

Financial Statements

30 September 2007



MIZRAHI TEFAHOT

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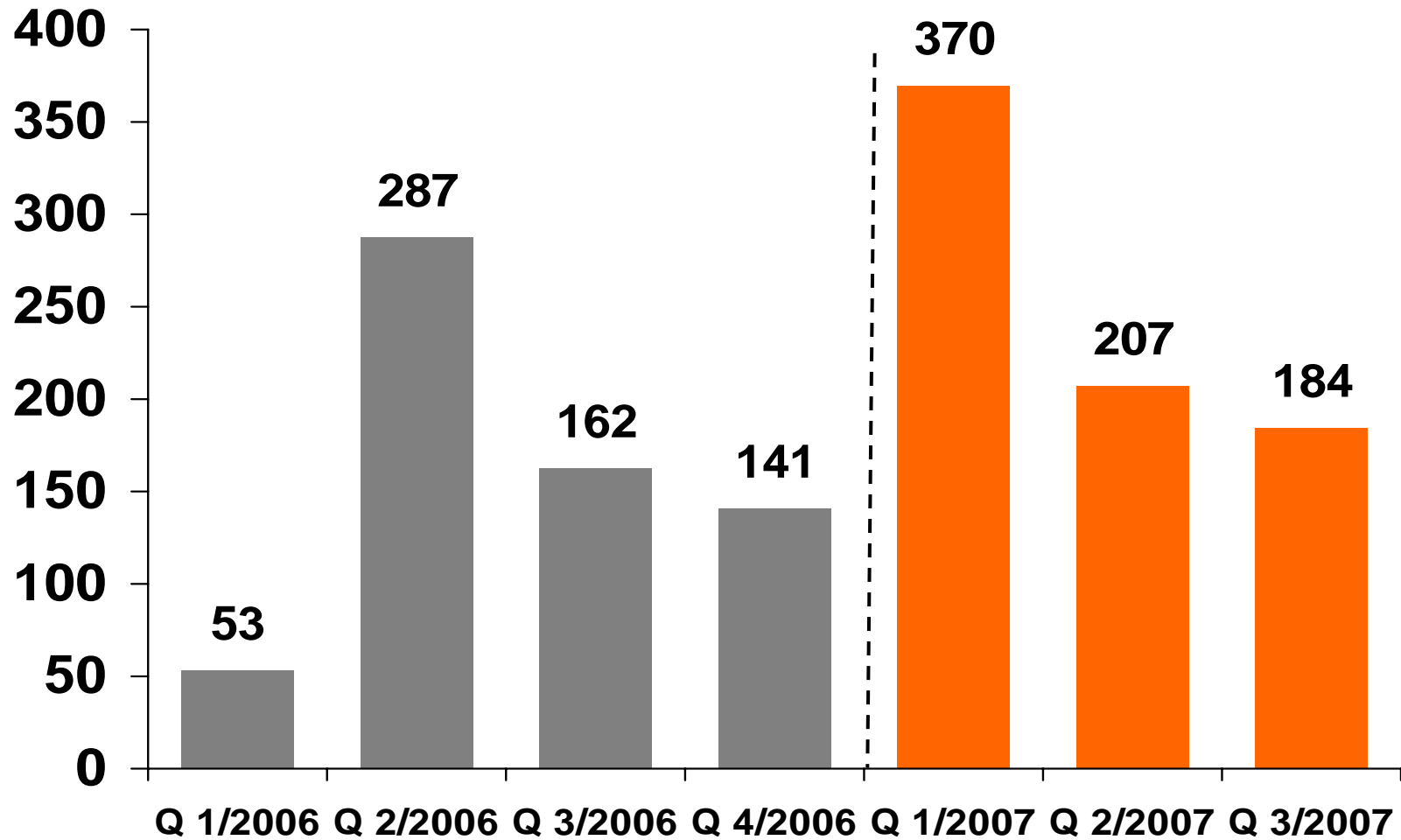
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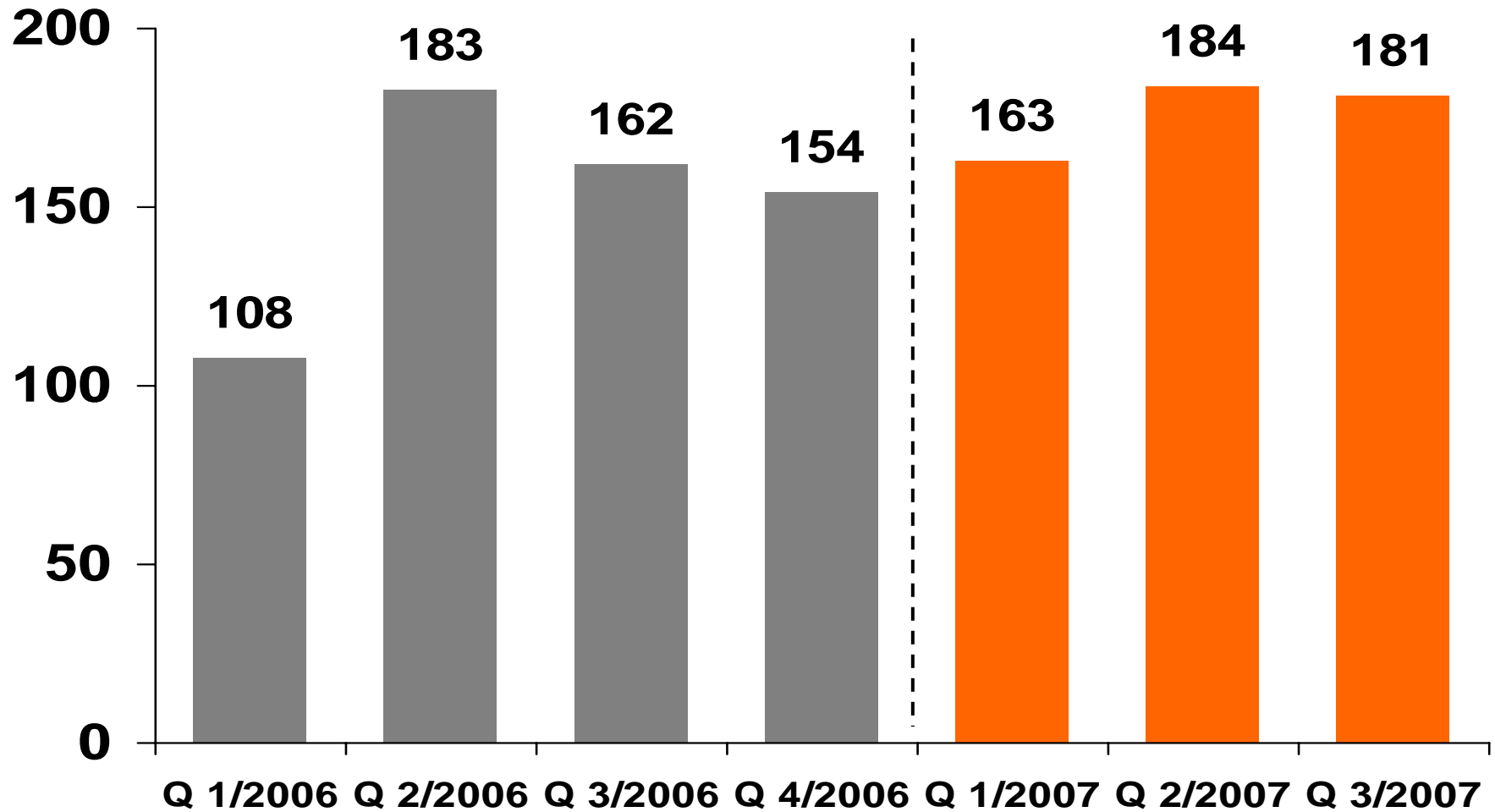
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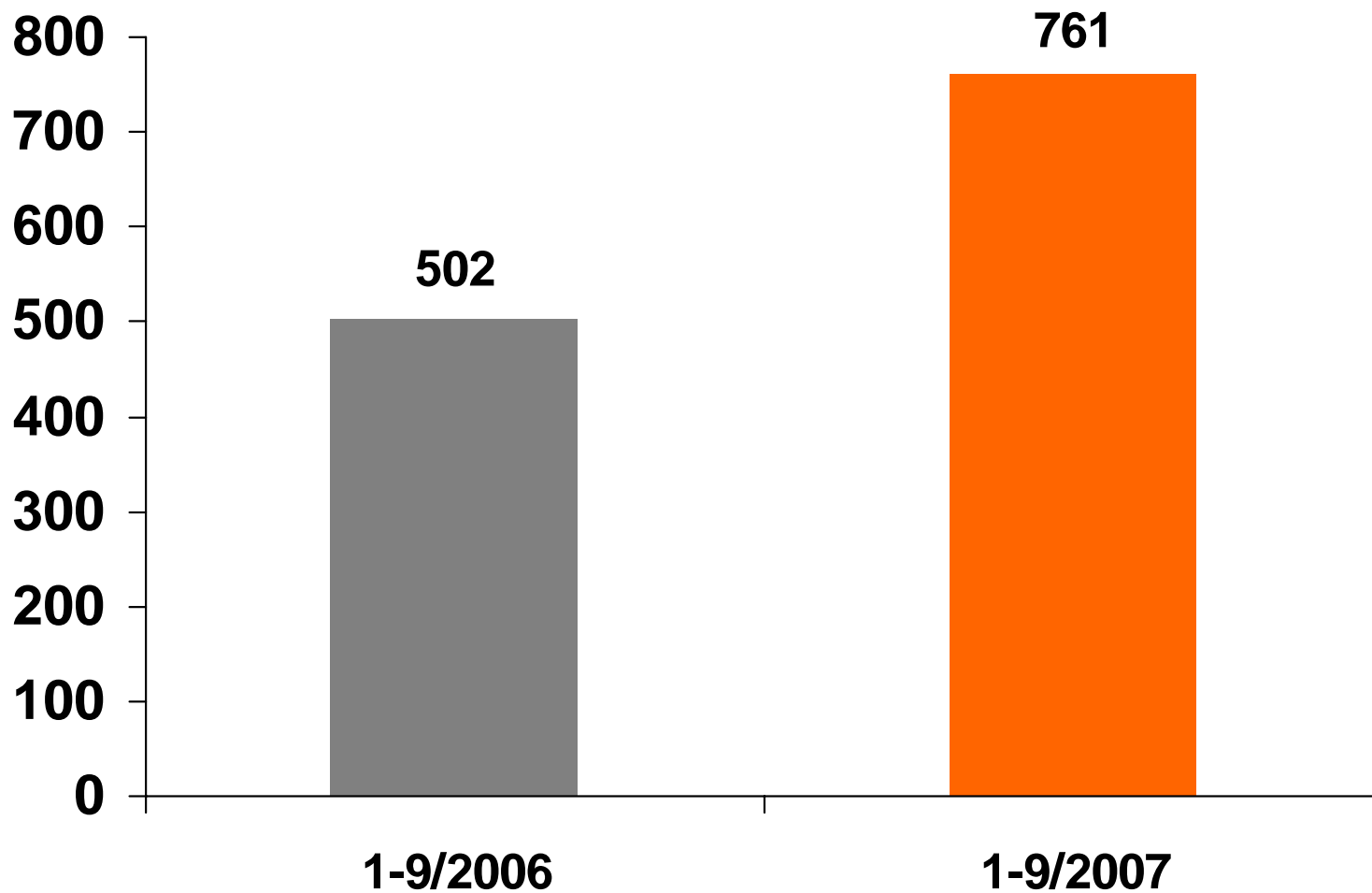
Net Profit (mil NIS)



