



MIZRAHI TEFAHOT

Financial Statements

December 2014





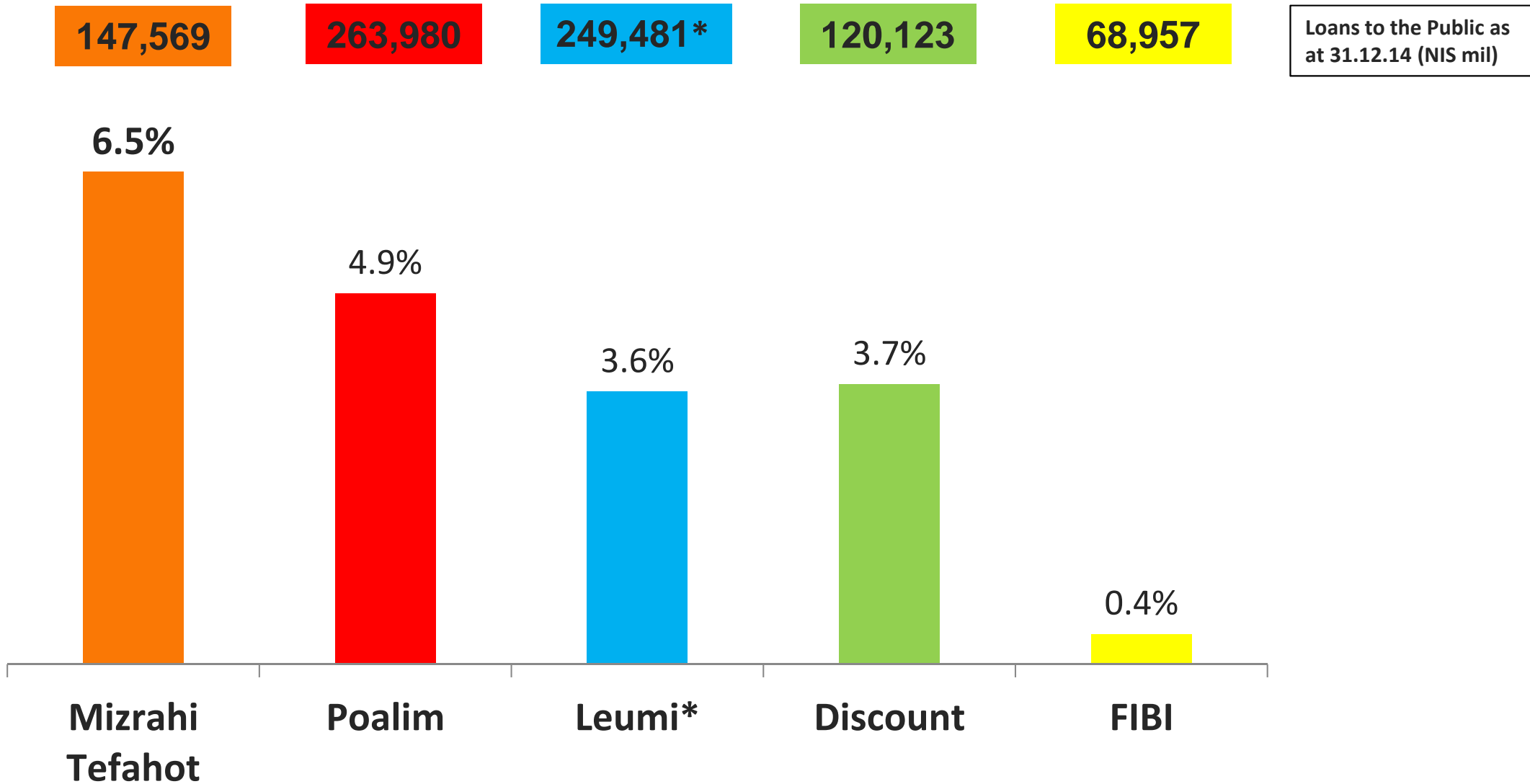
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Mizrahi Tefahot presents the highest increase in Loans to the Public

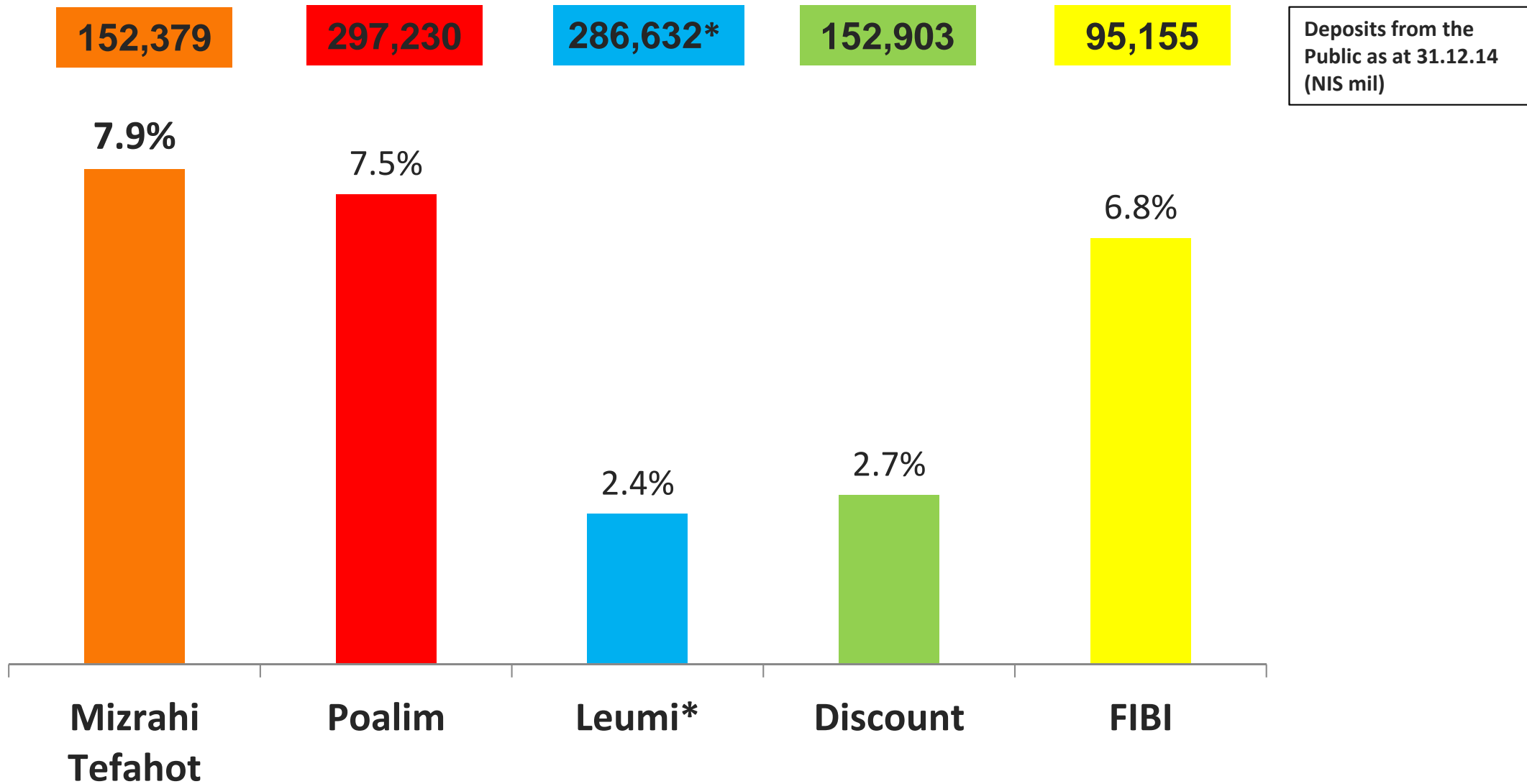
(rate of growth 31.12.14/31.12.13)



SOURCE: Banks' financial reports

* Bank Leumi – September 2014 compared with September 2013. Loans to the public as at 30.9.2014

Mizrahi Tefahot presents the highest increase in Deposits from the Public (rate of growth 31.12.14/31.12.13)



