



MIZRAHI TEFAHOT

# Financial Statements

31 December 2009



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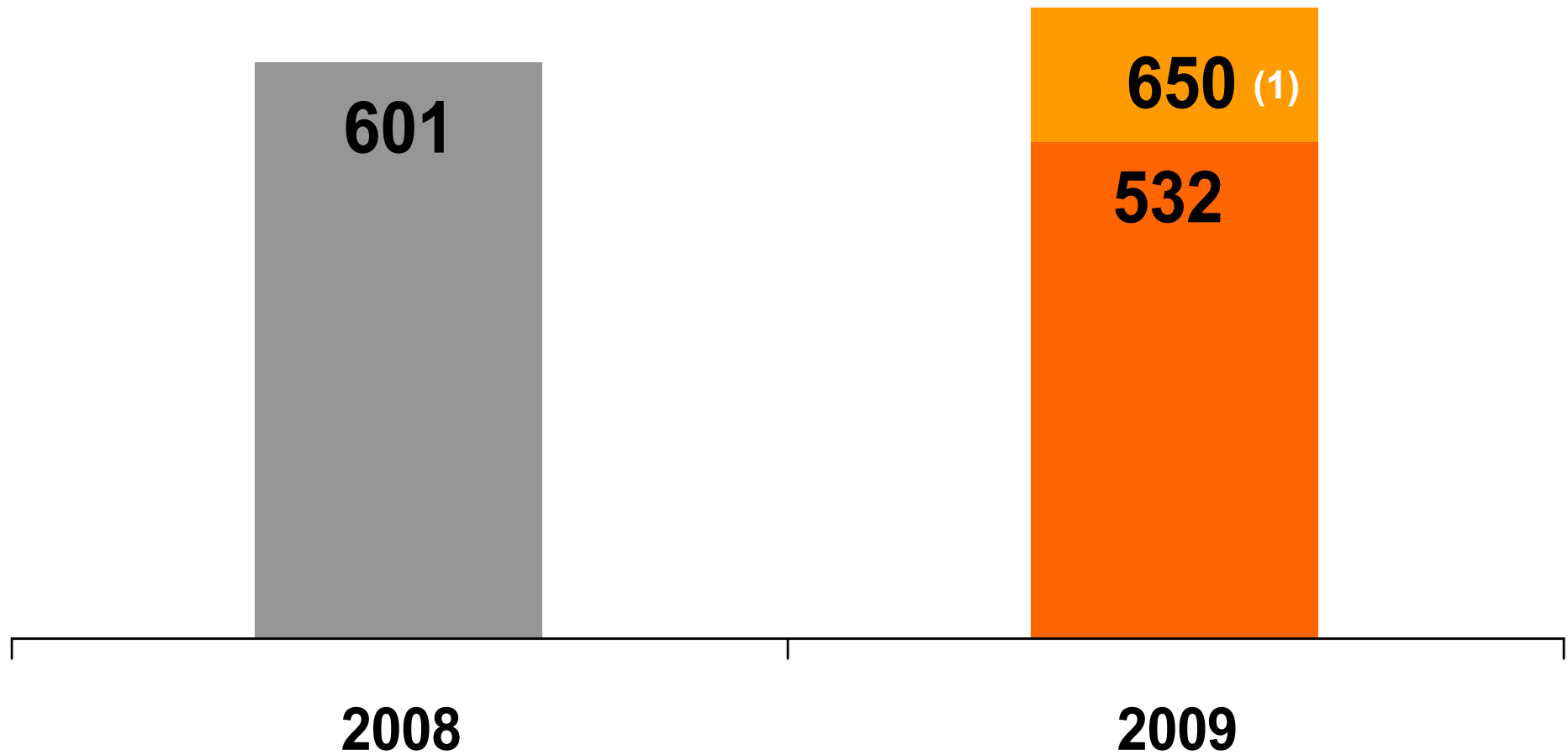
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- **2009 Financial Results**

