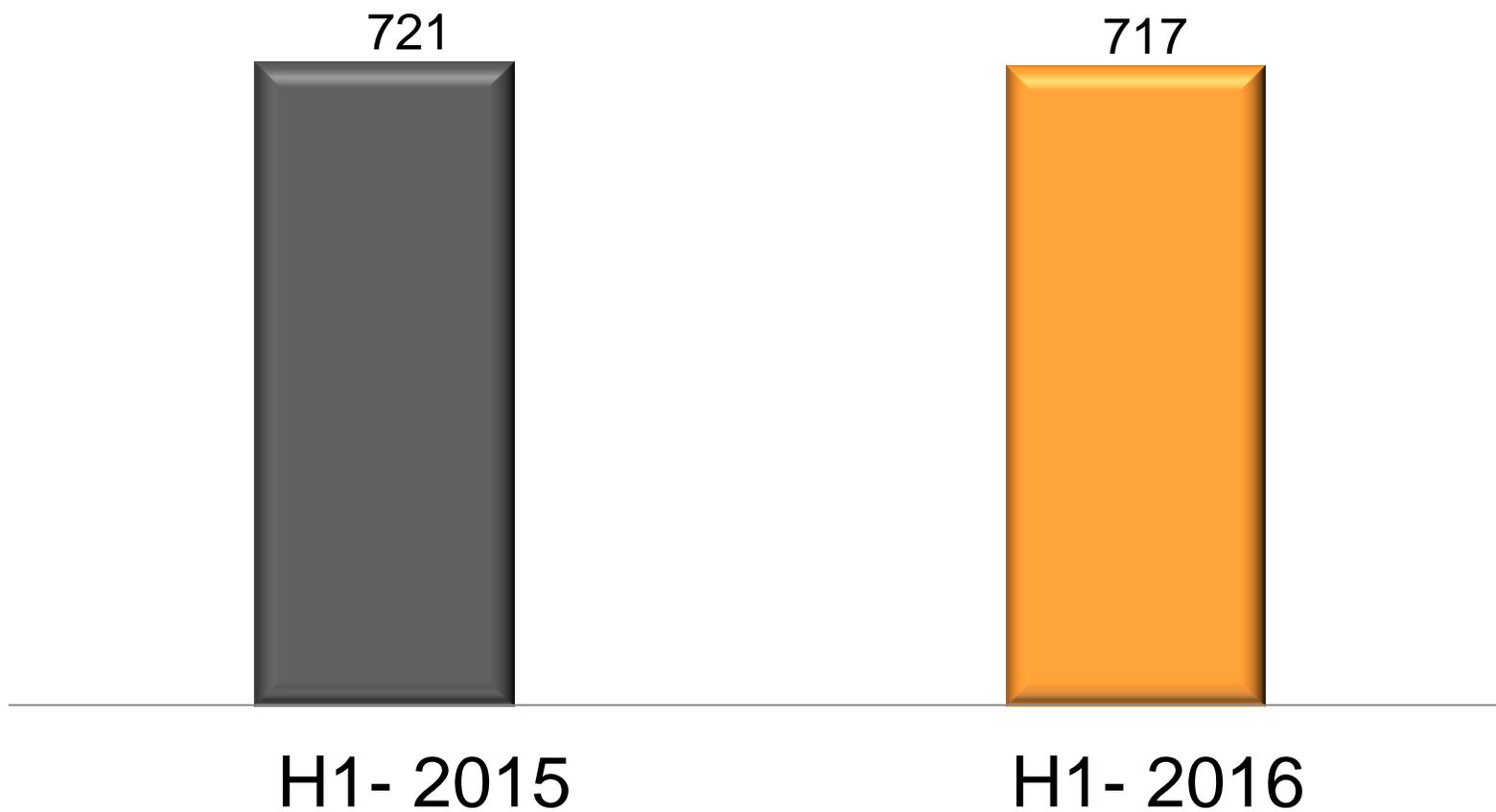


## Financing Revenues (NIS mil)

	H1-2016	H1-2015	Rate of change
Interest revenues, net	1,774	1,781	
Non-interest financing revenues	136	80	
Total financing revenues	1,910	1,861	2.6
Less:			
Linkage differentials with respect to CPI position	(62)	(63)	
Revenues from collection of interest on troubled debt	20	20	
Gain from debentures	54	88	
Effect of accounting treatment of derivatives at fair value and others	17	119	
Total effects other than current operations	29	164	
Total financing revenues from current operations	1,881	1,697	10.8