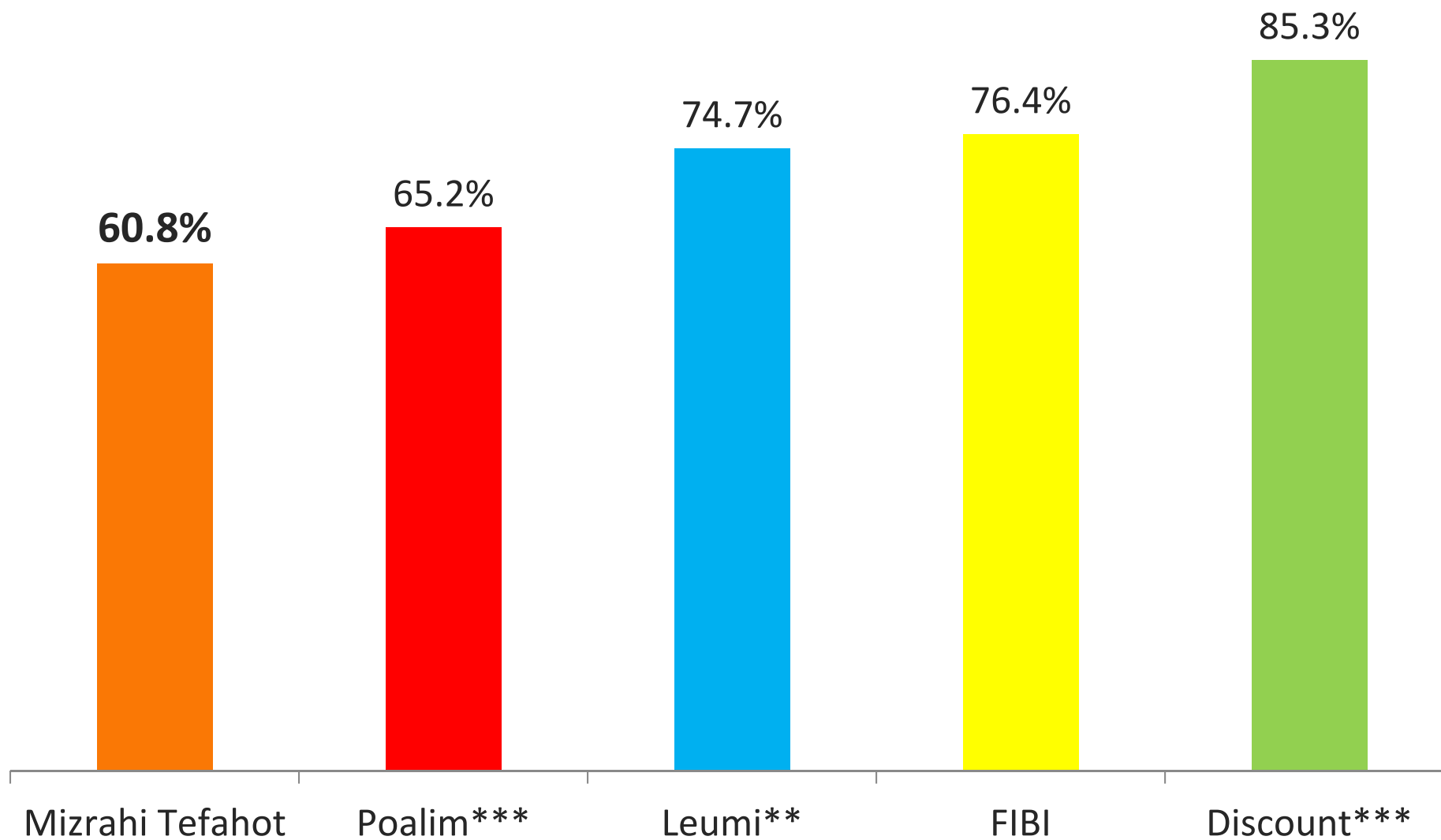
SOURCE: Banks' financial reports

* Bank Leumi – September 2014 compared with September 2013. Deposits from the public as at 30.9.2014



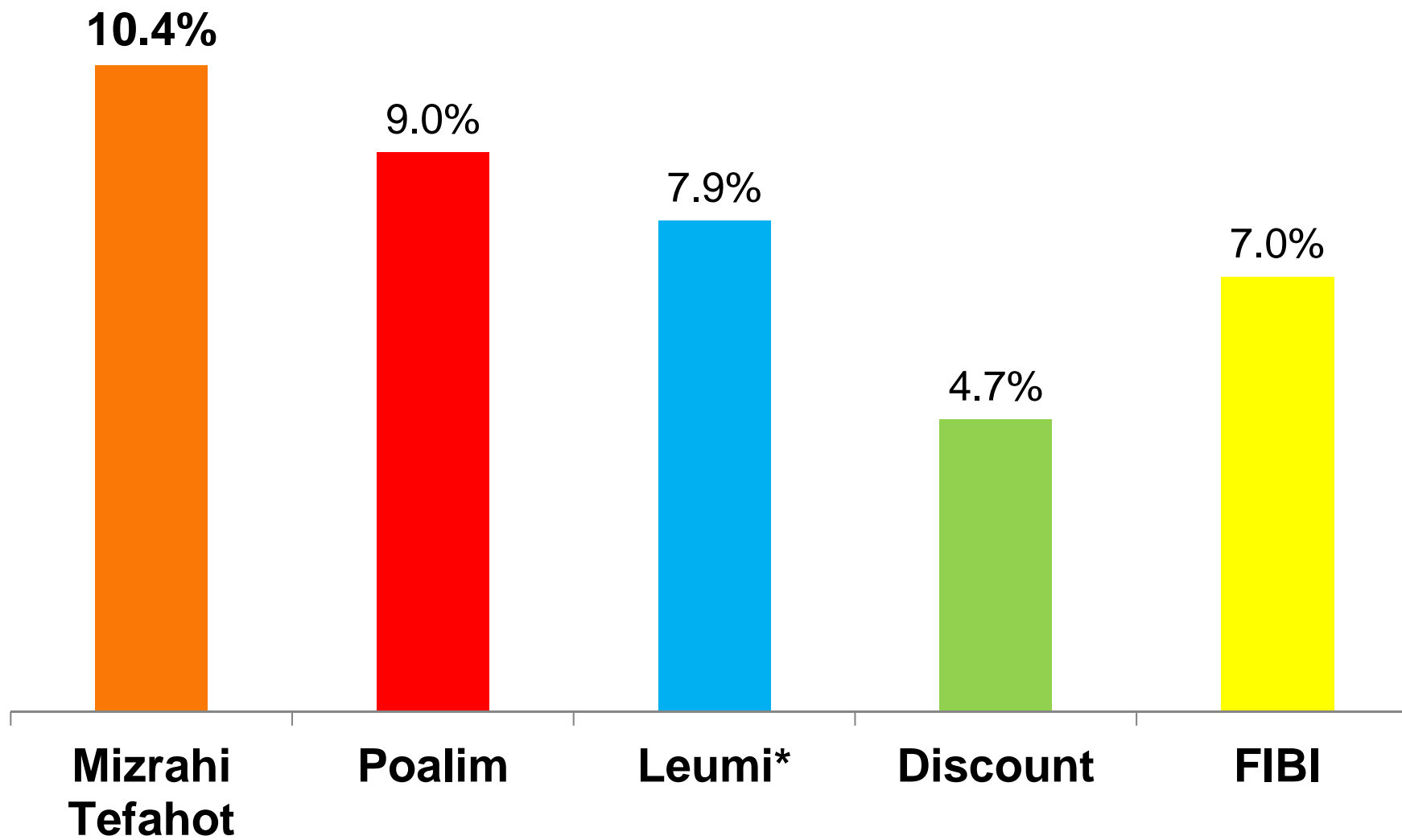
Mizrahi Tefahot – the most efficient bank

Cost/income ratio* for 2014





Mizrahi Tefahot presents the best ROE (1-12.2014)



SOURCE: Banks' financial reports

* Bank Leumi – for the period 1-9.2014



Mizrahi Tefahot achieved double digit ROE despite macro conditions and regulatory requirements

Bol interest rate: average Bol interest rate for 2014 – 0.6% compared with 1.39% for 2013

Inflation: CPI decreased in 2014 by 0.2% compared with an increase of 1.8% in 2013

The financial reports were impacted by provisions due to the Supervisor of Banks' directives:

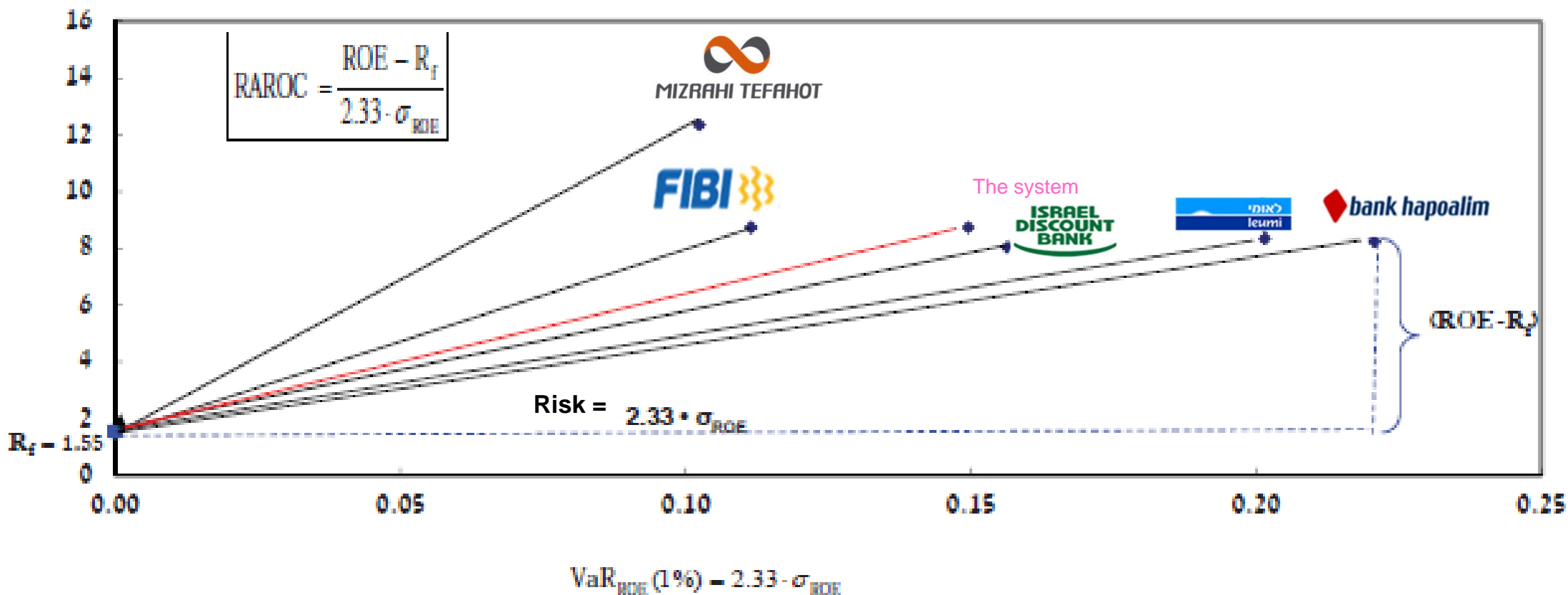
- NIS 95 mil – due to the USA DOJ investigation in accordance with Bank of Israel instruction***
- NIS 54 mil (including Yahav Bank) in accordance with Bank of Israel instruction with regard to the group-based provision with respect to consumer credit.***



Continue to provide the best combination of high return and low risk

Risk Adjusted Return on Capital, comparison of five major banking groups and banking system, average 2007-2013

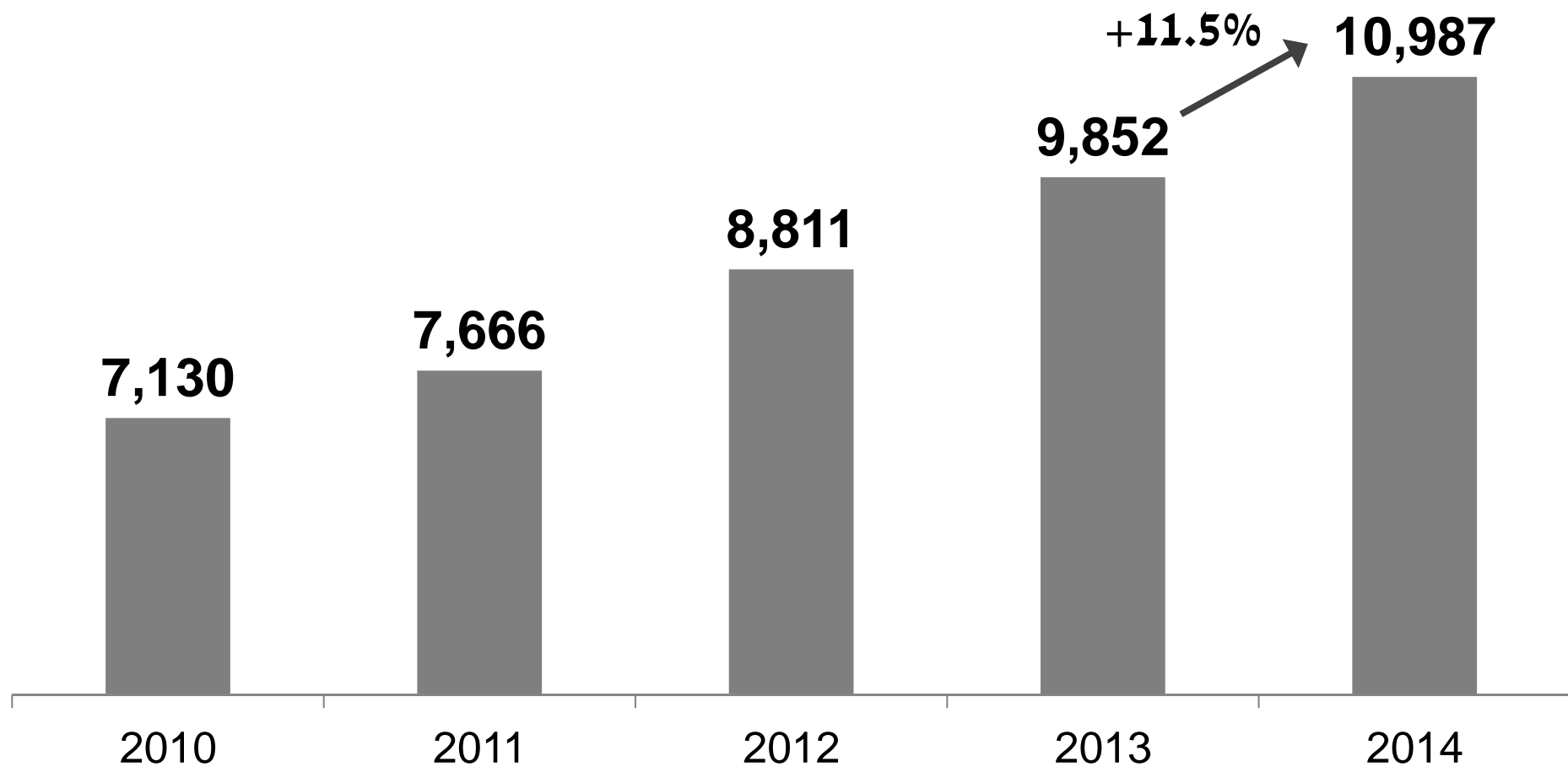
ROE %





Increasing equity while maintaining growth

Equity* (NIS mil)





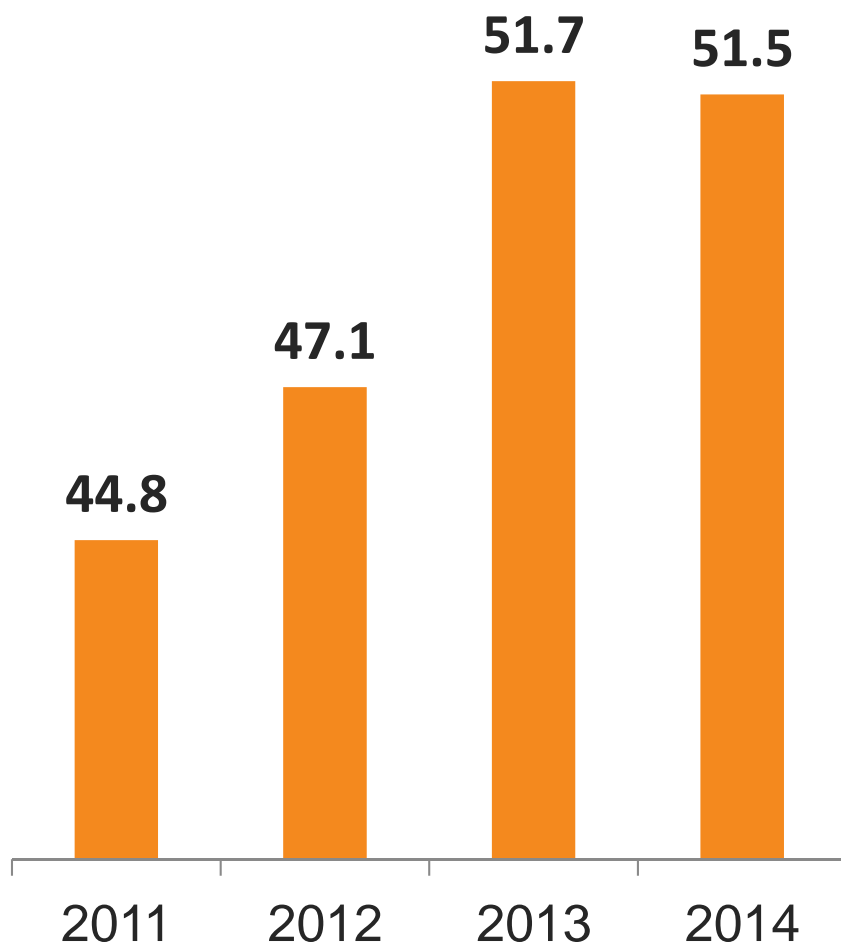
Within the update of the strategic plan for 2017, more challenging market share targets were set

Market Shares	30.9.2014	31.12. 2017 Updated plan	31.12.2017 Original plan
Credit to the Public	17.4%	19.0%	17.5%
Balance Sheet Debt in Israel	18.6%	20.0%	18.0%
Deposits from the Public	15.8%	17.5%	16.0%
Housing Loans (New Initiations)	35%	+35%	+35%