- **Strategic Highlights**

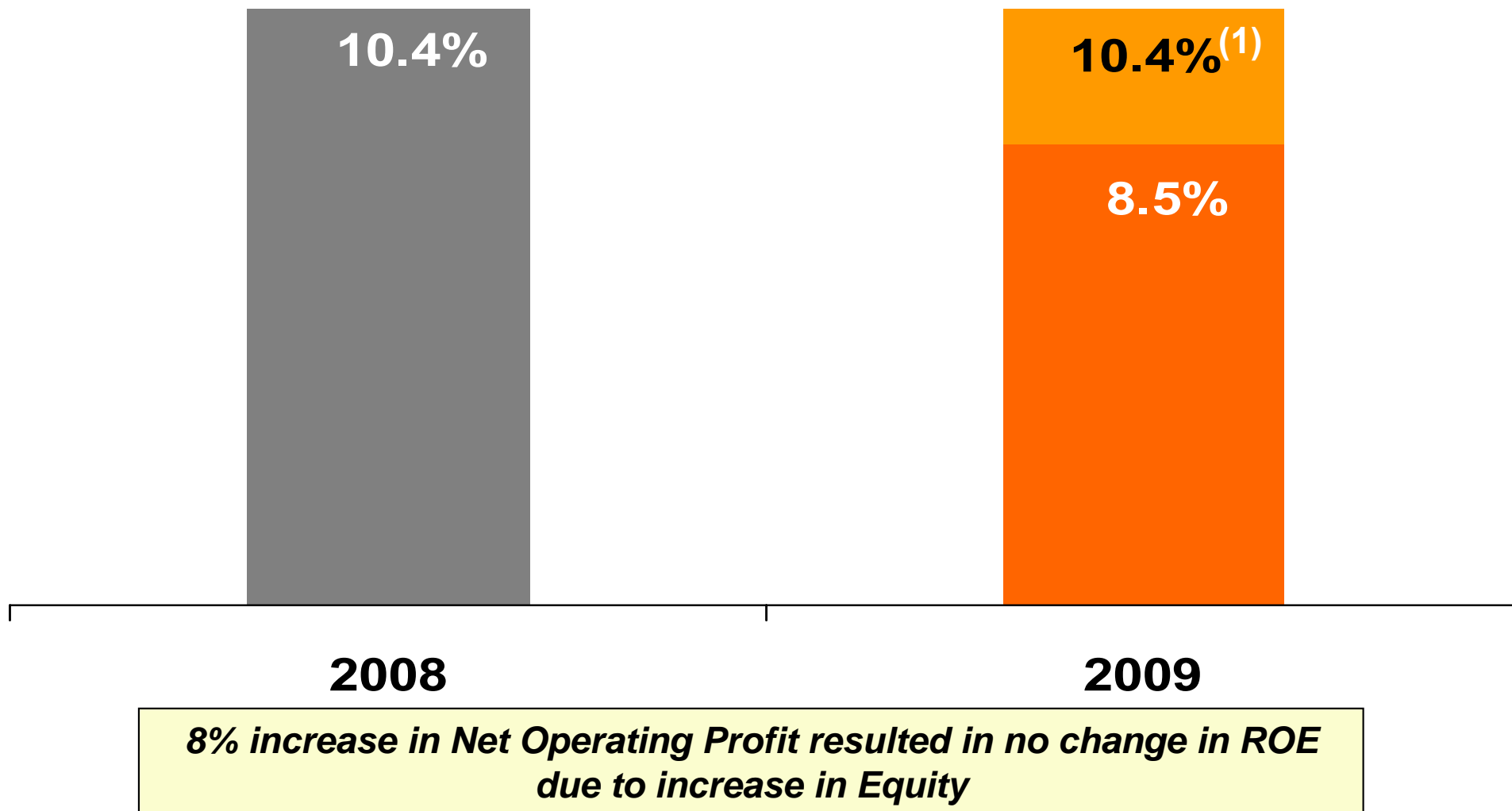
# Net operating profit



(1) Excluding provision for retirement plan



# Return on equity - net operating profit



(1) Excluding provision for retirement plan

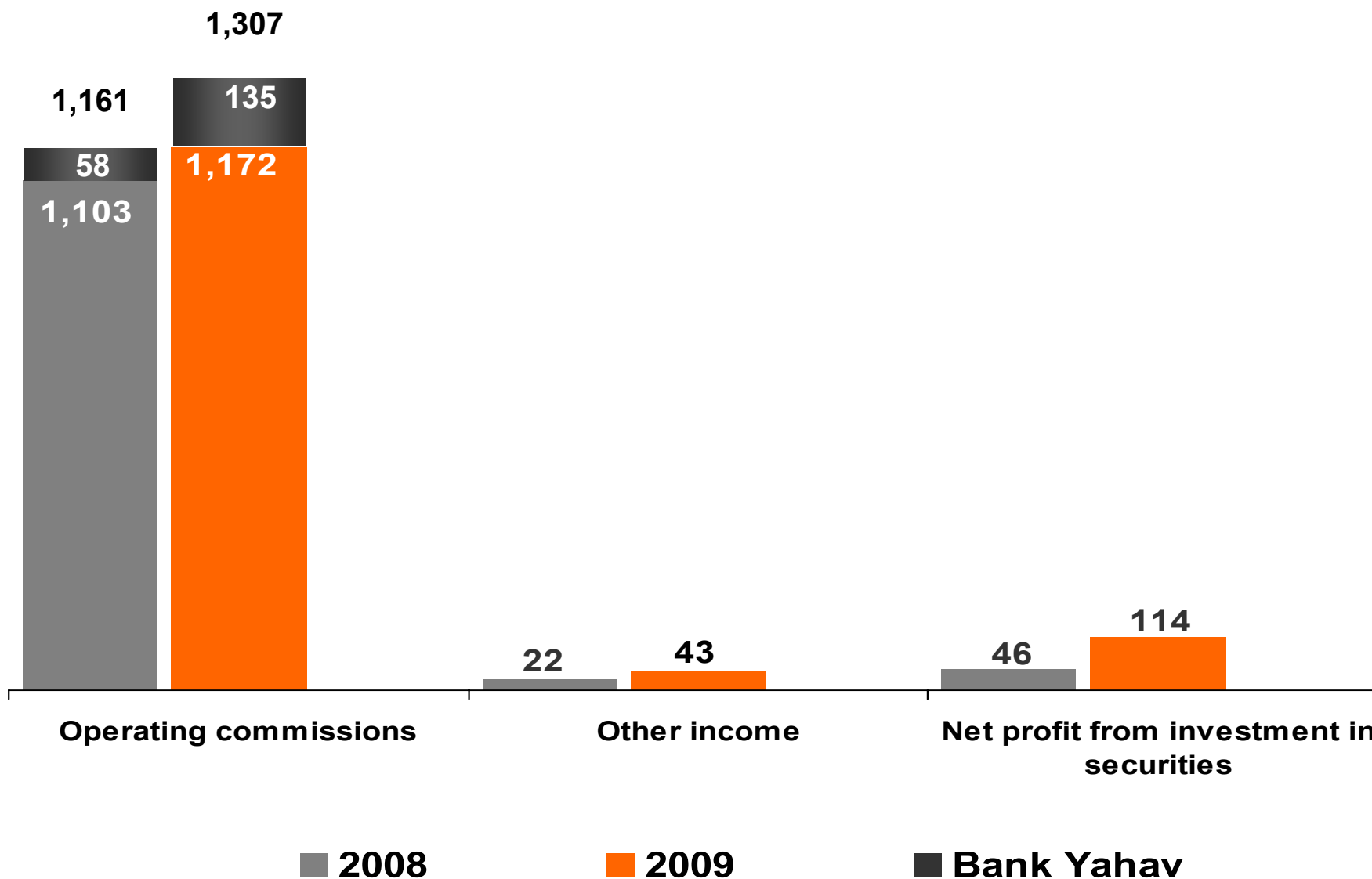


# Profit and loss statement summary

	2009	2008	% change 2008 Vs 2009
Profit from financing operations before provisions for doubtful debts	2,385	2,289	4.2%
Provision for doubtful debts	375	395	(5.1%)
Total operating and other profit	1,464	1,229	19.1%
Total operating and other expenses	2,640	2,153	22.6%
Net operating profit	532	601	(11.5%)

