

August 15, 2013

In the second quarter of 2013, a non-recurring provision for credit loss amounting to NIS 191 million was recorded due to application of the Supervisor of Banks' directive with regard to housing loans.

This provision had a one-time effect on the bottom line reported for this quarter.

Financing revenues in the second quarter: NIS 921 million

Compared to NIS 849 million in the corresponding period last year

8.5% growth

Cost-Income ratio: 54.8%

Net profit in the second quarter, after the said provision: NIS 245 million

Compared to NIS 295 million in the corresponding period last year

16.9% decrease

Return on equity in the second quarter: 11.1%

Net profit in the first half of this year: NIS 525 million

Compared to NIS 546 million in the corresponding period last year

3.8% decrease

Return on equity in the first half: 11.9%

Dividend distribution of NIS 75 million was announced

Ratio of Tier I capital to risk elements (after dividend effect): 8.74%

Dividend distribution resumed

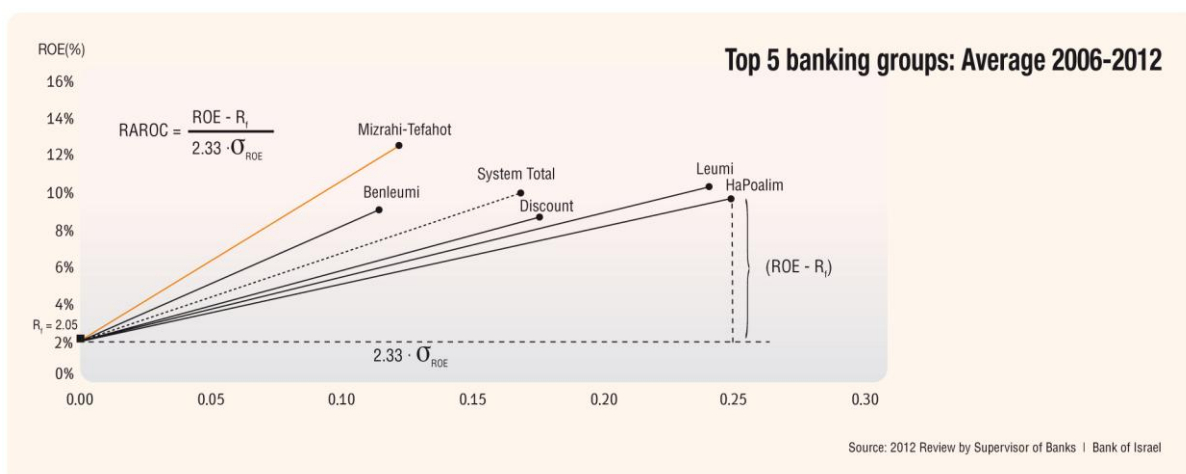
Once Bank Mizrahi-Tefahot is back on track to achieve the Tier I capital adequacy ratio of 9.0%, the Bank may now resume dividend distribution to shareholders. As decided by the Board of Directors, the Bank would distribute a NIS 75 million dividend, based on financial statements for the first half of this year.

Since 2004, the Bank has distributed dividends amounting to NIS 1.4 billion to its shareholders.

Year	Dividends (NIS in millions)
2004	130
2006	325
2007	400
2008	150
2010	200
2011	120
2013	75
Total	1,400

The best correlation of risk and reward

The risk-adjusted return on capital (RAROC) benchmark is one of the key benchmarks used by the Bank of Israel to measure performance of the banking system over the years. The 2012 review recently published by the central bank shows that Mizrahi-Tefahot has continuously recorded, over recent years, the best risk / reward performance.



Eli Yones: I am retiring with a great sense of satisfaction; Bank Mizrahi-Tefahot is well equipped to maintain its position as Israel's fastest growing, most profitable and efficient bank

"I am retiring from my position as President of Bank Mizrahi-Tefahot, after 9.5 years in office, with a great sense of satisfaction. Our impressive achievements in recent years are a great stepping stone for the Bank, allowing it to best address the challenges lying ahead. It is my firm belief that Bank Mizrahi-Tefahot is well equipped with a clear, well-formed strategy and dedicated, high-quality professional staff to maintain its position as Israel's fastest growing, most profitable and efficient bank in coming years.

As previously, these financial statements also paint an image of continued growth and expansion - at a faster pace yet. Financing revenues reached record levels for the second quarter and for the first half of this year: In the second quarter, financing revenues - both interest- and non-interest - amounted to NIS 921 million, a year-over-year increase of 8.5%. In the first half, financing revenues amounted to NIS 1,756 million, a year-over-year increase of 7.4%. Commission revenues in the first half of 2013 amounted to NIS 728 million, an increase of 3.0%. All this resulted from continued business growth and massive recruitment of new clients by the Bank. Conversely, operating and other expenses for the first half amounted to NIS 1,423 million, an increase of only 3.9%. This contributed to a further improvement in the Bank's cost-income ratio, to 54.8% at the end of the second quarter.

The effect of these strong figures was partly offset by a non-recurring provision for credit loss, amounting to NIS 191 million before tax, due to application of the Supervisor of Banks' directive with regard to housing loans. If not for this extraordinary provision, the Bank would have posted in the second quarter of 2013 a record profit in excess of NIS 300 million (instead of the reported NIS 245 million) and a 16% return on equity.

The Bank's Tier 1 capital ratio at the end of this quarter was up to 8.81%, close to the 9.0% target set by the Bank of Israel. Consequently, the Bank was able to resume dividend distributions after a 2-year hiatus. Including the announced upcoming dividend of NIS 75 million, total dividend distributions by the Bank since 2004 amount to an impressive NIS 1.4 billion. Including the effect of this dividend, the Bank's Tier I capital ratio is at 8.74%.

Before I retire, I wish the best of success to the incoming CEO of the Bank, Eldad Fresher, and to the excellent staff and management at Mizrahi-Tefahot", says

Bank's CEO, Eli Yones.

Mizrahi-Tefahot Bank Ltd.
Highlights of financial statements
As of June 30, 2013 - NIS in millions

Major balance sheet items

	2013	June 30, 2012	Rate of change in %
Loans to the public, net	132,853	123,386	7.7
Deposits from the public	135,721	122,284	11.0
Equity (attributable to equity holders of the banking corporation)	9,341	8,231	13.5
Balance sheet total	170,603	155,311	9.8

Profit and Profitability

	For the six months ended June 30		Rate of change in %
	2013	2012	
Total financing revenues before expenses with respect to credit loss	1,756	1,635	7.4
Commissions and other revenues	741	720	2.9
Total revenues	2,497	2,355	6.0
Expenses with respect to credit loss	215	112	92.0
Operating and other expenses	1,423	1,370	3.9
Net profit attributable to equity holders of the banking corporation	525	546	(3.8)
Net return on equity	11.9%	14.3%	

Financial ratios

	2013	June 30, 2012
Credit to the public to balance sheet total	78%	79%
Deposits from the public to balance sheet total	80%	79%
Equity attributable to equity holders of the banking corporation, to balance sheet total	5.5%	5.3%
Expenses with respect to credit loss to loans to the public, net (annualized)	0.55%	0.15%
Cost-income ratio:		
For the second quarter	54.8%	56.1%
For the first half	57.0%	58.2%
Ratio of Tier I capital to risk elements	8.74%	8.03%
Total ratio of capital to risk elements	12.89%	12.93%