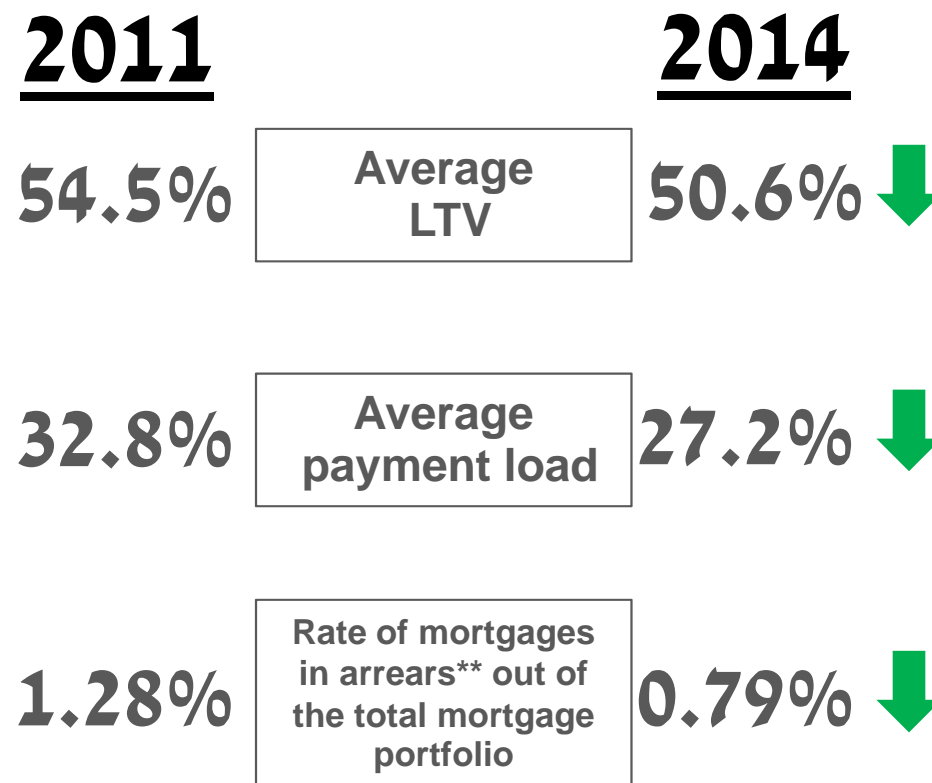


Mortgage market: continue to lead (market share of 34%) while keeping high quality underwriting of mortgages

Volume of new mortgage loans in the system (NIS bil)



Main risk parameters for new mortgages (2011-2014, the system)



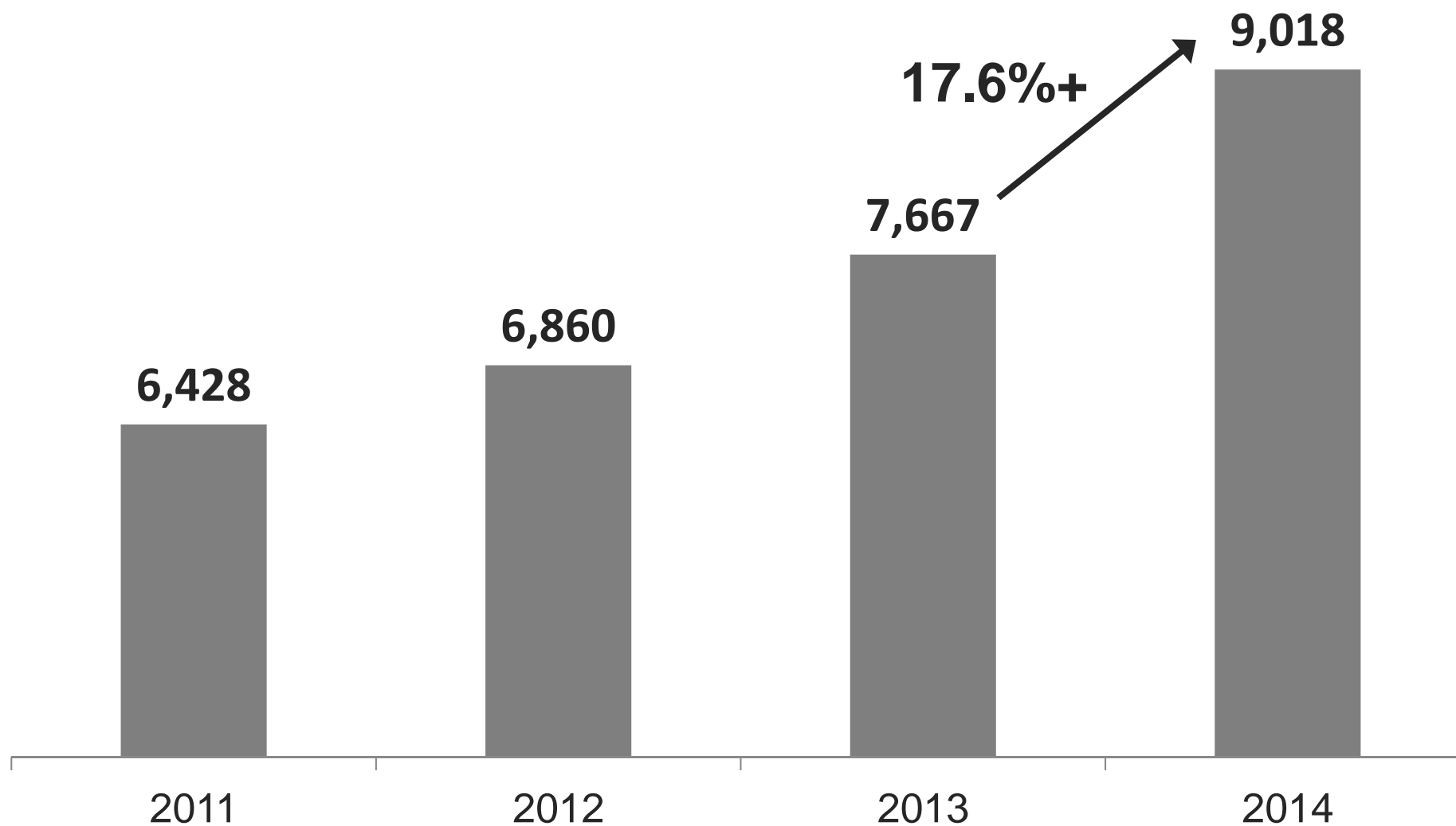
* LTV and payment load for the period 4-12.2011 compared with 1-12/2014, mortgages in arrears 12/11 compared with 12/14

** over 90 days



Significant growth in credit to SME

Credit to SME (NIS mil)





Increasing activities with households

Continue to open new branches while improving efficiency of current branch layout

***The Arab Israeli sector – implementing the plan - opening branches.
Launching wide range campaign***

Continue the differentiation of the service standard of the Bank (personal and humane service – “Happy banking” initiative)

Yahav bank as price driven consumer platform



Co-operations with institutional entities

Corporate credit: establishing syndications unit in the corporate division in 2014. special transactions and co-operations with institutional entities.

Operating services for Provident funds: assets of provident funds to which the bank provided operating services as at 31.12.14 – NIS 72 bil, 57% increase compared with 31.12.13*.

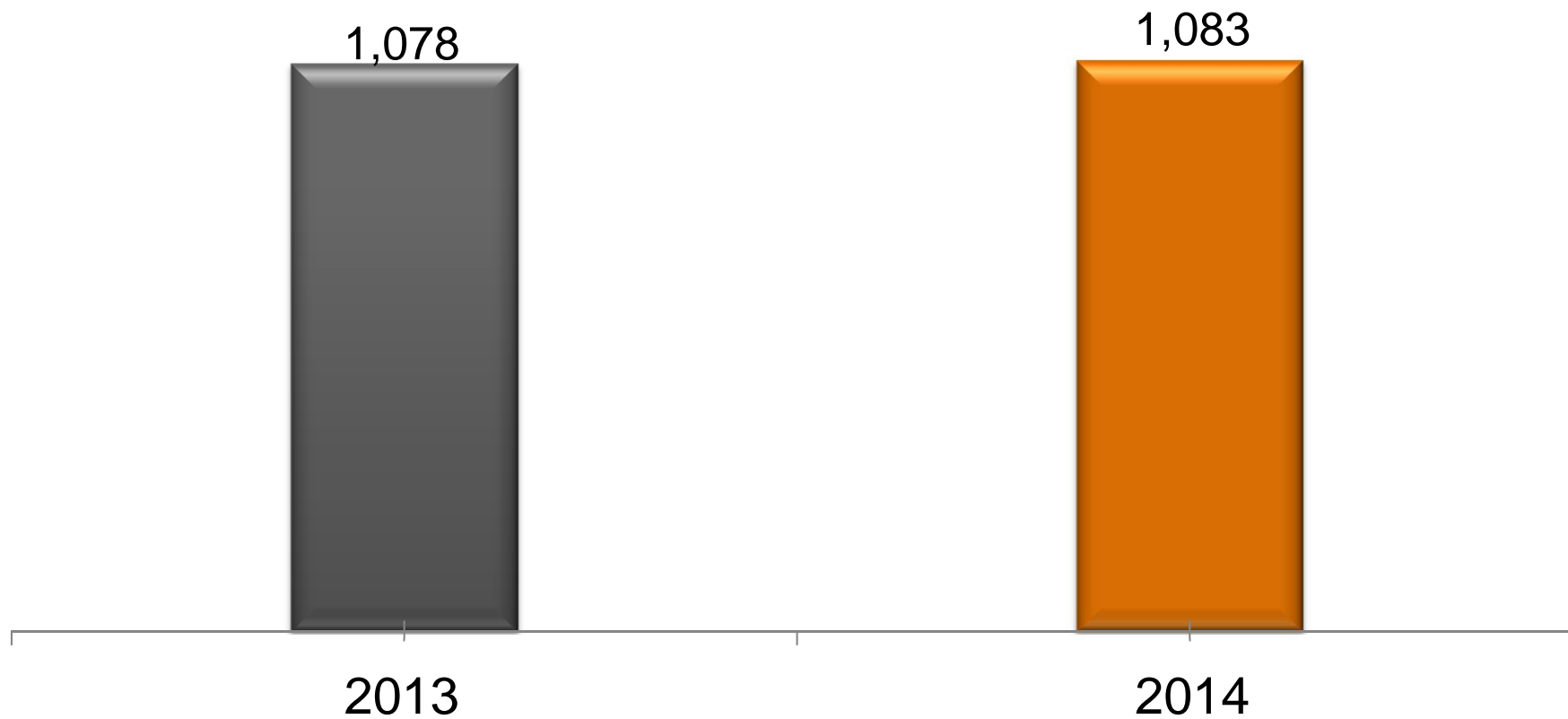
Operating services for Mutual funds: assets of mutual funds to which the bank provided operating services as at 31.12.14 – NIS 21 bil, 15% increase compared with 31.12.13.