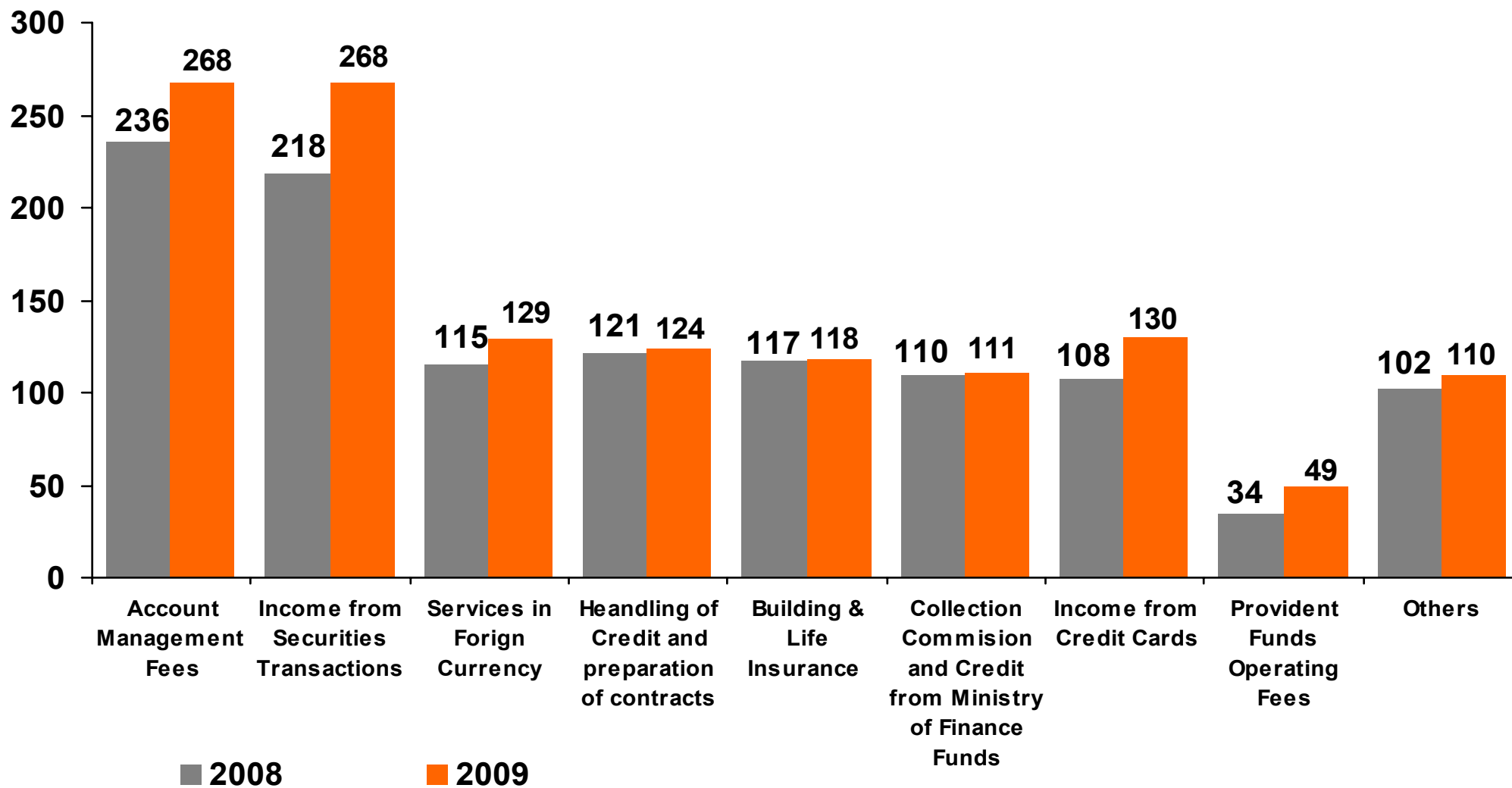


# Operating and other income analysis





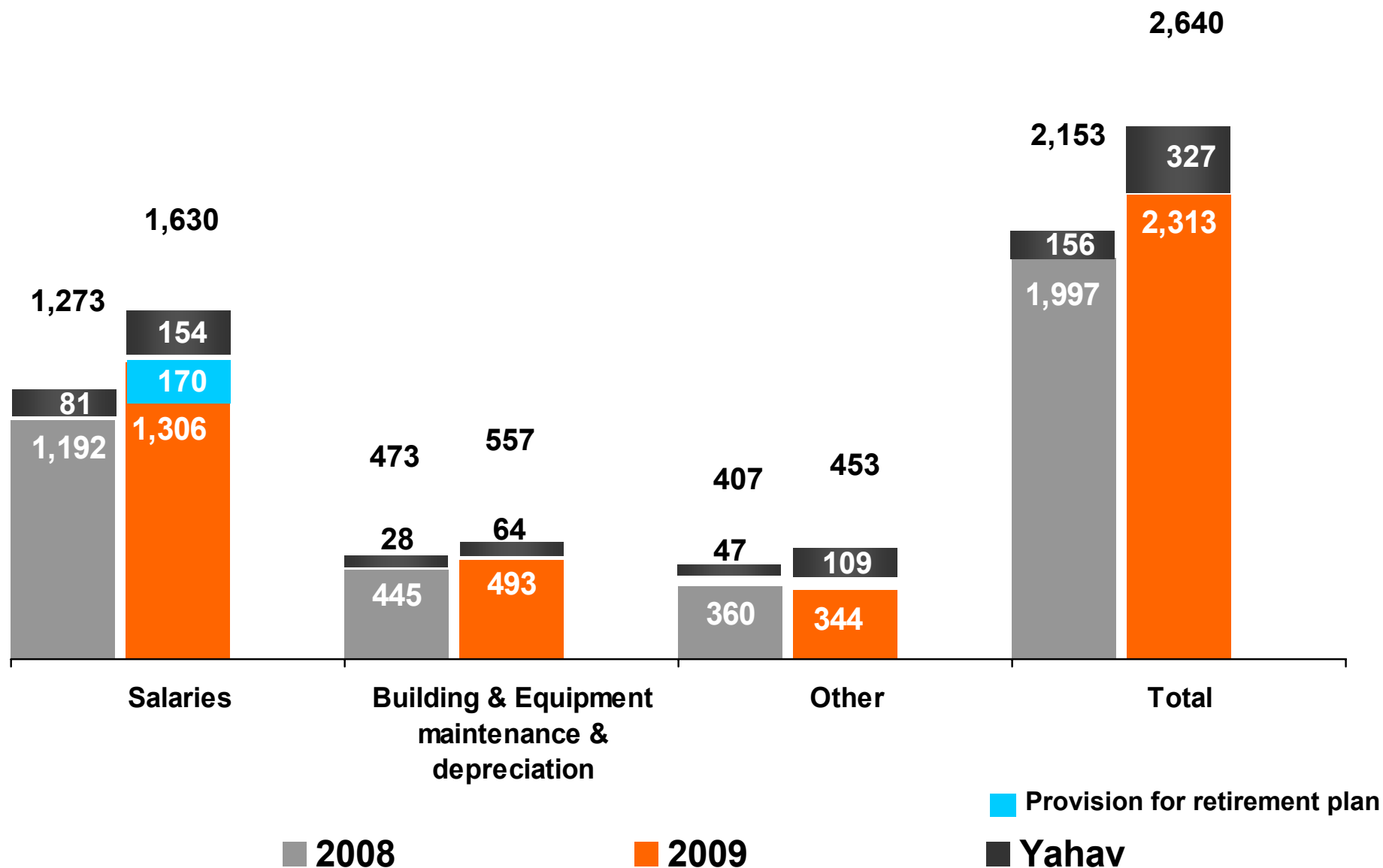
# Operating commissions







# Operating and other expenses analysis



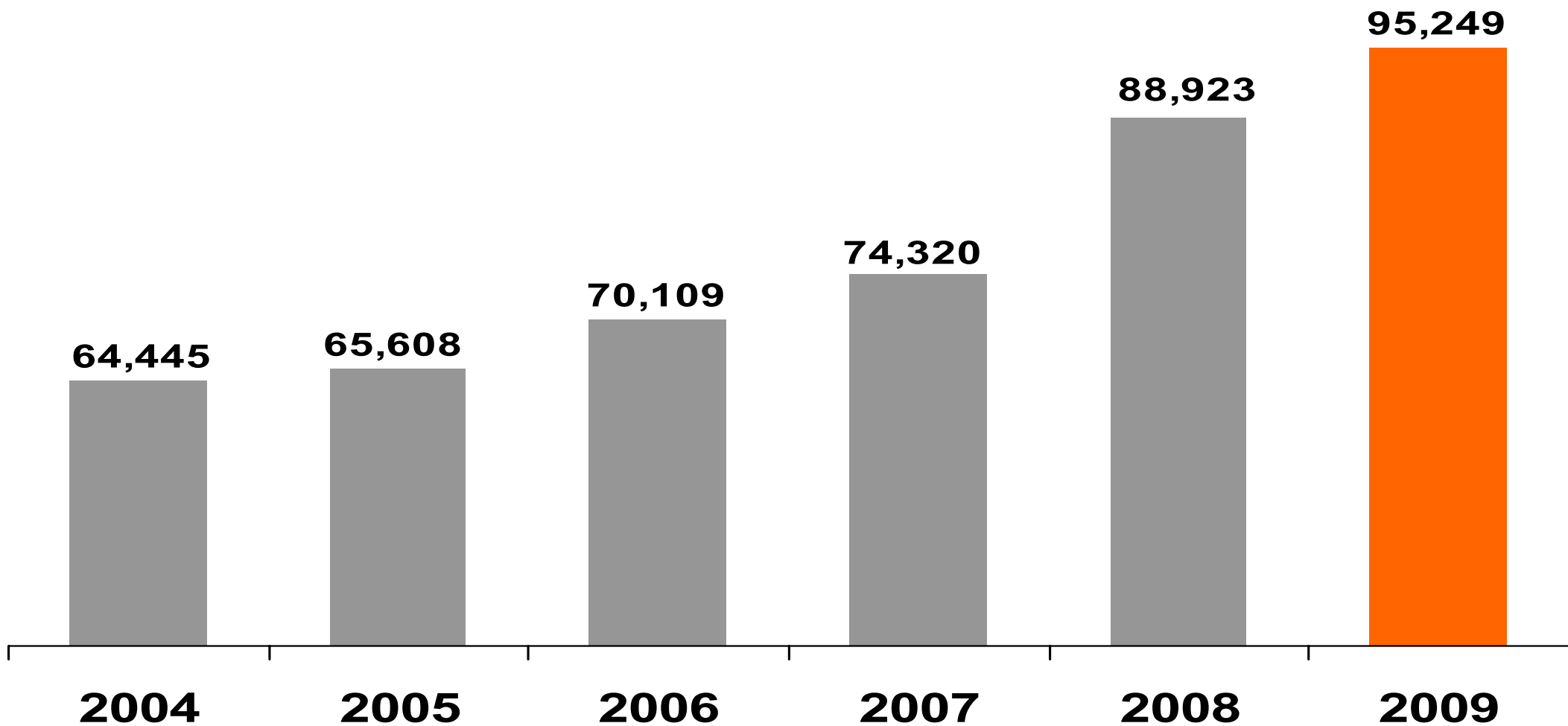


# Salaries expenses analysis

	2009	2008	% change 2008 Vs 2009
Payroll and associated expenses, excluding unusual items	1,234	1,177	4.8%
Employee stock options	59	15	-
Impact of extension of exercise period of employee stock option	13	-	-
Retirement agreement	170	-	-
Impact of consolidation of Bank Yahav's financial statements	154	81	-
<b>Payroll and associated expenses – as reported</b>	<b>1,630</b>	<b>1,273</b>	<b>28.0%</b>