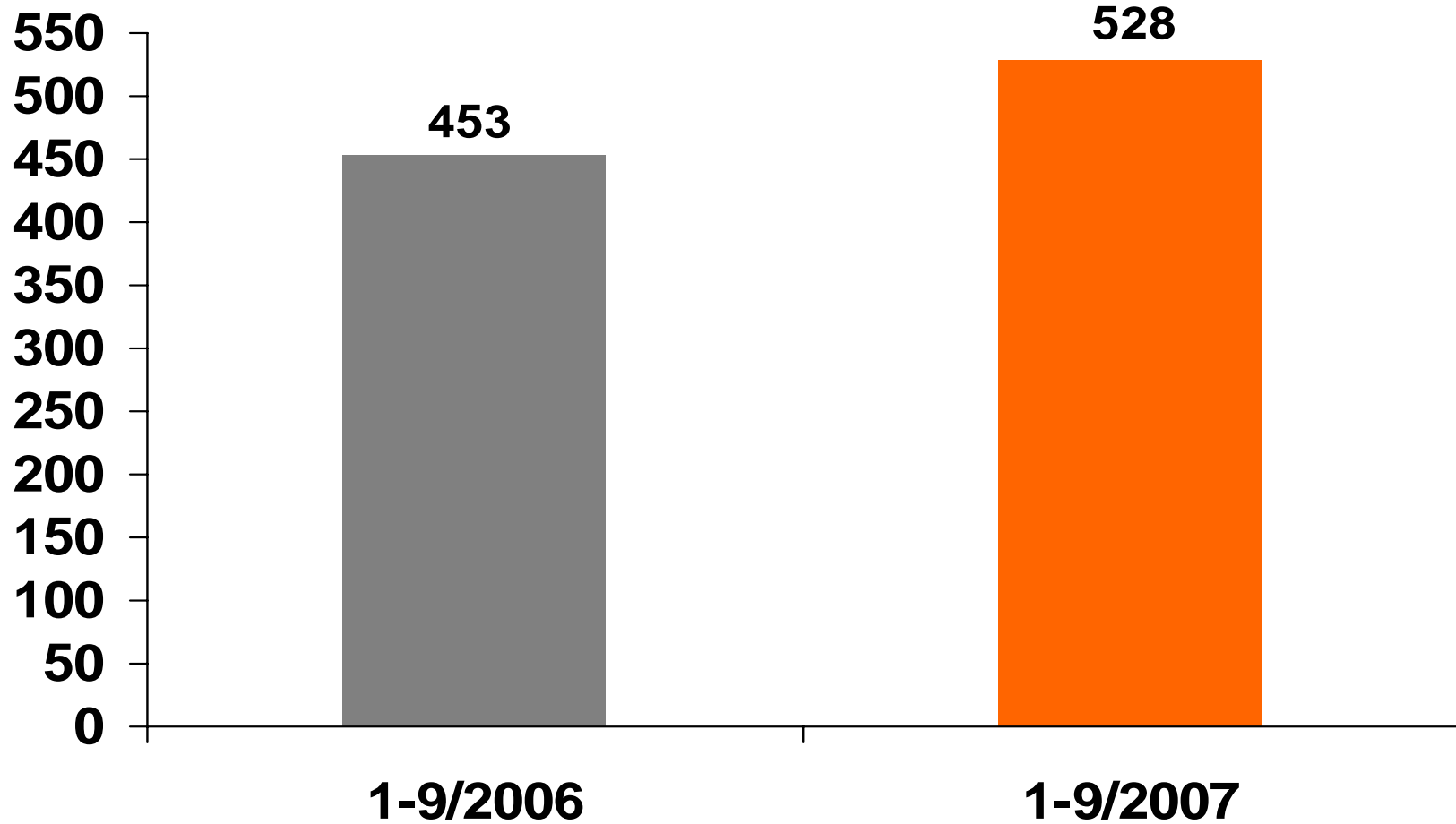
Net Profit (mil NIS) *



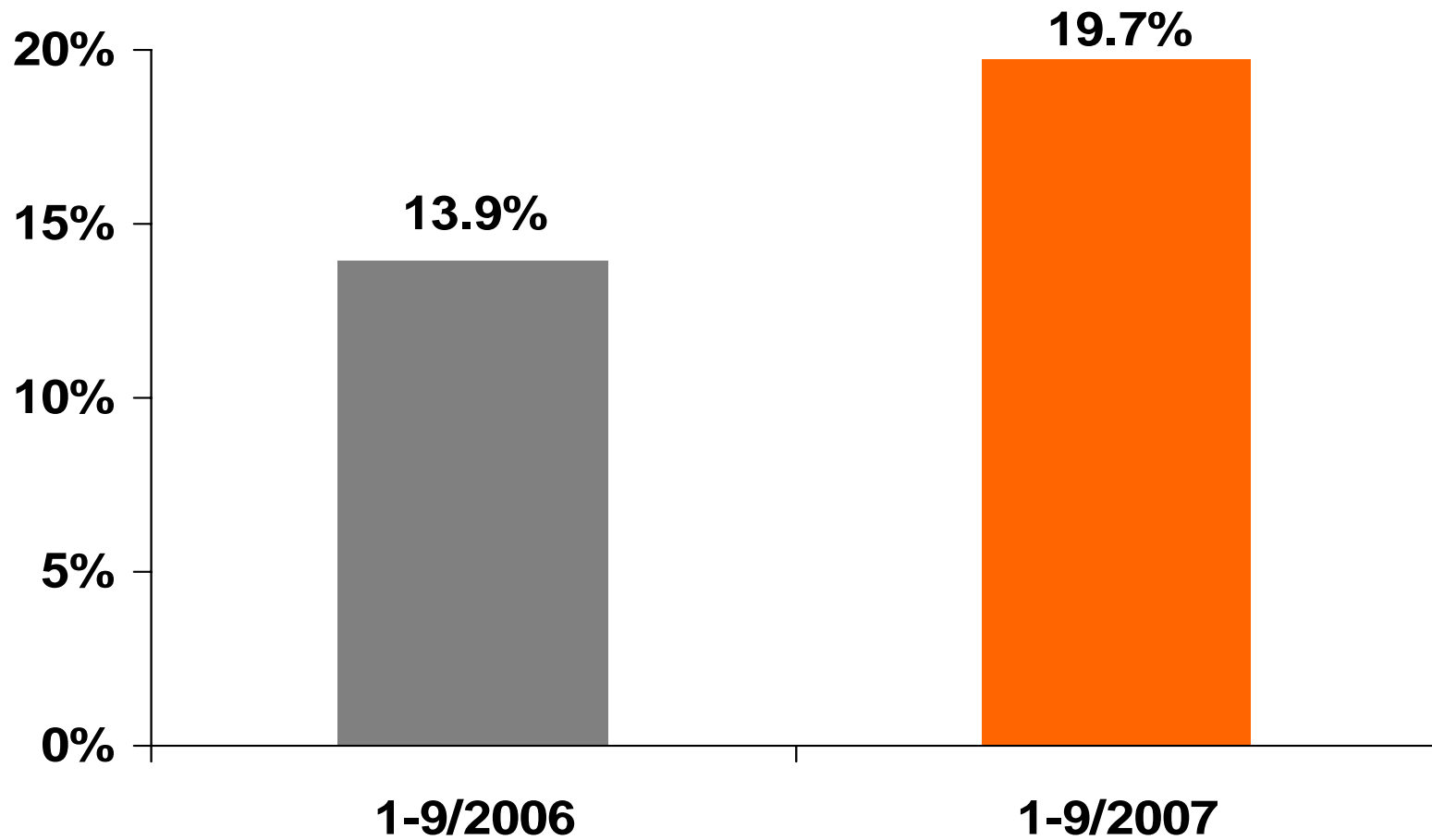
Net Profit (mil NIS)



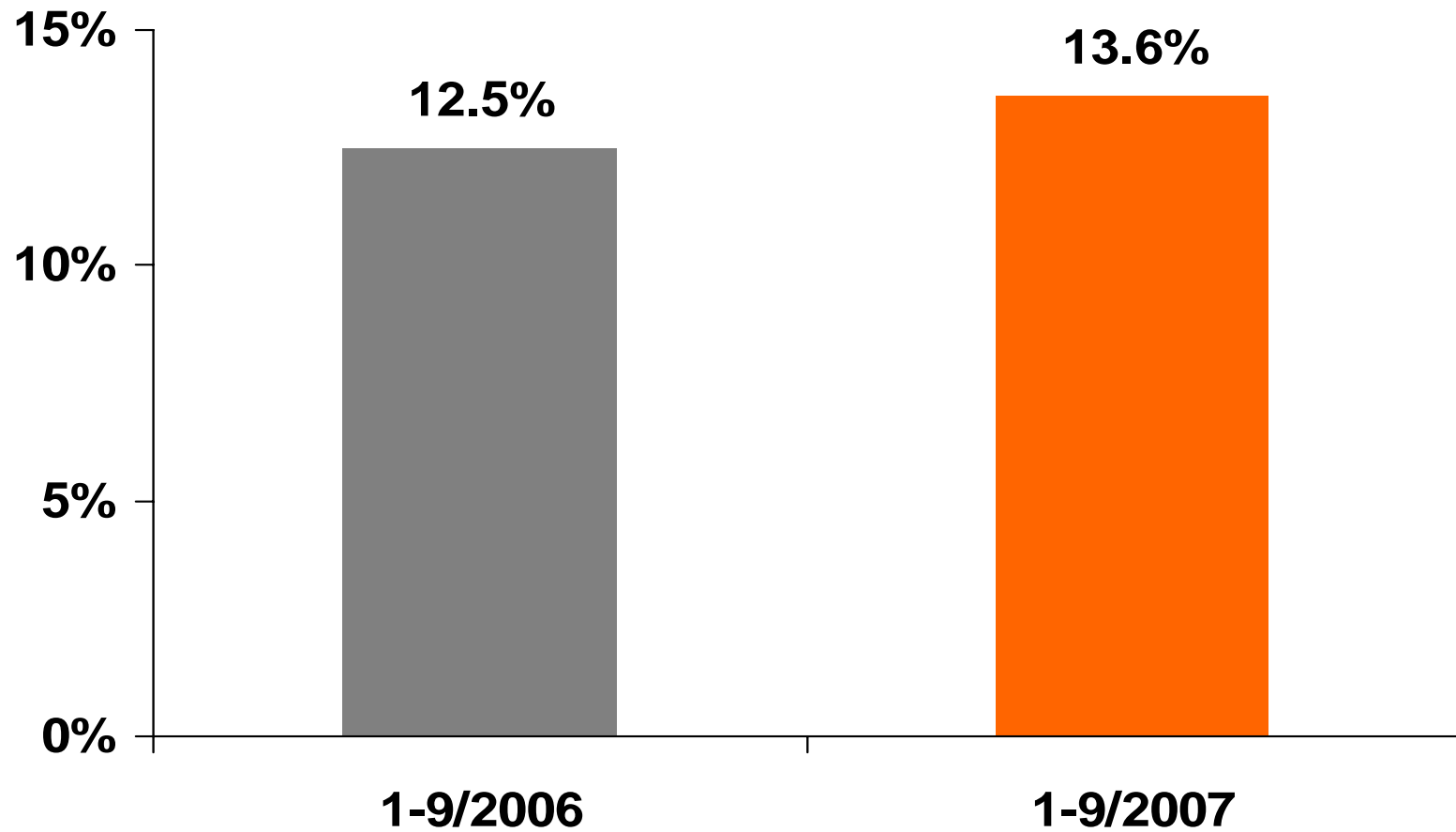
Net Profit (mil NIS) *



Return on Equity



Return on Equity *



Extra-ordinary activities (mil NIS)

	1-9/2006	1-9/2007	%
Net profit Reported	502	761	51.6
Implementation of B.O.I directives regarding housing loans	54	-	-
Provision for retirement plan	208	-	-
Tax effect of above expenses	(99)	-	-
Sales of the mutual funds, provident funds & others	(212)	(233)	-
Net profit excluding extra-ordinary activities	453	528	16.6

Profit & Loss Statement (mil NIS)

	1-9/2006	1-9/2007	%
Income from Financing Operations	1,435	1,519	5.9
Provision for Doubtful Debts	241	178	(26.1)
Operating & Other Income	899	887	(1.3)
Operating & Other Expenses	1,609	1,427	(11.3)
Operating Profit before Taxes	502	761	51.6
Operating Profit before Taxes excluding extra-ordinary activities	453	528	16.6

Profit from Financing Operations before Provision for Doubtful Debts

	1-9/2006	1-9/2007	%
Profit from ordinary activities	1,357	1,469	8.3
Interest income on problem debts	73	123	68.5
Profit on sales of debentures, net	4	3	(25.0)
Fair value adjustments	2	(45)	-
Others	(1)	(31)	-
Total profits from financing operations	1,435	1,519	5.9