Trustee services: assets for which the group provides trustee services as at 31.12.14 – NIS 77.8 bil, 36% increase compared with 31.12.13.



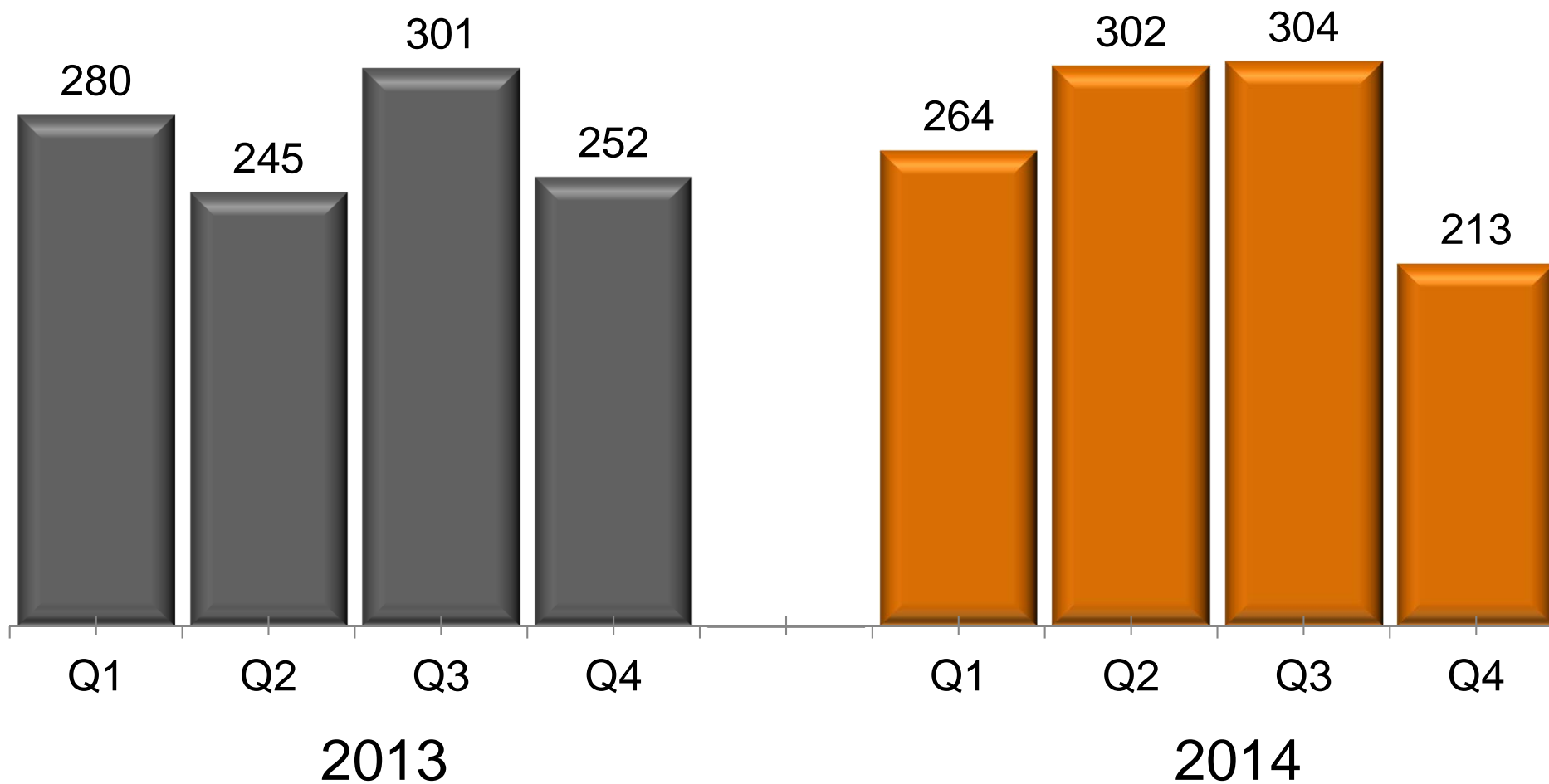
Financial results

Net profit - (NIS mil)



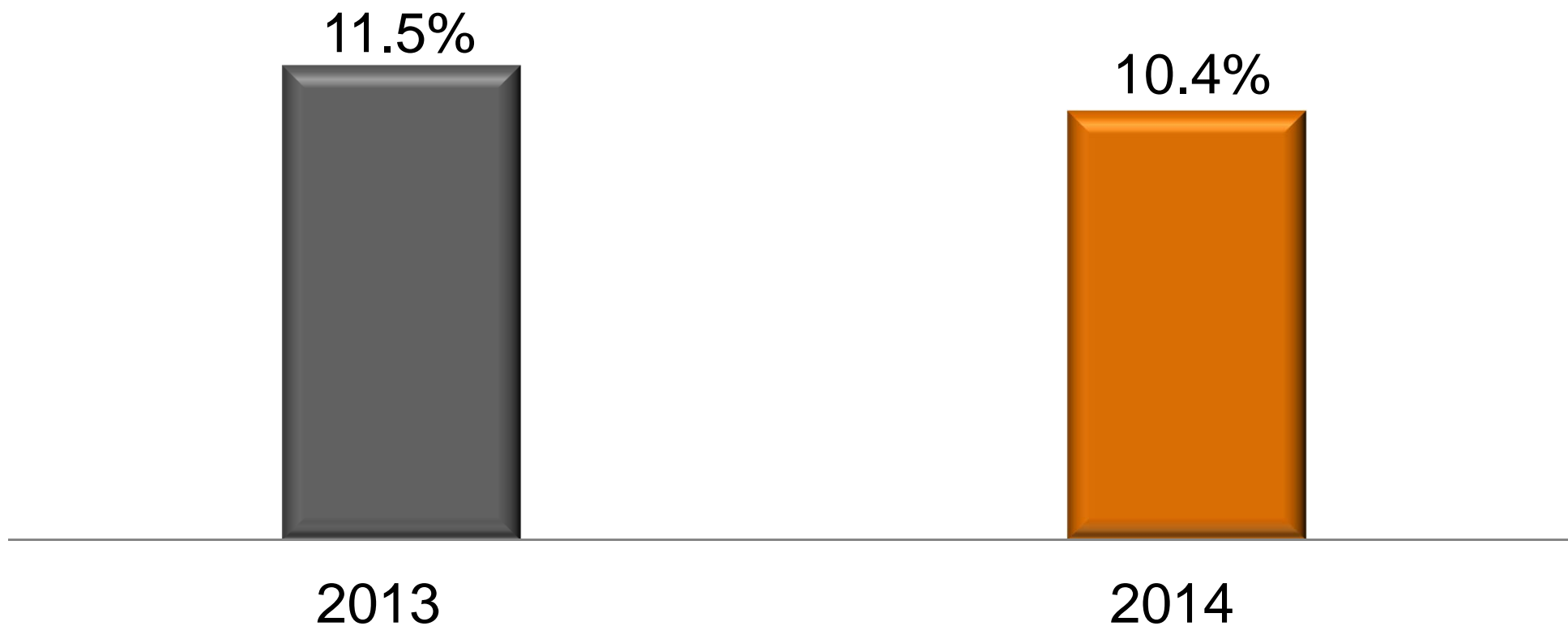


Net profit - (NIS mil)