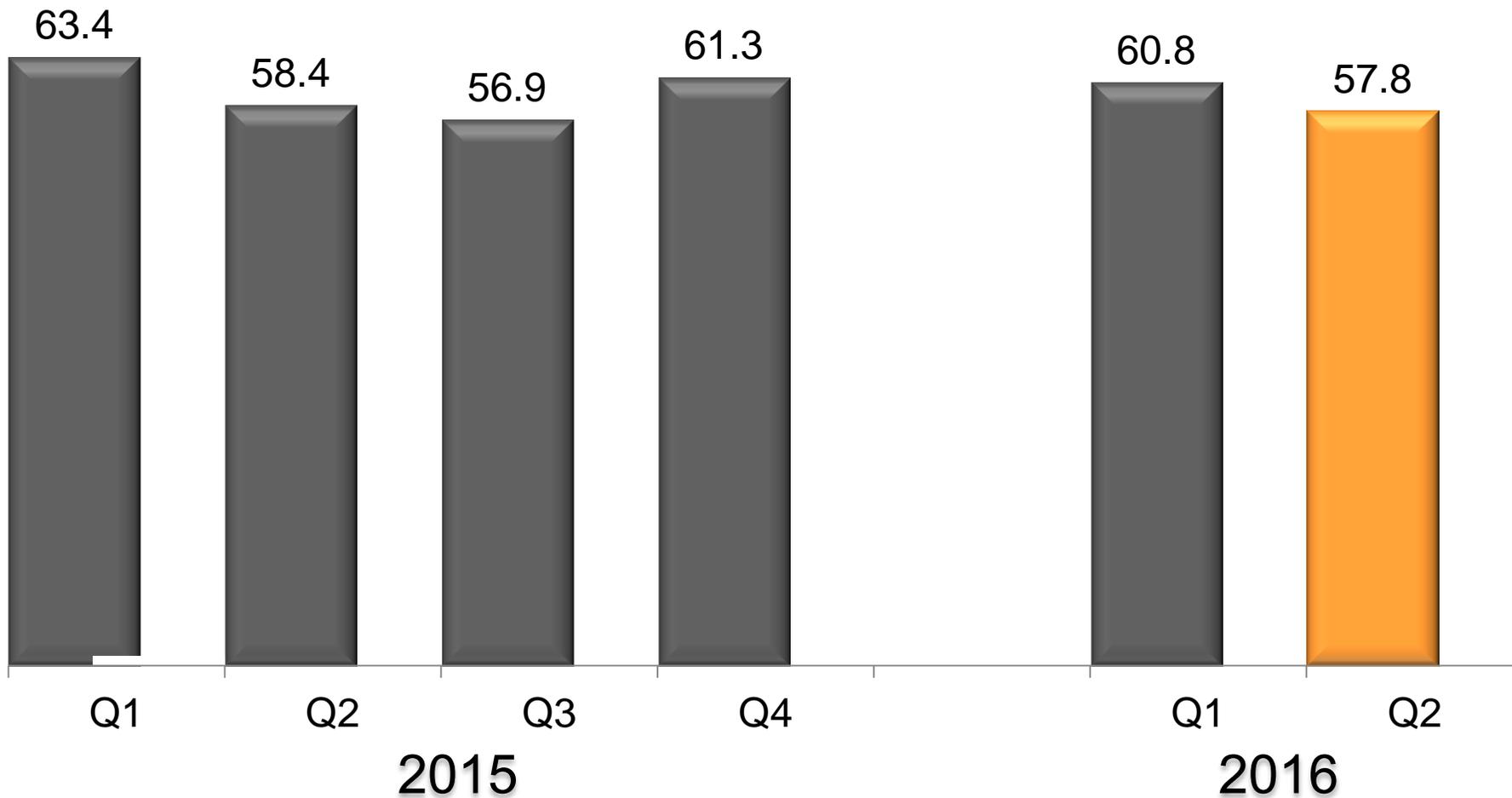


## Operating commissions (NIS mil)



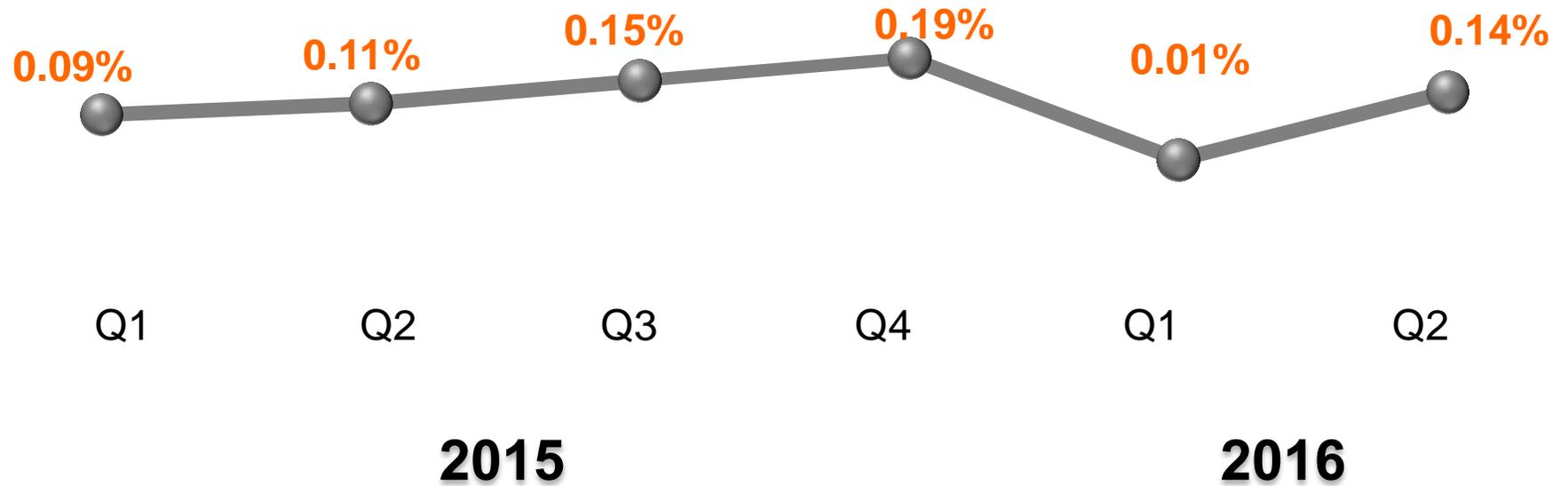


# Cost / income ratio





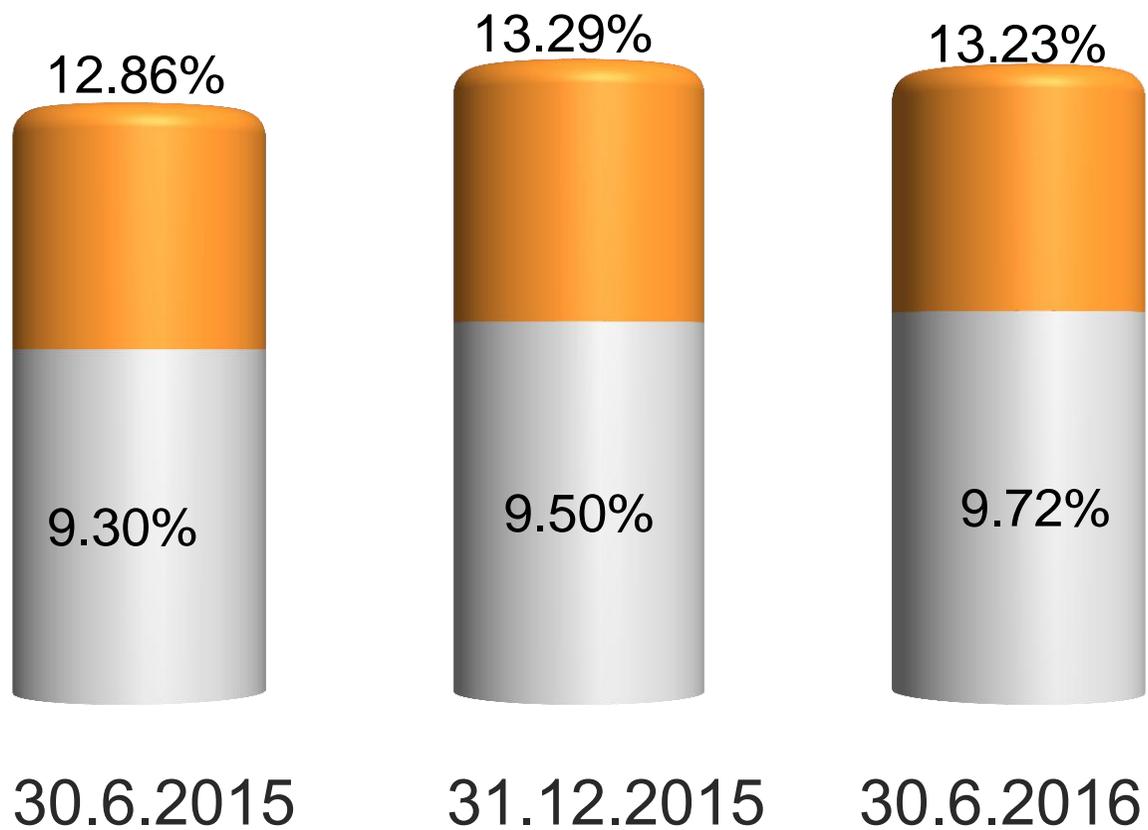
# Provisions / loans to the public





# Capital adequacy

Tier I





## Dividend (NIS mil)

Year	Amount
2015	122.1
2016 (Q1)	43.2
2016 Q2)	51.0
<b>Total</b>	<b>216.3</b>