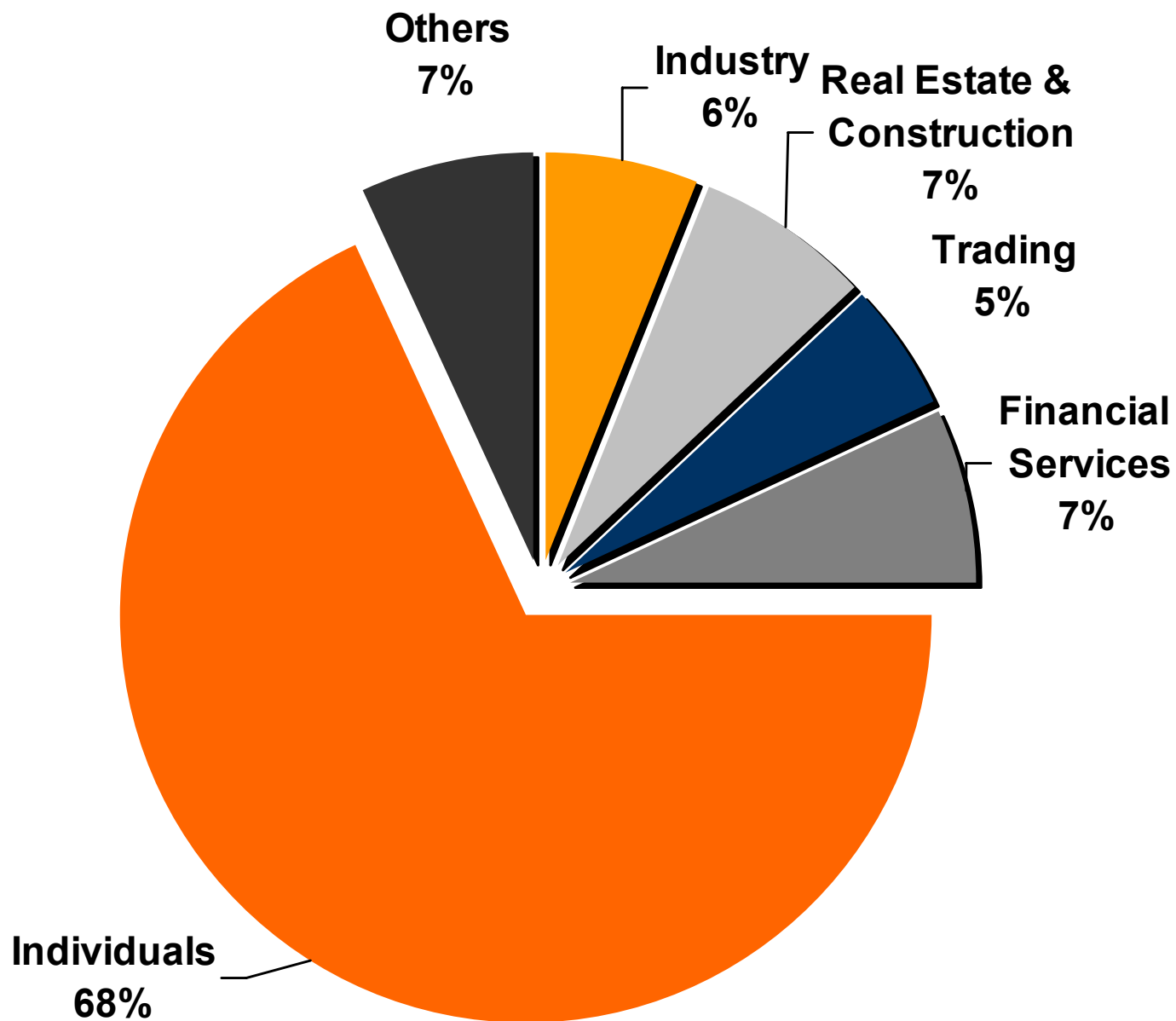


## Loans to the public



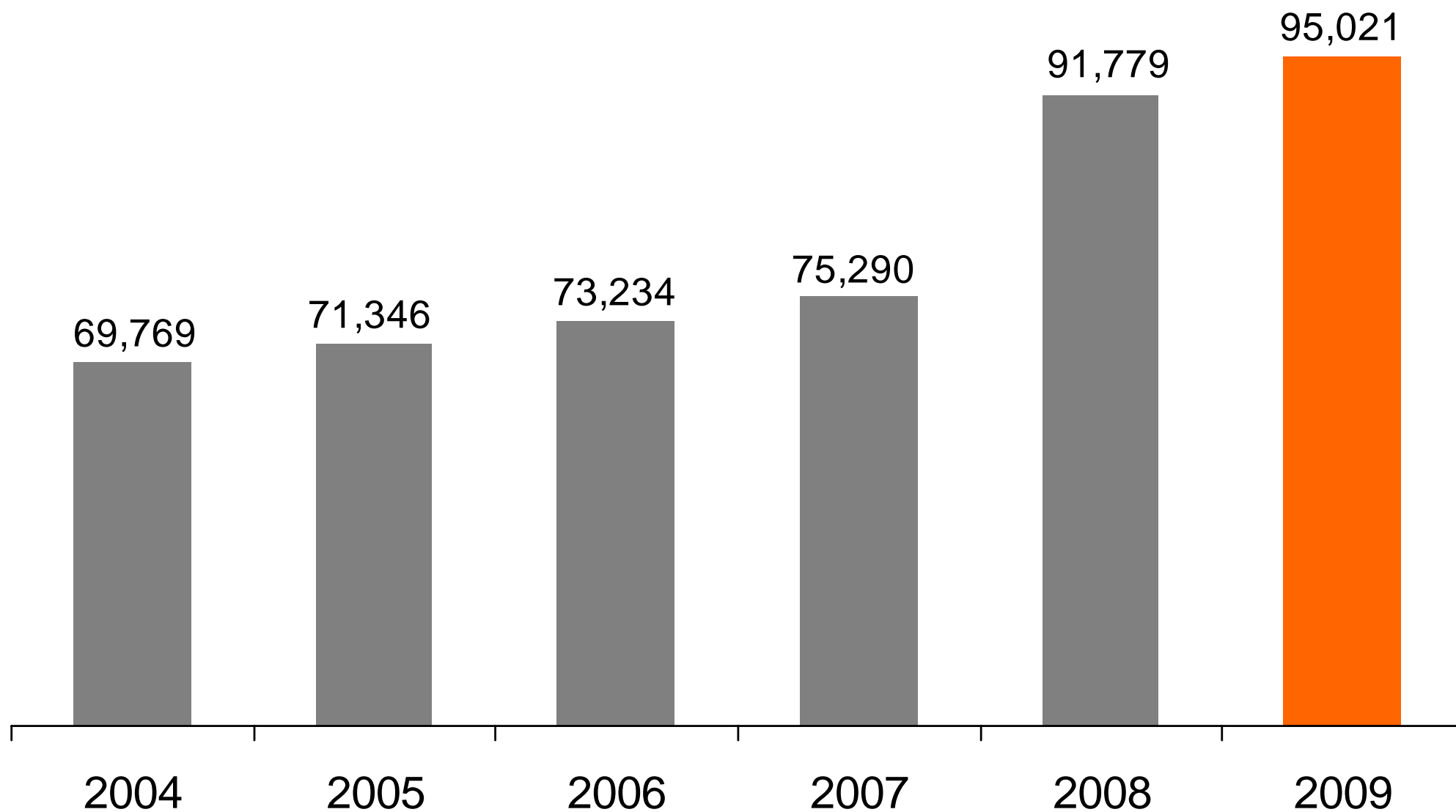


# Loans to the public classified by economic sector