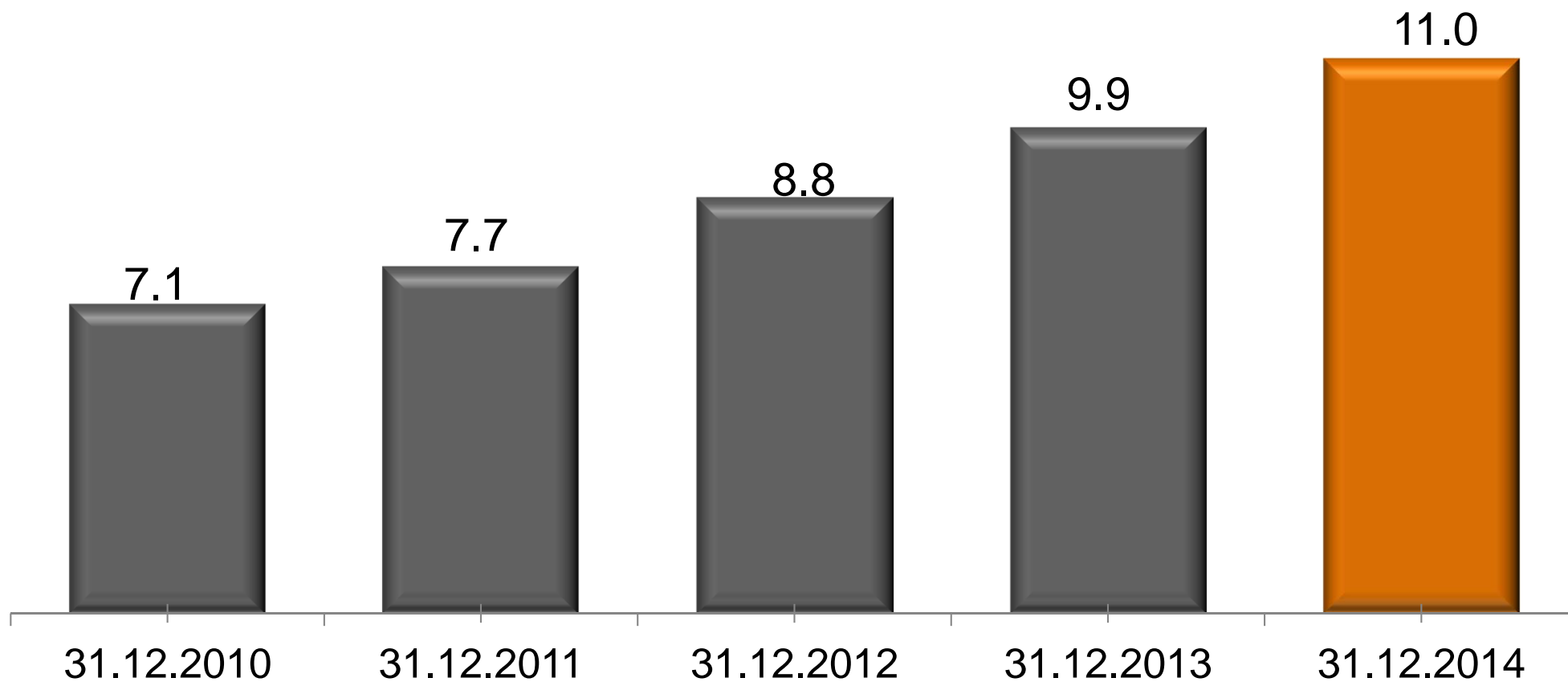


Net profit - ROE - (NIS mil)



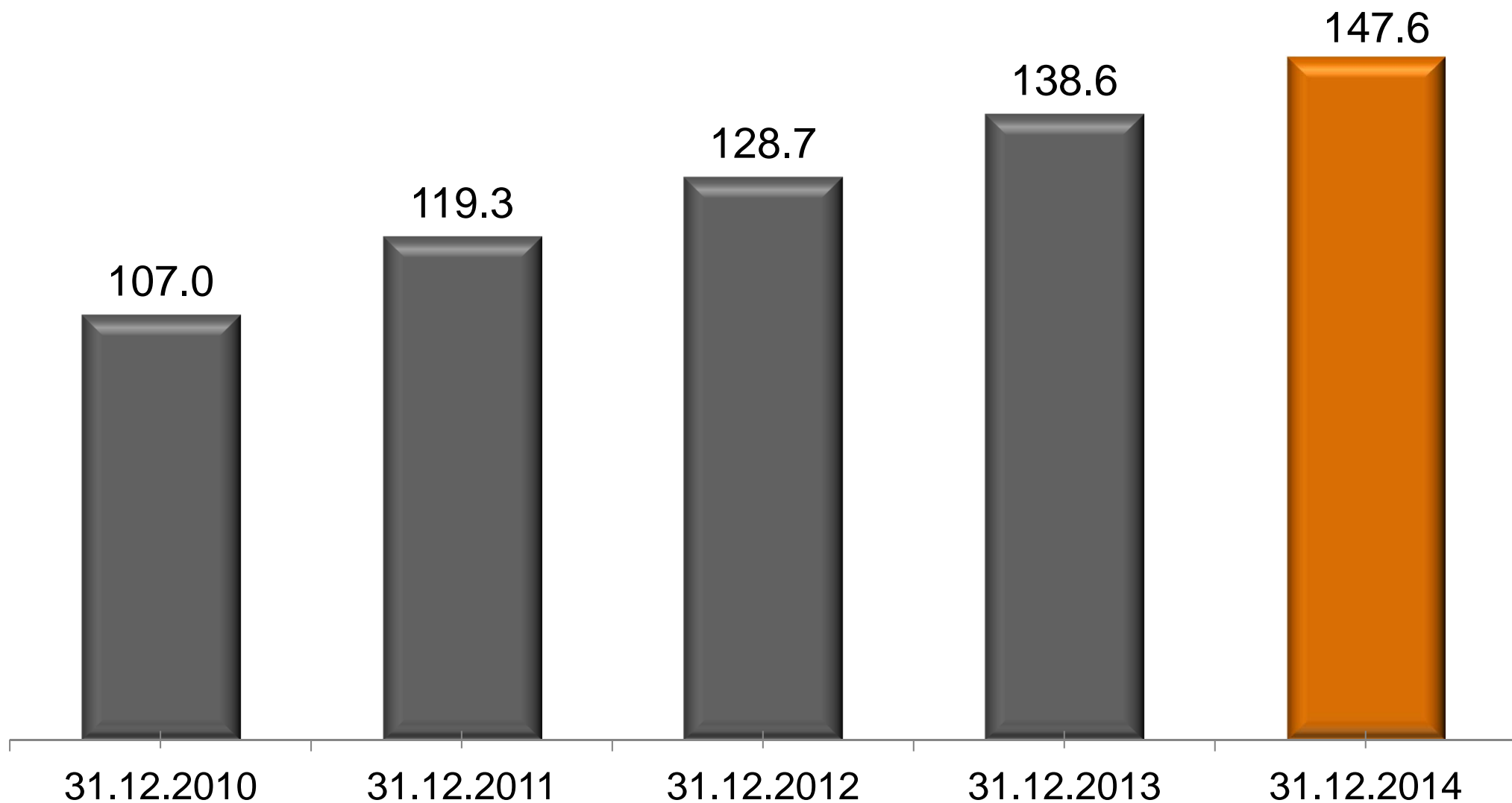


Equity (NIS bil)