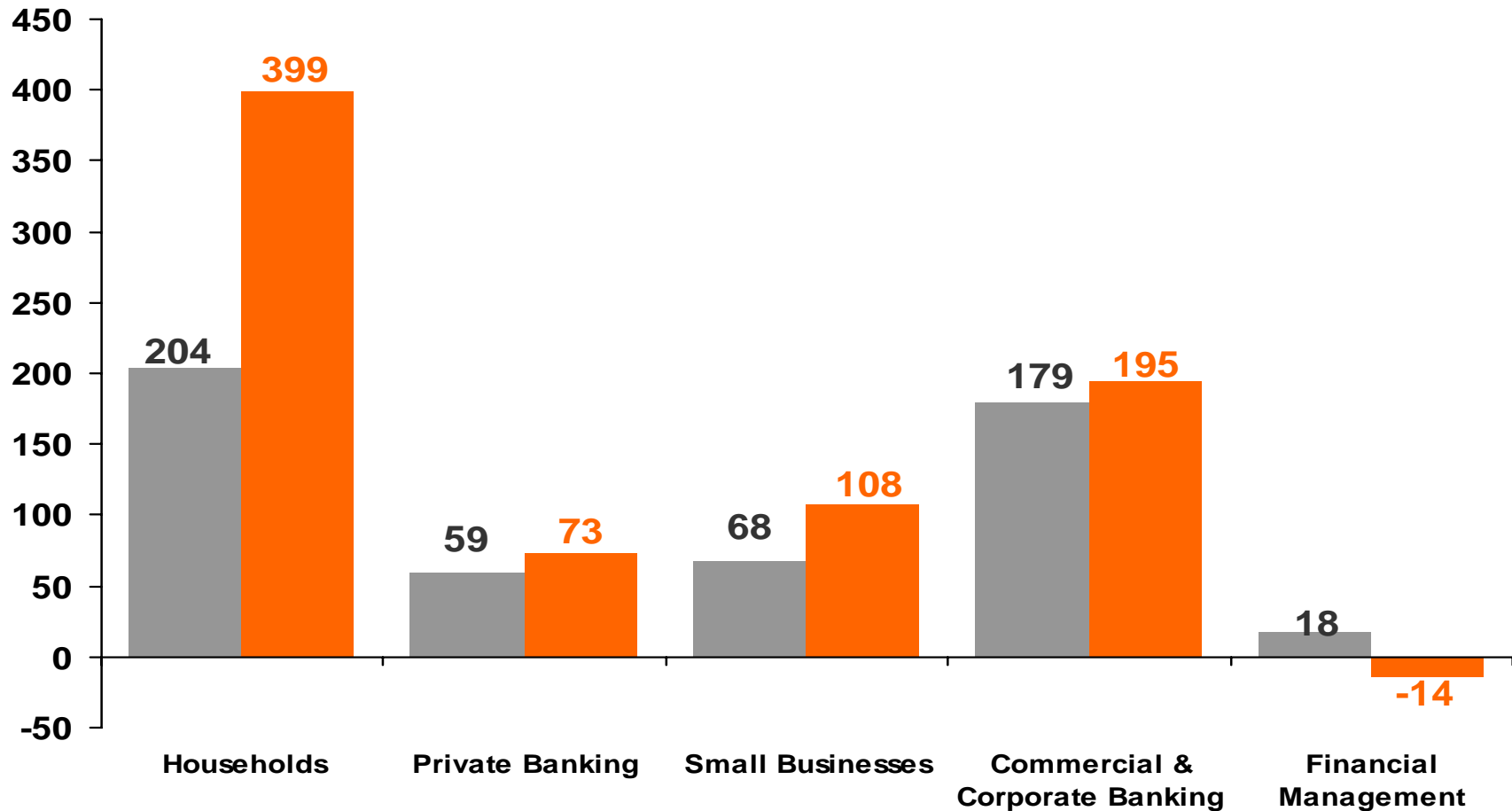
Exposure to Recent Market Conditions

\$ Millions

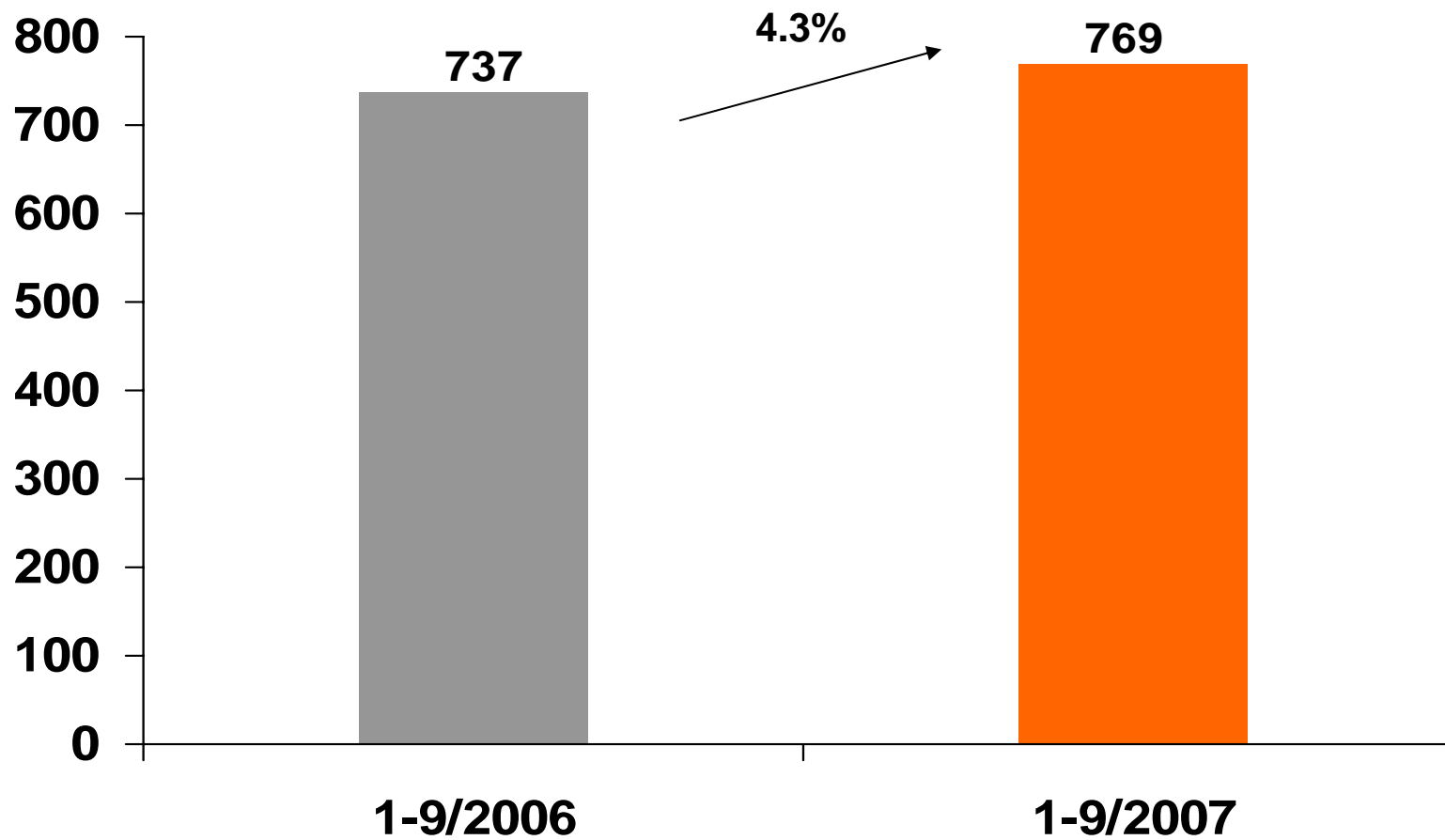
Investments exposed to the overall mortgage market in US	12
Other investments	23
Total book value	35
Total market value	21
Difference	14
Recorded in PNL	6
Recorded in Shareholders equity	8
Total	14



