

Net profit in 2012: **NIS 1,076 million**
compared to NIS 1,044 million in 2011
3.1% growth

Tier I capital ratio: 8.55%
compared to 7.77% at end of 2011

Return on equity in 2012: 13.1%

Financing revenues in 2012: NIS 3,309 million
6.2% growth compared to previous year

Loans to the public: NIS 128,651 million
7.8% growth compared to 2011

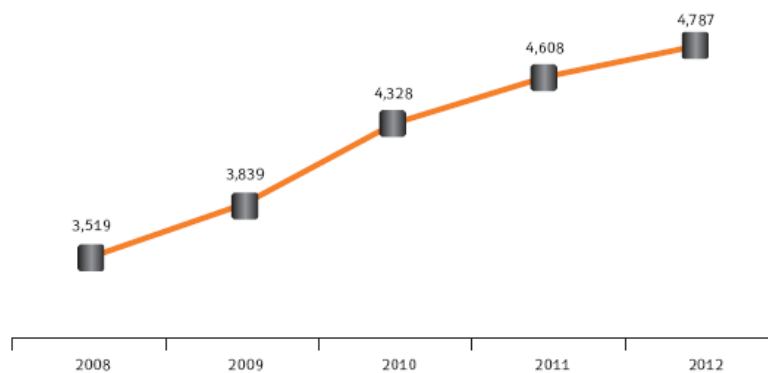
Deposits from the public: NIS 128,499 million
7.8% year-over-year growth

Significant increase in capital base

In accordance with the Bank of Israel directive on capital adequacy in the banking system, the Bank's Tier I capital adequacy ratio increased to 8.55% at the end of 2012, compared to 7.77% at the end of the previous year. This increase, due to a 15% increase in capital compared to end of 2011, naturally impacts the return on capital.

For comparison, excluding the increase in capital base and the increase in core capital ratio, return on equity in 2012 would have been 14.2%, compared to 14.6% in 2011.

Record Bank Revenues - NIS in millions



Maintaining best-in-class efficiency ratios

Along with continued growth and business volume in a wide range of areas, the Bank maintained strict control over expense items. In 2012, operating and other expenses increased by a moderate 4.5%, in line with the Bank's strategic plan outline.

This allowed Mizrahi-Tefahot to consistently achieve best-in-class cost-income ratios in the local banking system. At the end of 2012, the Group's efficiency ratio was a little above 58%, similar to the end of 2011.

Eli Yones: Growth momentum of Mizrahi-Tefahot continued in 2012 with growth in various operating segments, increased client base and improved profit

"Mizrahi-Tefahot's 2012 financial results indicate the continued growth momentum at the Bank in recent years, reinforcing its position as the fastest growing and most profitable bank in the Israeli banking system over time. Annual profit of nearly NIS 1.08 billion - the highest ever achieved by the Bank - and return on equity of 13.1%, with significant increase in capital adequacy ratios, are outstanding and noteworthy achievements, especially in view of the slow-down in the economy and its implications on the banking system.

This positive picture is echoed in a range of operating segments. Thus, for example, financing revenues this year amounted to NIS 3.31 billion - an increase of over 6% compared to 2011. In the fourth quarter of 2012, financing revenues amounted to NIS 872 million - an increase of 11% over the corresponding period last year. Key balance sheet items also recorded impressive growth: Total loans to the public amounted to NIS 128.6 billion - an increase of 8.0% over 2011, while deposits from the public in 2012 amounted to NIS 128.5 billion - an increase of 8.0% over 2011.

The rapid business growth is also reflected by further expansion of the client base and of the Bank's branch network. In 2012, Mizrahi-Tefahot recruited 55 thousand new clients (net), and the number of points of sale across the country reached 175. This was achieved with controlled, moderate growth in headcount. Concurrently, the Bank continues to maintain strict control over expenses and to consistently achieve exceptional efficiency ratios for the Israeli banking system, at a standard similar to that of leading, advanced banks around the world.

Along with increased competition, regulatory measures and profound change in the real estate market over this past year, Mizrahi-Tefahot continued to lead all banks in housing loans (for residential use, including loans guaranteed by the State), and to increase its lead over the competition, with a 34.7% average market share. This success is primarily due to the professional skills and expertise of our mortgage bankers and the resulting brand power of Tefahot, achieved concurrently with maintaining a prudent, responsible underwriting policy and strict review of borrower repayment capacity, even under scenarios of higher interest rates and deterioration in the economy," said **Bank President, Eli Yones**.

Mizrahi-Tefahot Ltd.
Highlights of financial statements
As of December 31, 2012 - NIS in millions

Major balance sheet items

	December 31		Rate
	2012	2011	Change in %
Securities	9,041	8,432	7.2
Loans to the public, net	128,651	119,293	7.8
Deposits from the public	128,499	119,236	7.8
Shareholders' equity	8,811	7,666	14.9
Balance sheet total	162,242	150,246	8.0

Profit and Profitability

	December 31		Rate
	2012	2011	Change in %
Total financing revenues before expenses with respect to credit loss	3,309	3,117	6.2
Commissions and other revenues	1,478	1,491	(0.9)
Total revenues	4,787	4,608	3.9
Expenses with respect to credit loss	276	338	(18.3)
Operating and other expenses	2,786	2,667	4.5
Net profit attributable to equity holders of the banking corporation	1,076	1,044	3.1
Net return on equity	13.1%	14.6%	

Financial ratios

	December 31	
	2012	2011
Credit to the public to balance sheet total	79%	79%
Deposits from the public to balance sheet total	79%	79%
Equity attributable to equity holders of the banking corporation, to balance sheet total	5.43%	5.10%
Expenses with respect to credit loss to loans to the public, net (annualized)	0.21%	0.28%
Cost-income ratio	58.2%	57.9%
Ratio of Tier I capital to risk elements	8.55%	7.77%
Total ratio of capital to risk elements	13.35%	13.40%