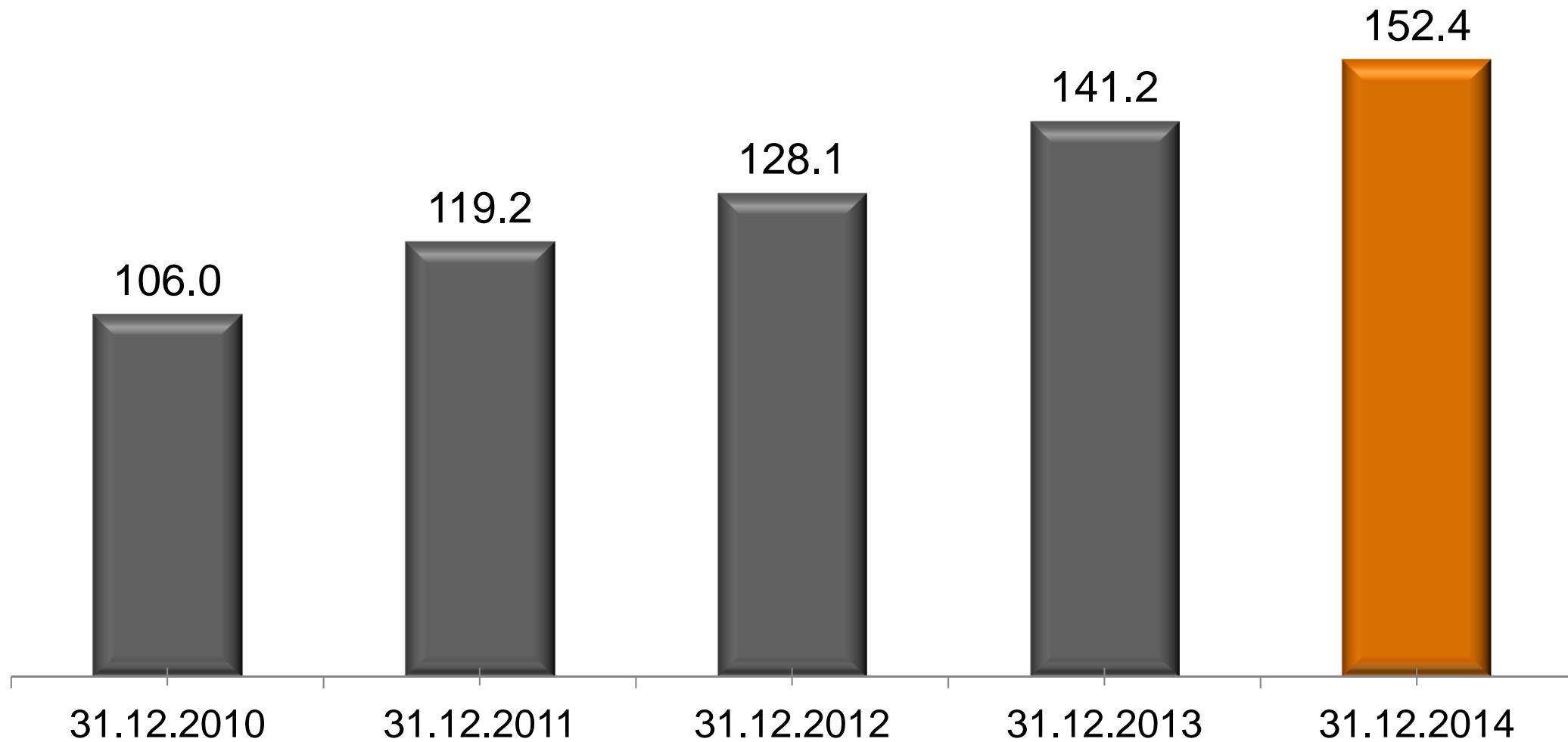




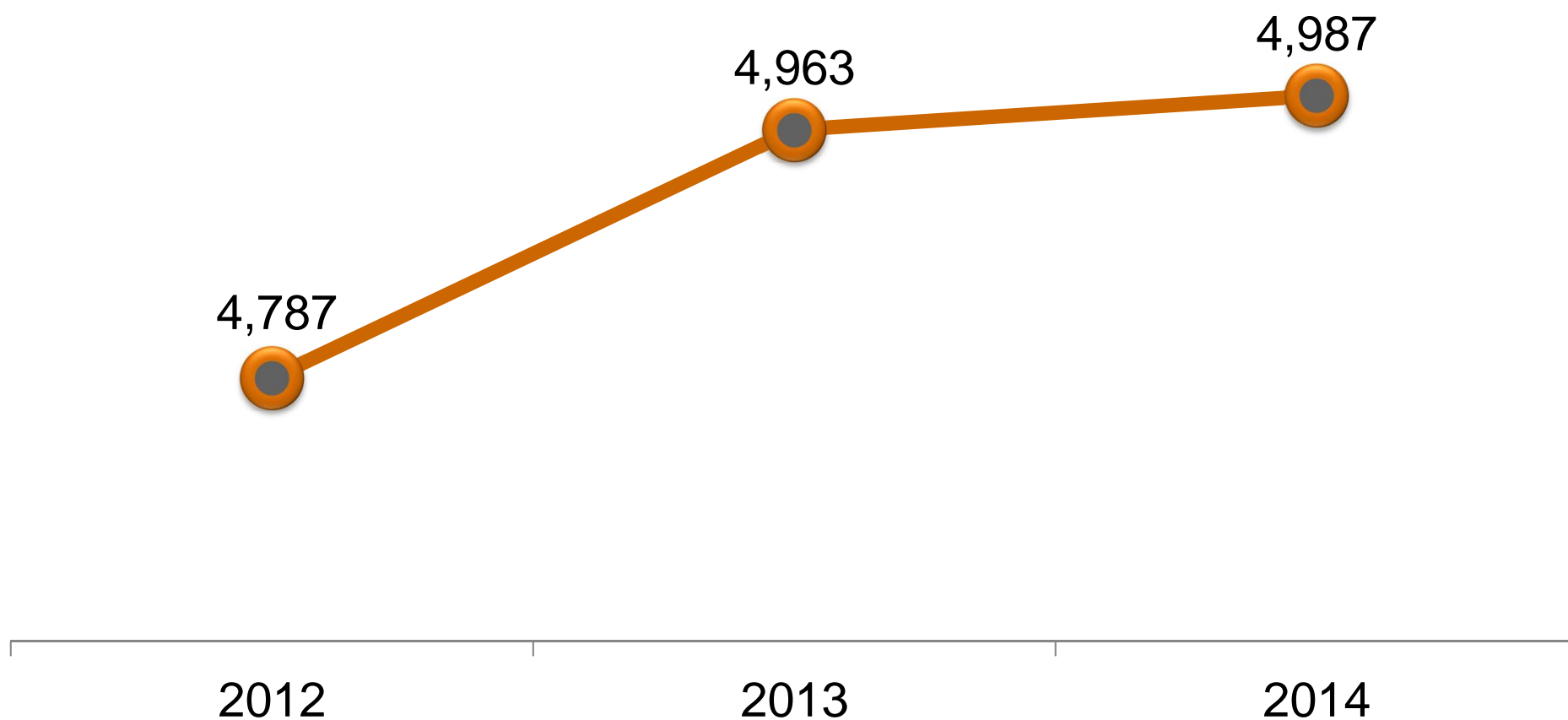
Loans to the public (NIS bil)



Deposits from the public (NIS bil)



Total Revenues (NIS Mil.) ⁽¹⁾



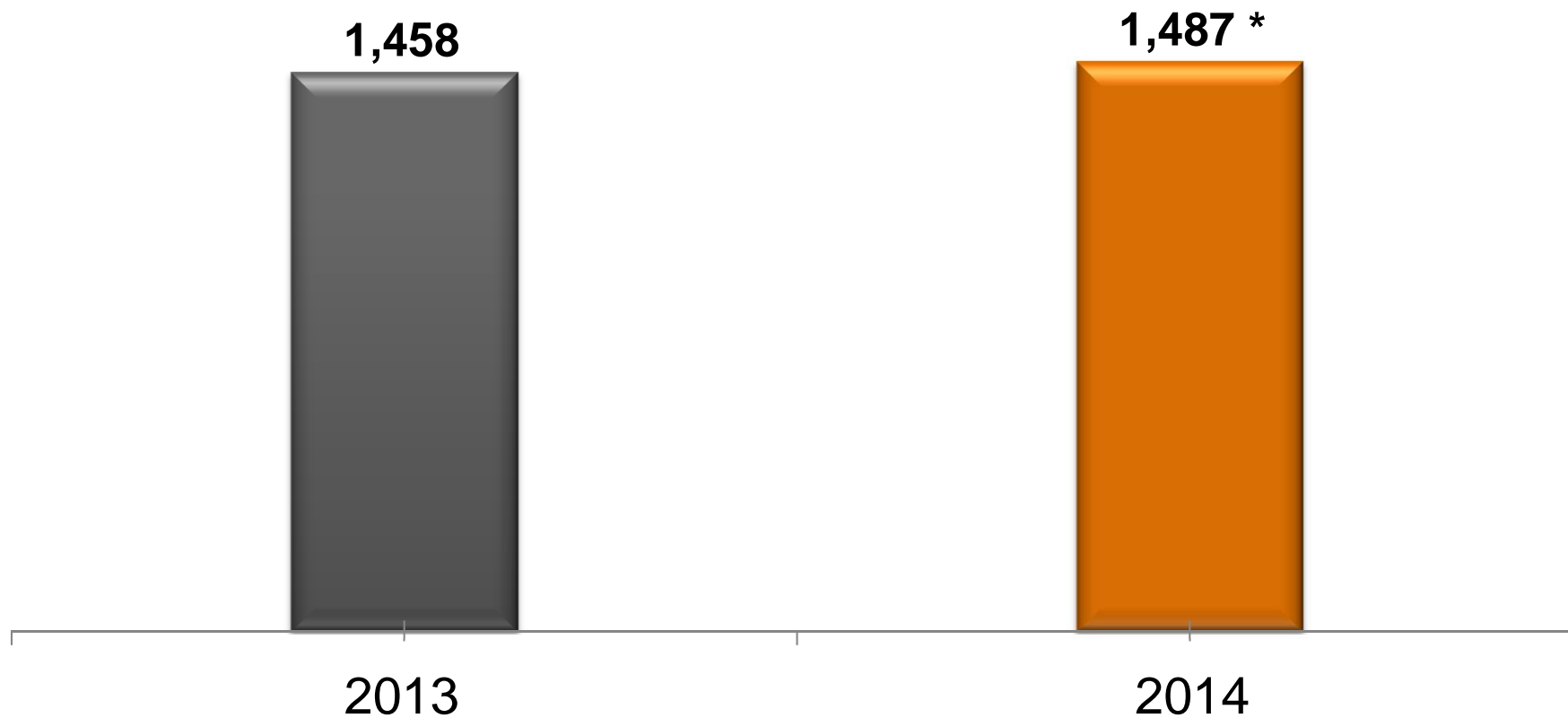
(1) Including interest revenues net, and total non interest revenues