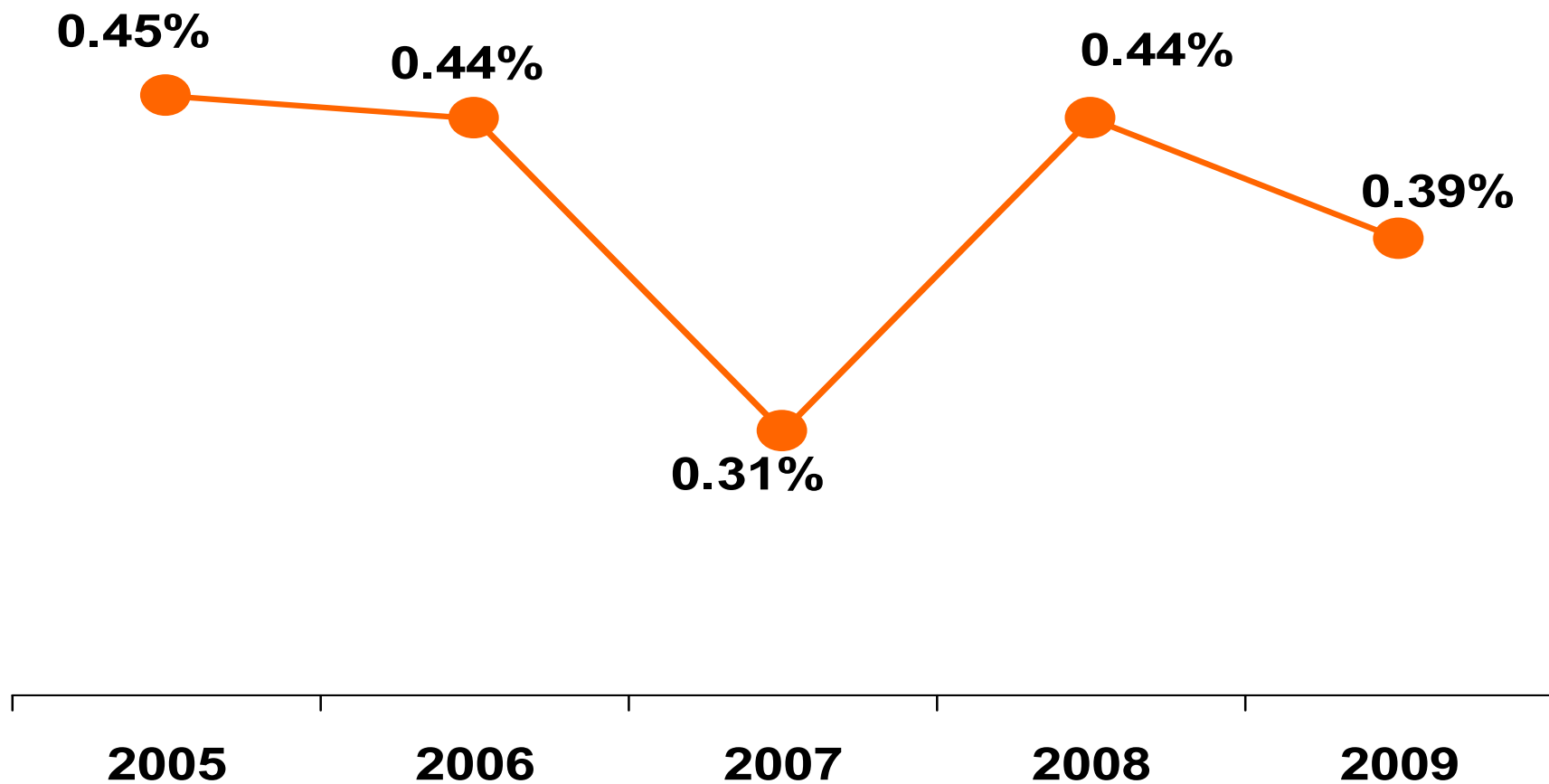


## Deposits from the public (NIS bil)



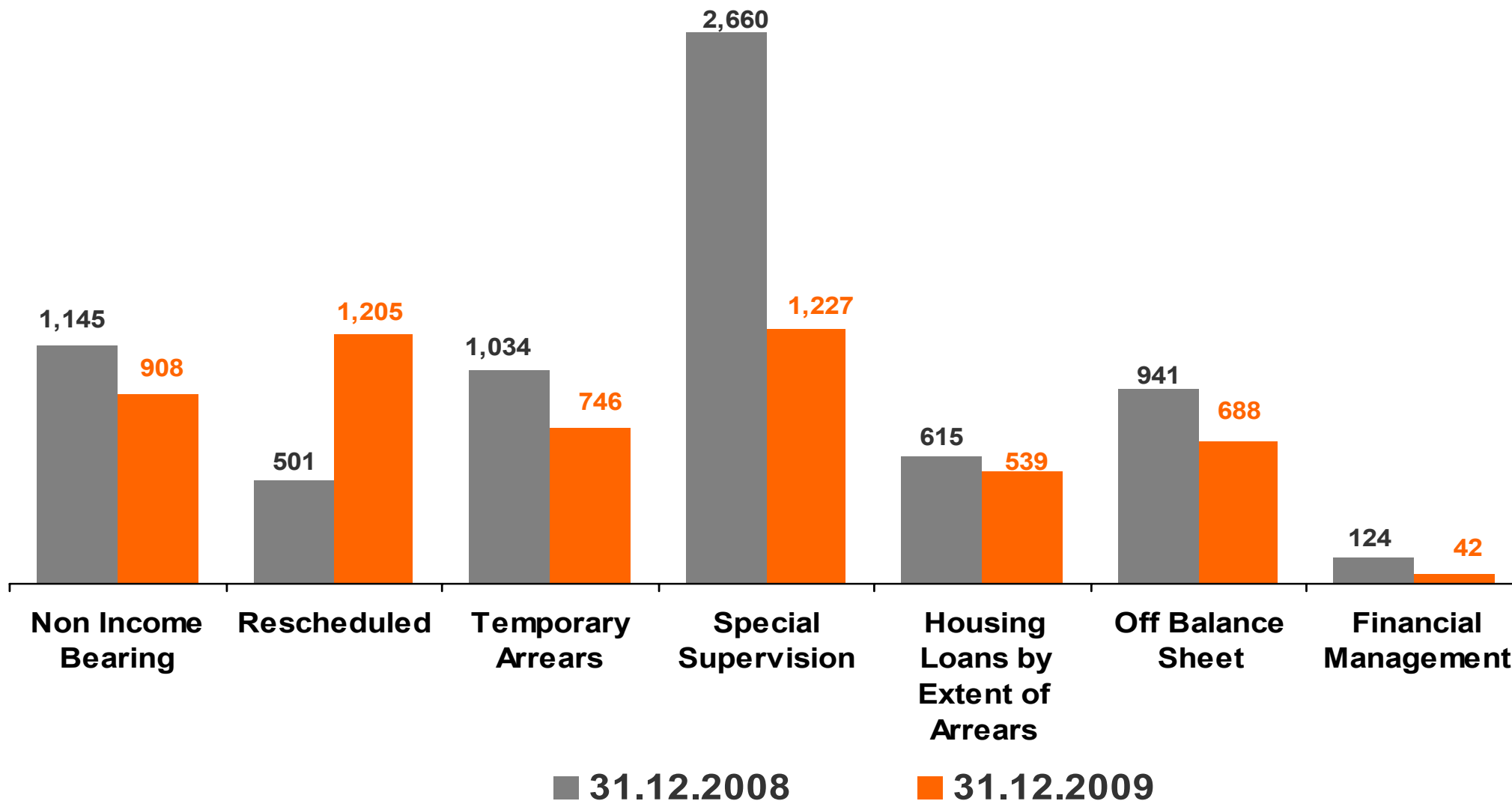


# Provisions/loans to the public