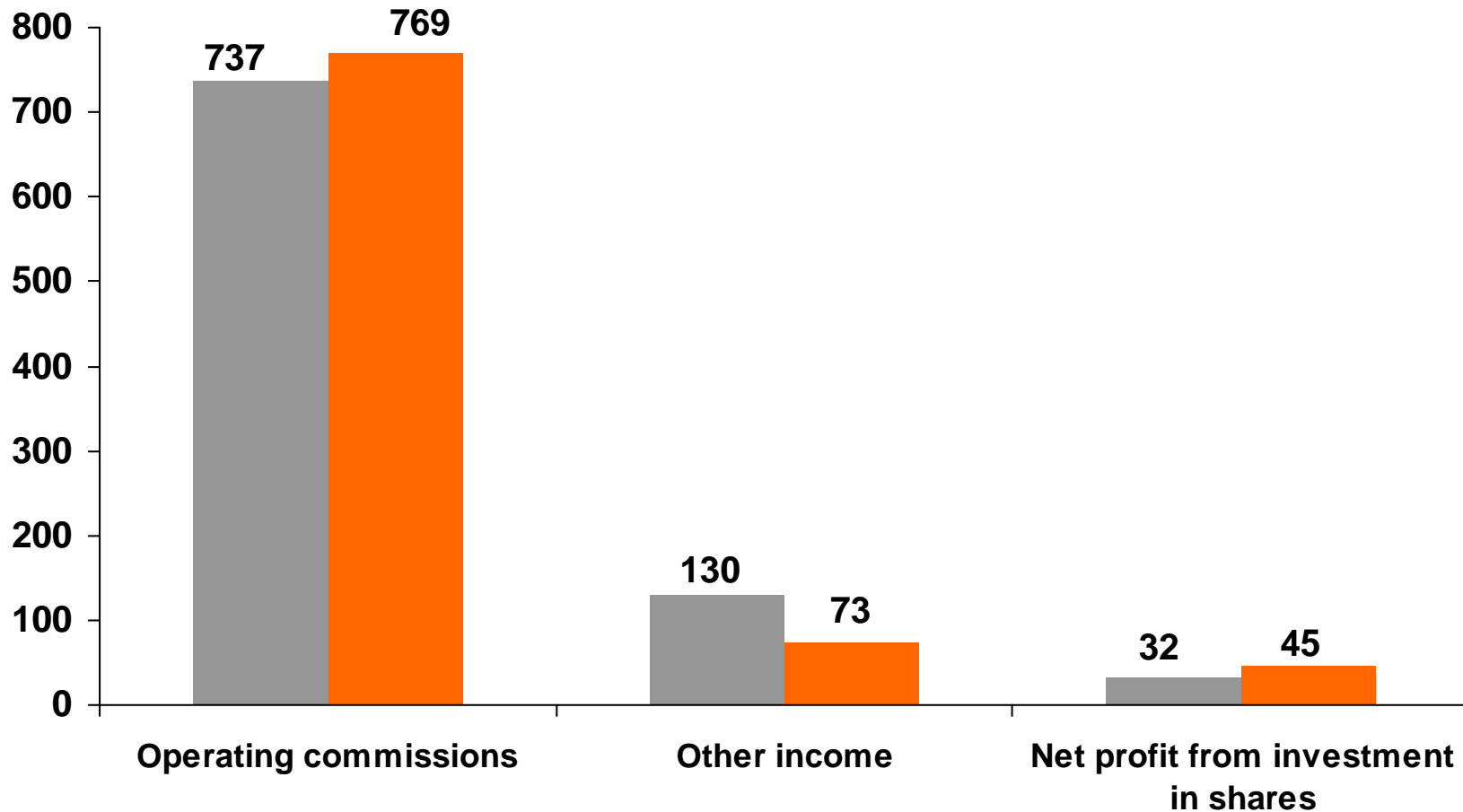
Profit by Main Operating Segments (mil NIS)