Financing Revenues

	2014	2013	Rate of change
Interest revenues, net	3,375	3,464	
Non-interest financing revenues	173	14	
Total financing revenues	3,548	3,478	2.0
Less:			
Effect of application of FAS 91	153	-	
Linkage differentials with respect to CPI position	(11)	147	
Revenues from collection of interest on troubled debt	77	74	
Gain from debentures	125	87	
Effect of accounting treatment of derivatives at fair value and others	(105)	41	
Total financing revenues from current operations	3,309	3,129	5.8
Bank of Israel interest at the end of the period	0.25%	1.00%	

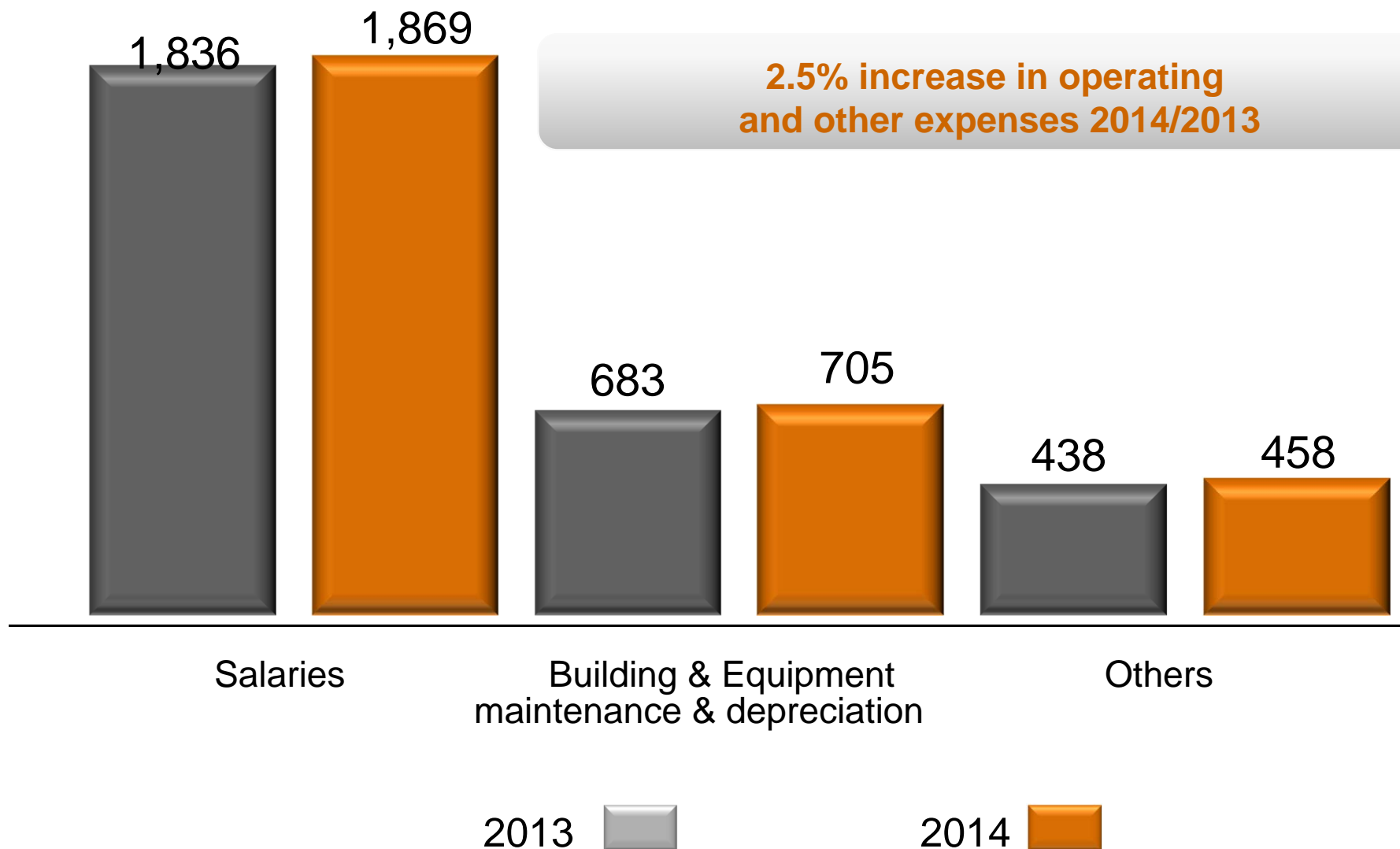
Commissions (NIS mil.)



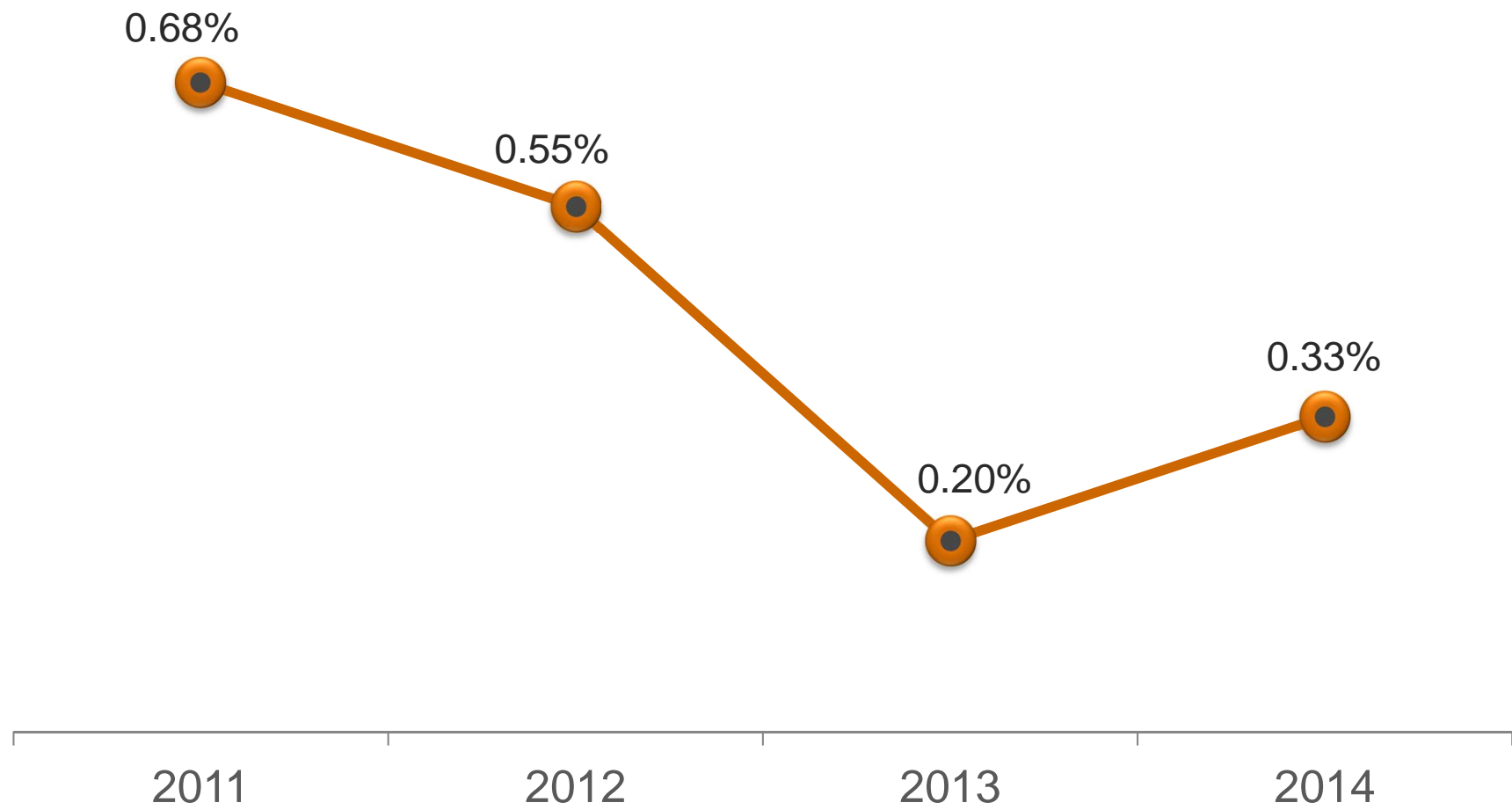
* Excluding the effect of FAS 91 of 92 NIS mil. Including said effect commissions amounted to 1,395.



Operating and other expenses (NIS mil)



Provisions/loans to the public (excluding mortgages)





Capital adequacy