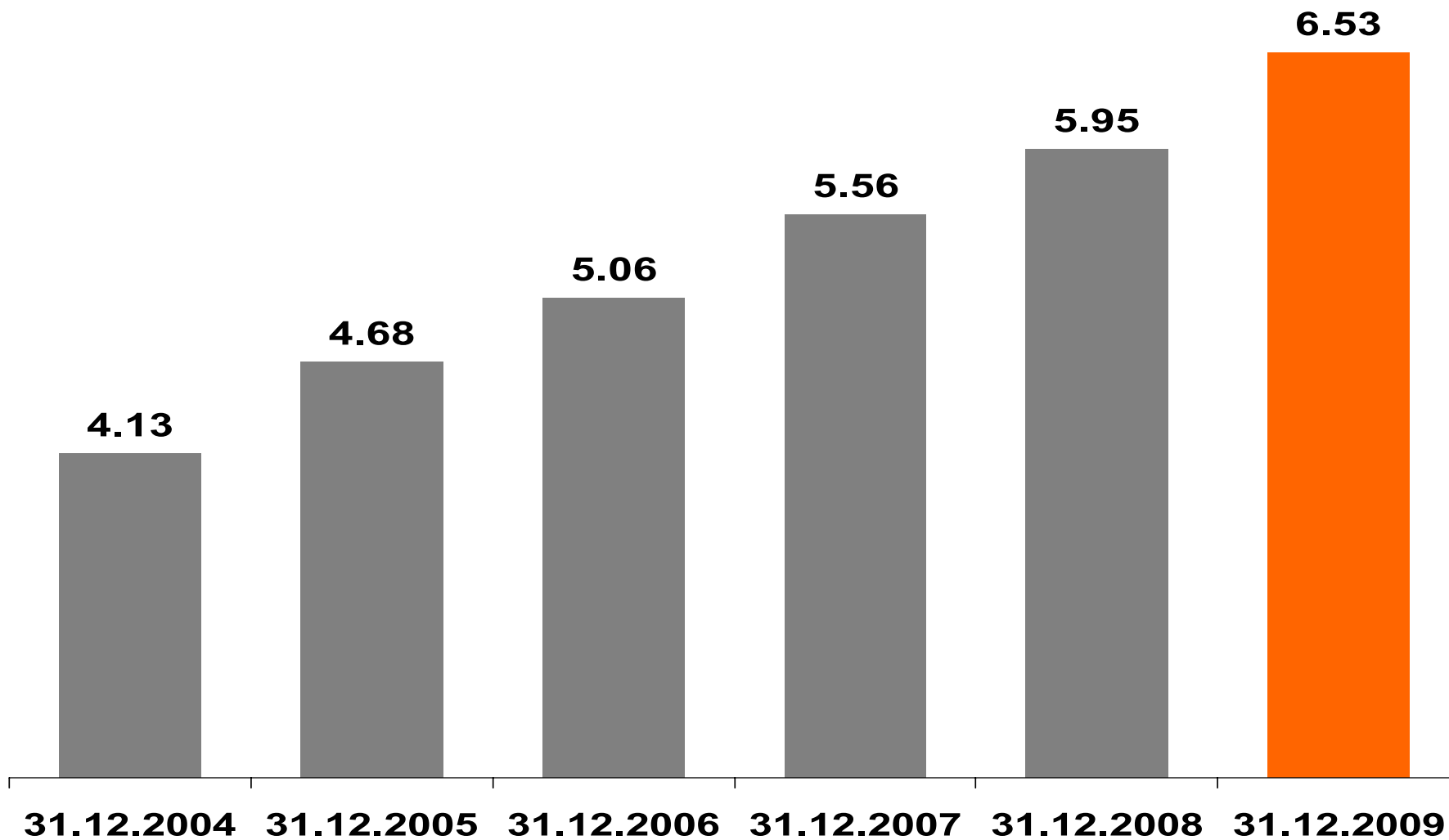


# Problem debts analysis





## Equity (NIS bil)



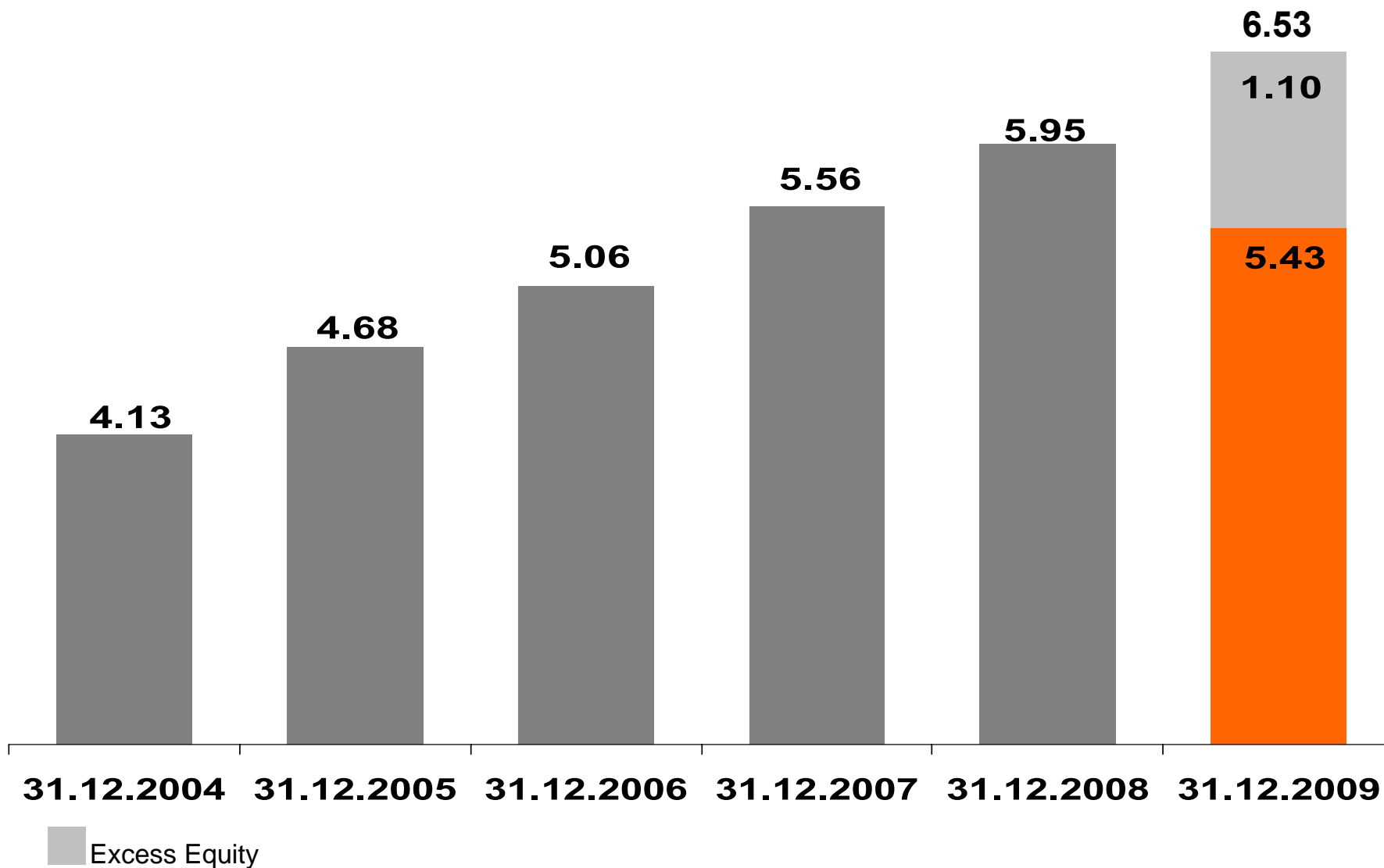


- **2009 Financial Results**