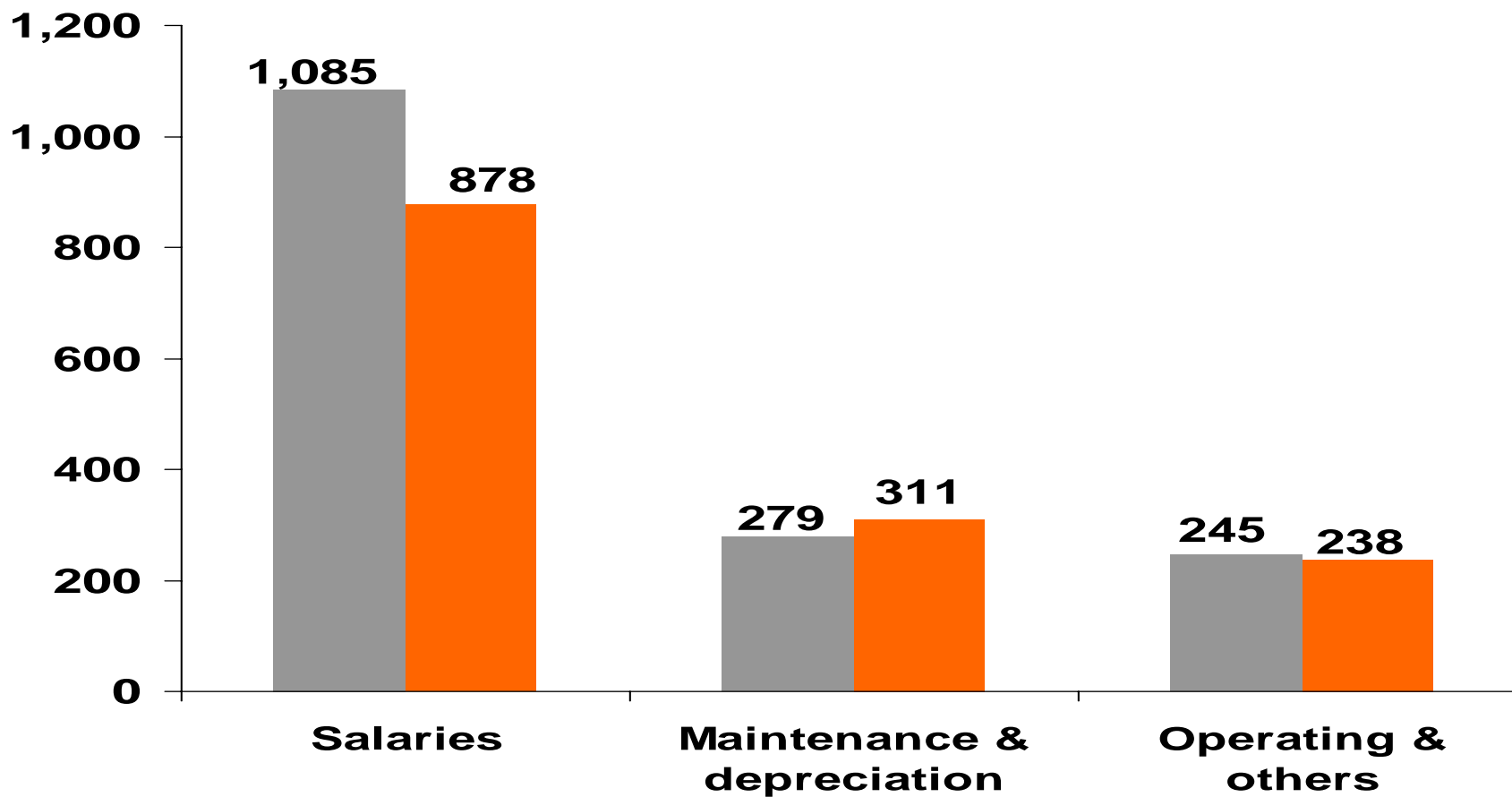
Operating Commissions



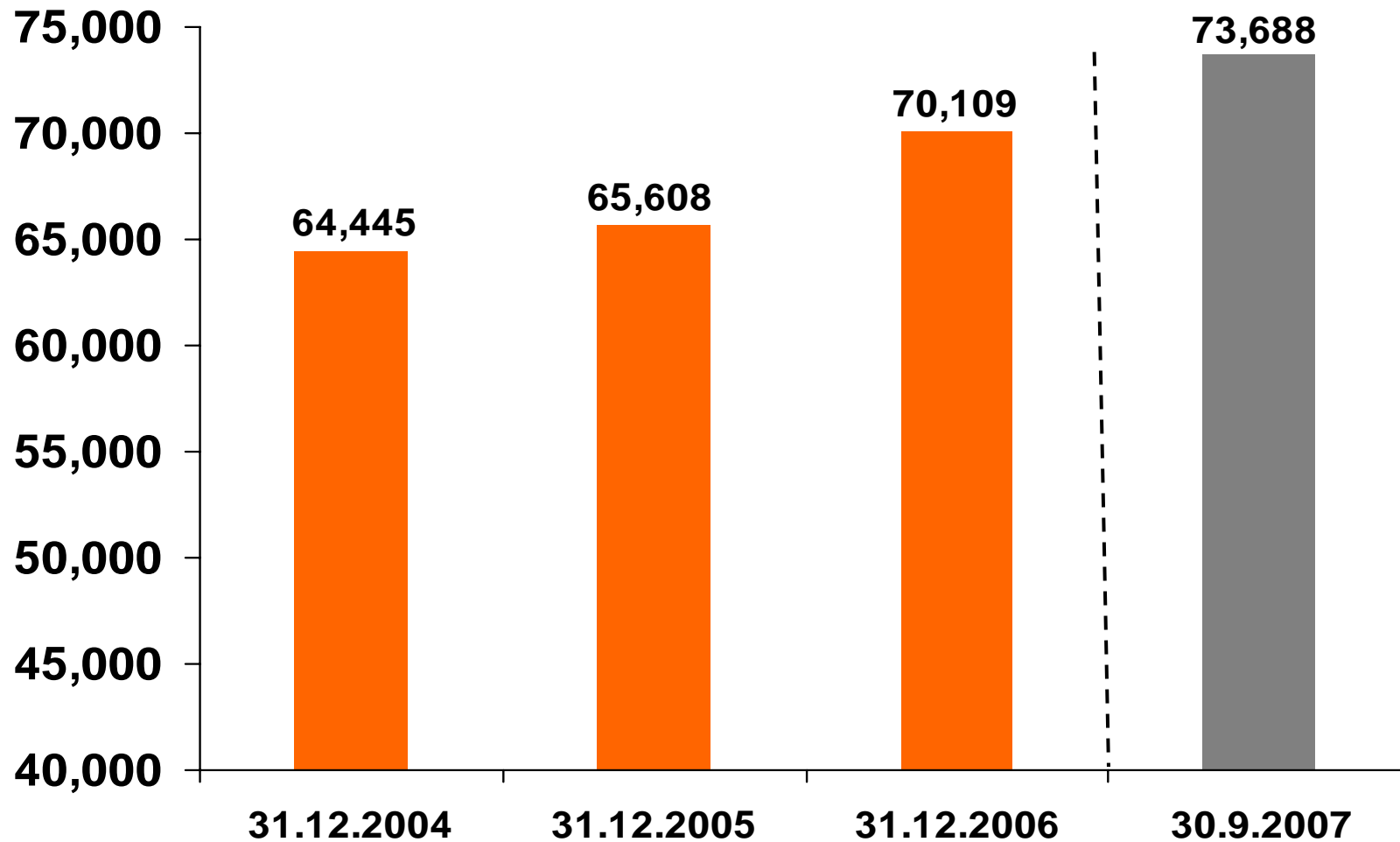
Operating and Other Income – Analysis (mil. NIS)



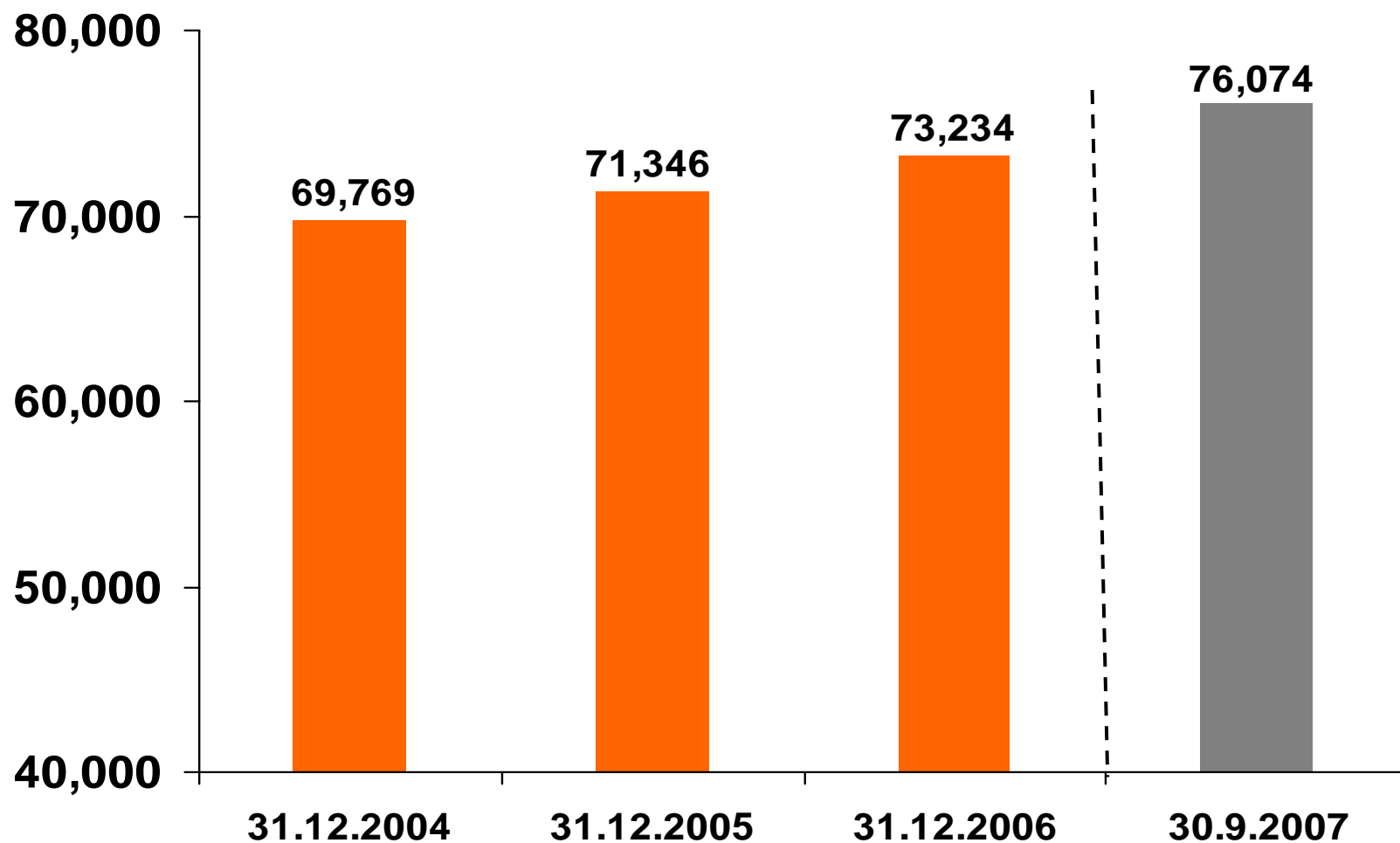
Operating & Other Expenses – Analysis (mil NIS)



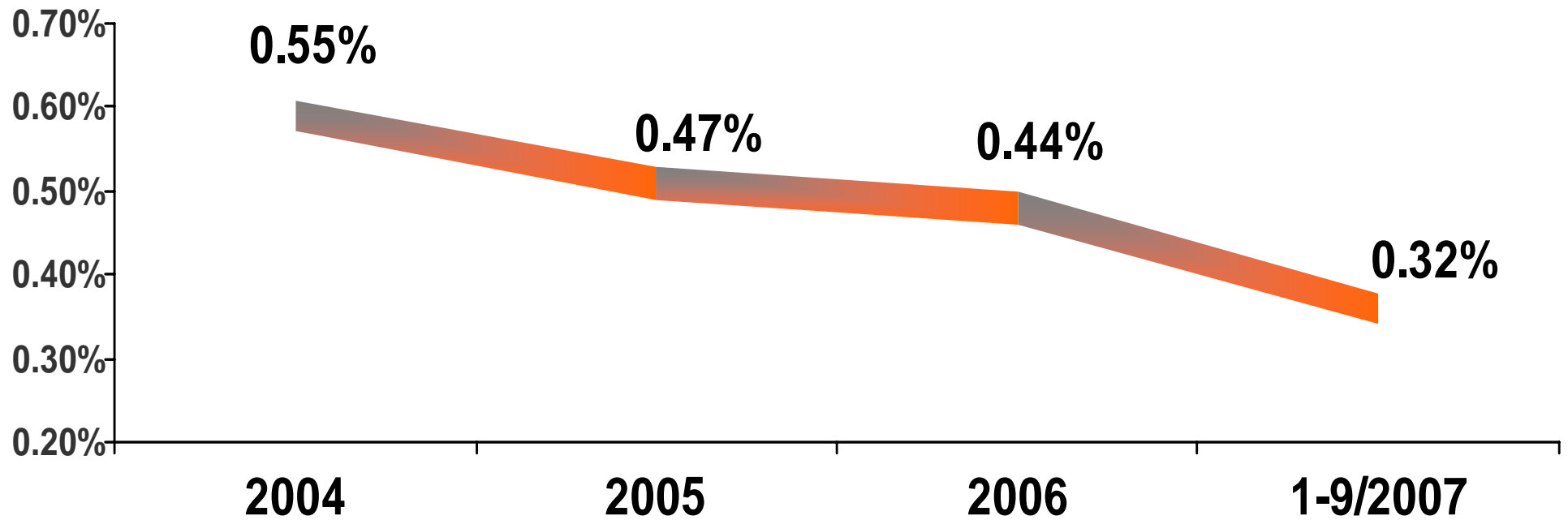
Loans to the Public (mil NIS)



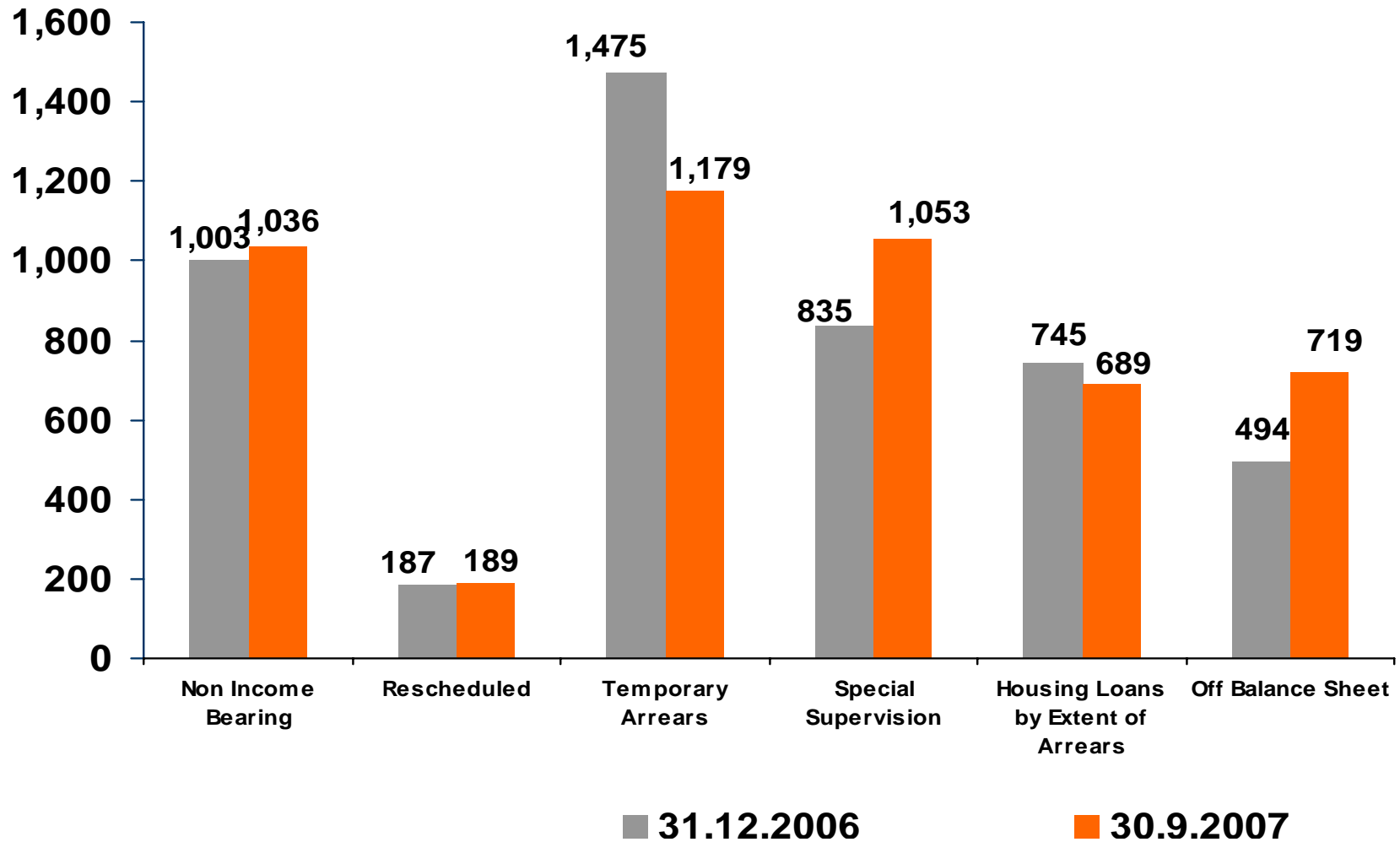
Deposits from the Public (mil NIS)



Ratio of Provisions / Loans to the Public



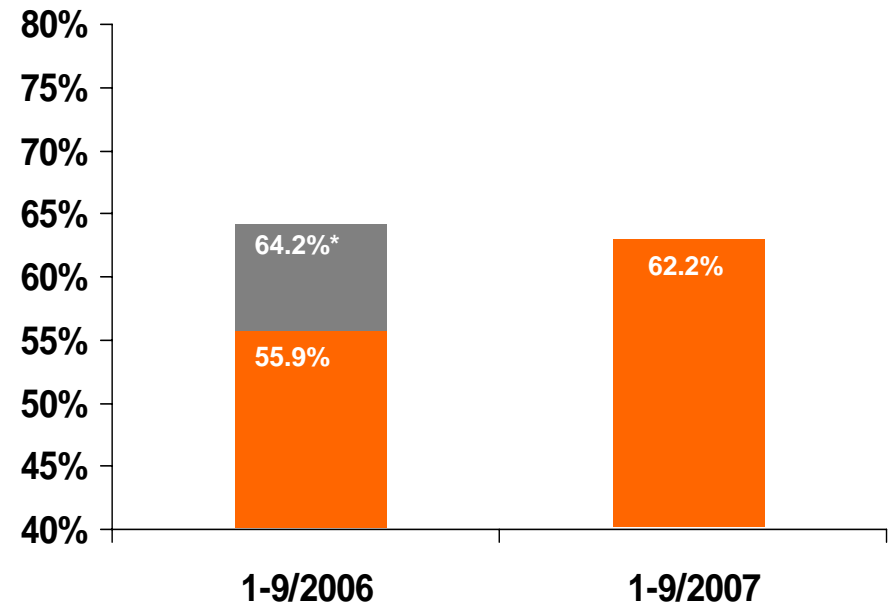
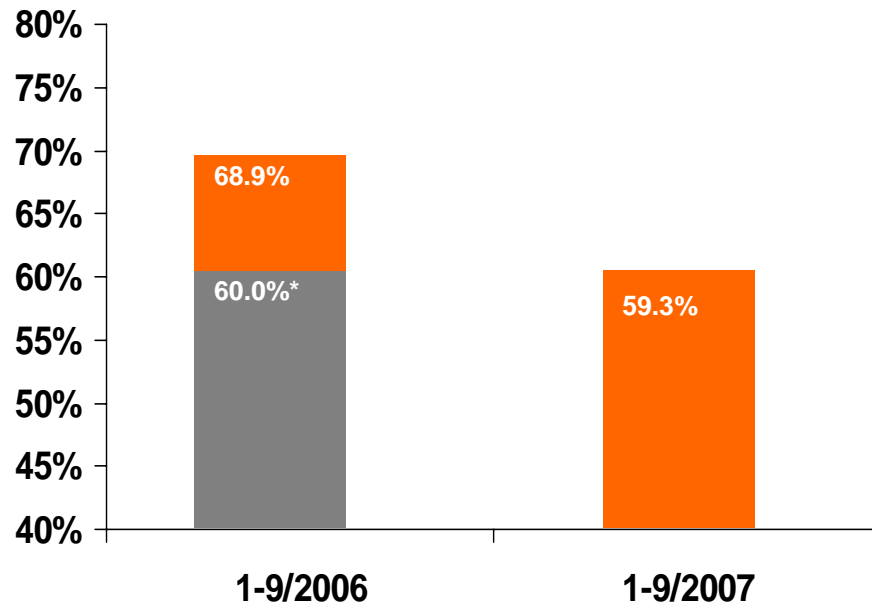
Problem Debts – Analysis (mil NIS)



Efficiency Ratios

Cost / Income Ratio

Coverage Ratio



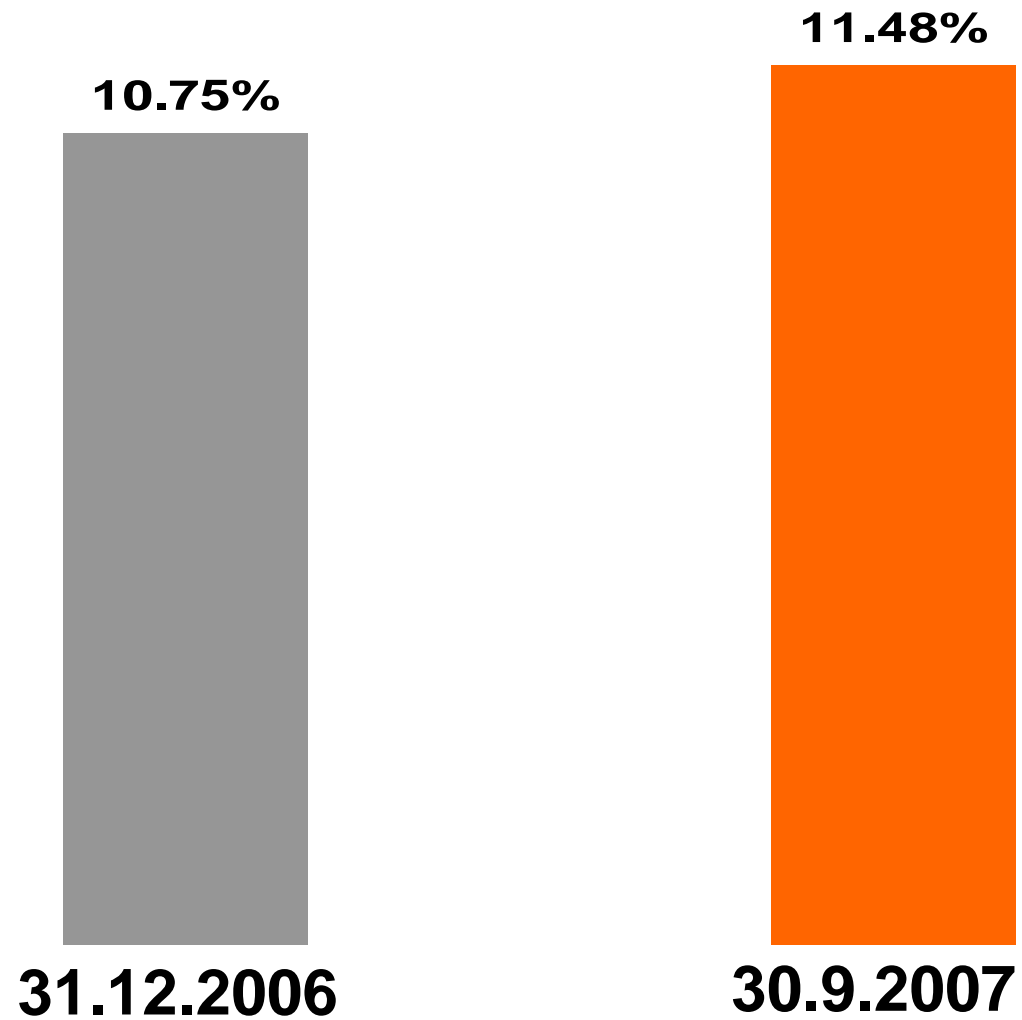
Cost/Income ratio = non-interest expenses divided by total pre-provision income and operating income

Coverage ratio = operating income divided by non-interest expenses

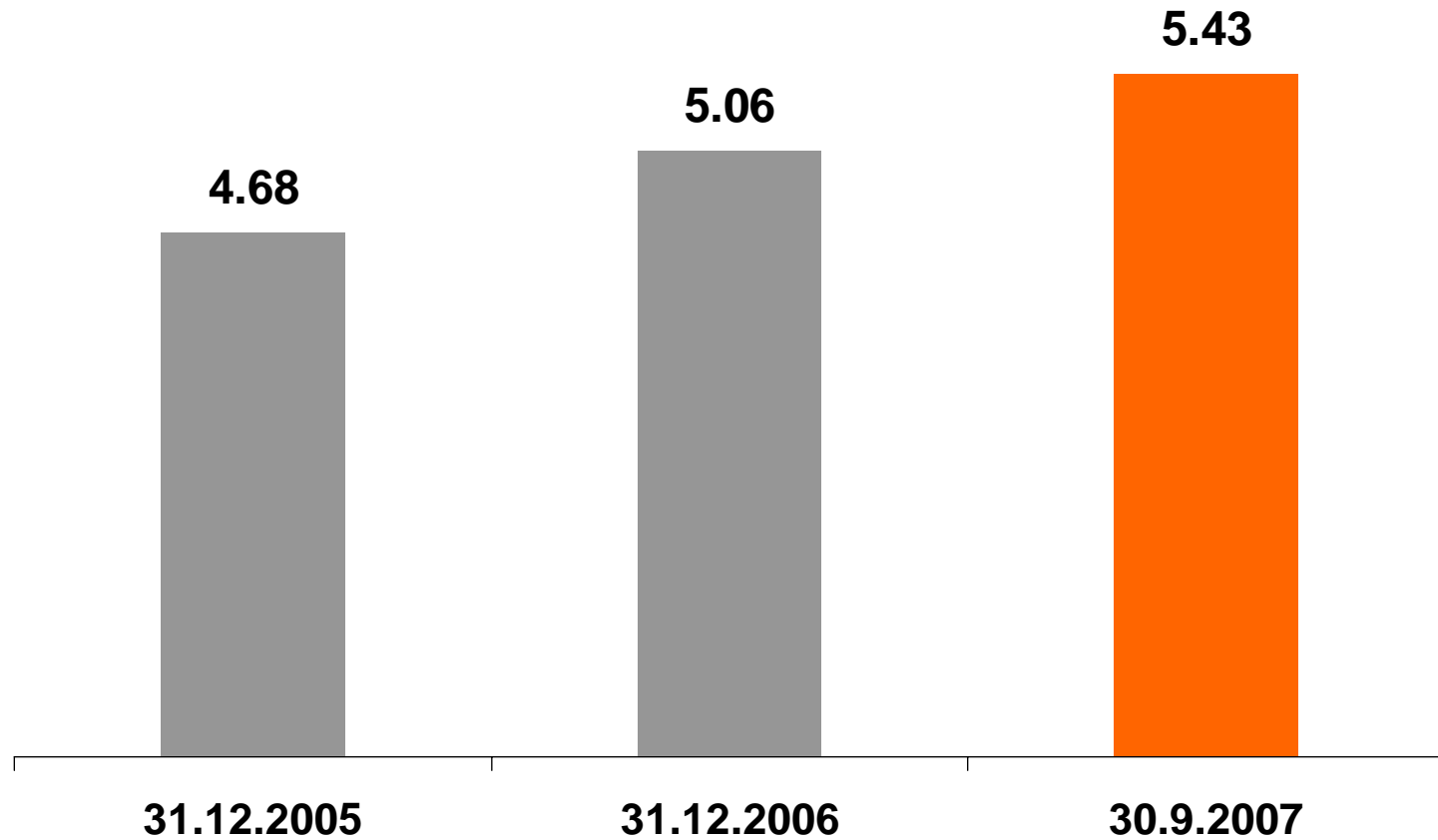
* Excluding provision for pension and severance



Capital Adequacy



Equity (Bil NIS)



Dividend

Dividend distribution policy (April 2006)*:

40% of the net operating profit

80% of the profit from extraordinary items

Dividend paid by the Bank:

	Total (mil NIS)	Profit per Share (NIS)
09/2006	125	0.57
11/2006	200	0.91
06/2007	200	0.91
09/2007	125	0.56
12/2007 **	75	0.34