- **Strategic Highlights**

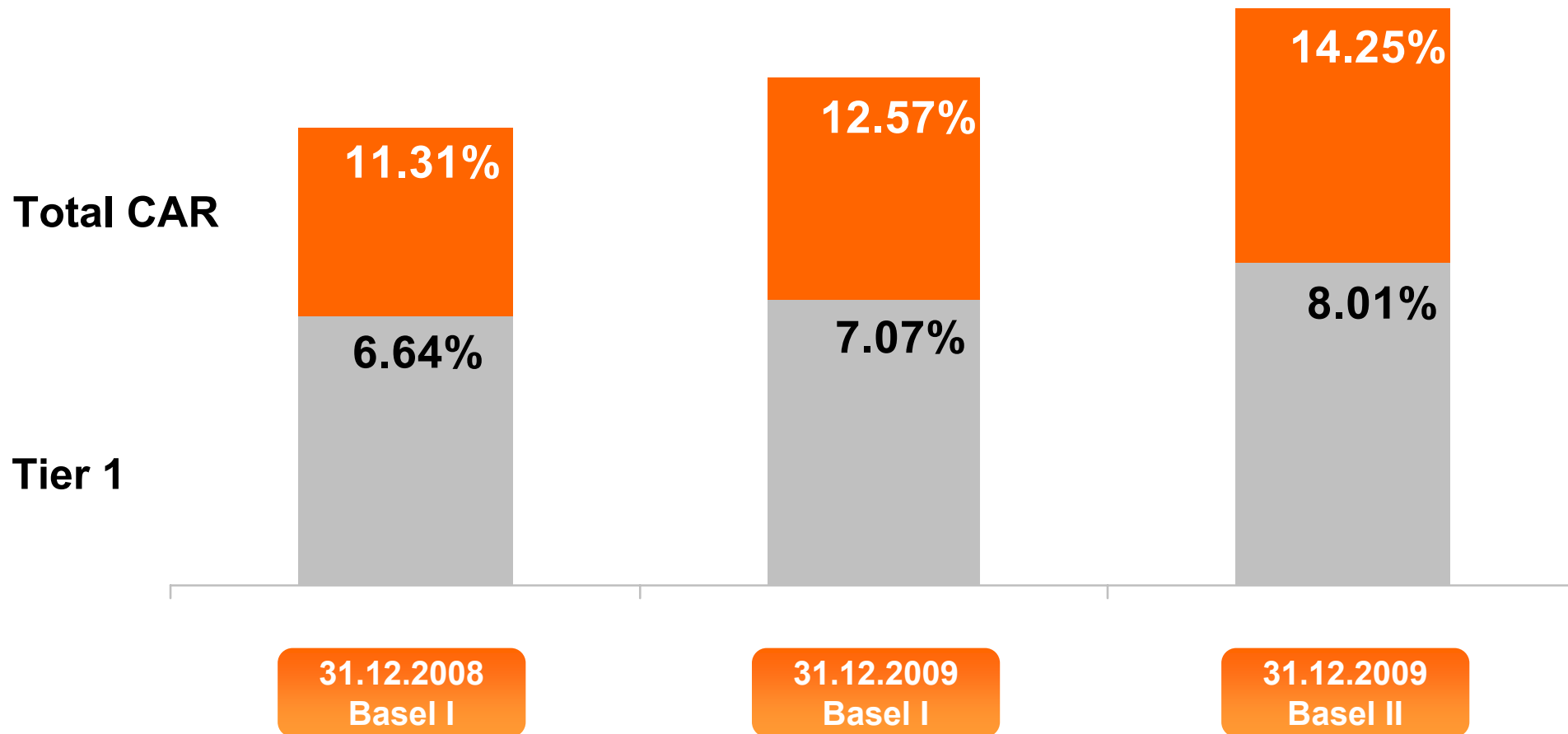


# Equity (NIS bil)



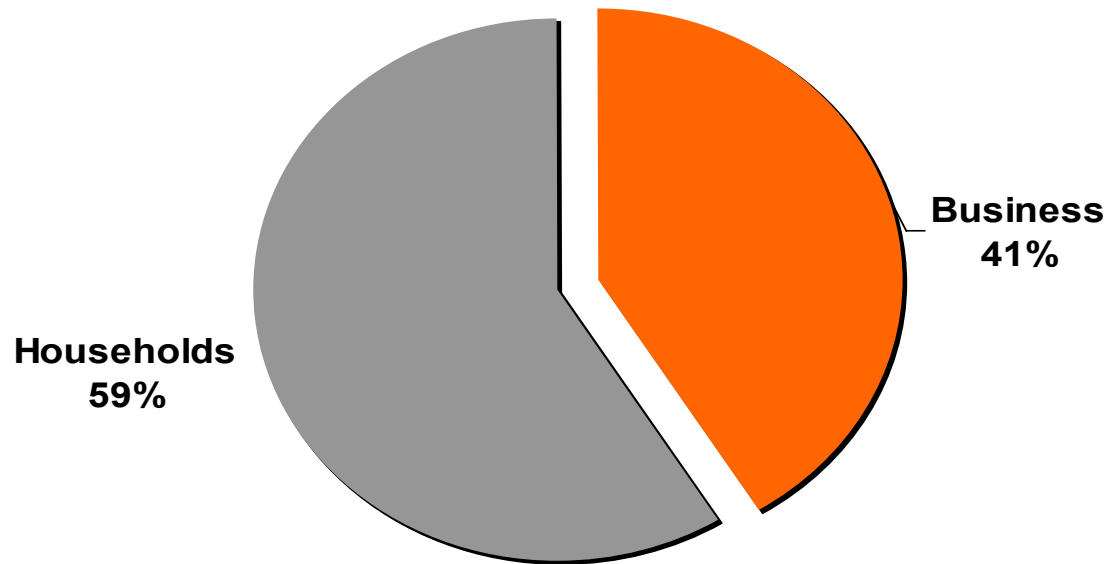


# Capital adequacy ratio

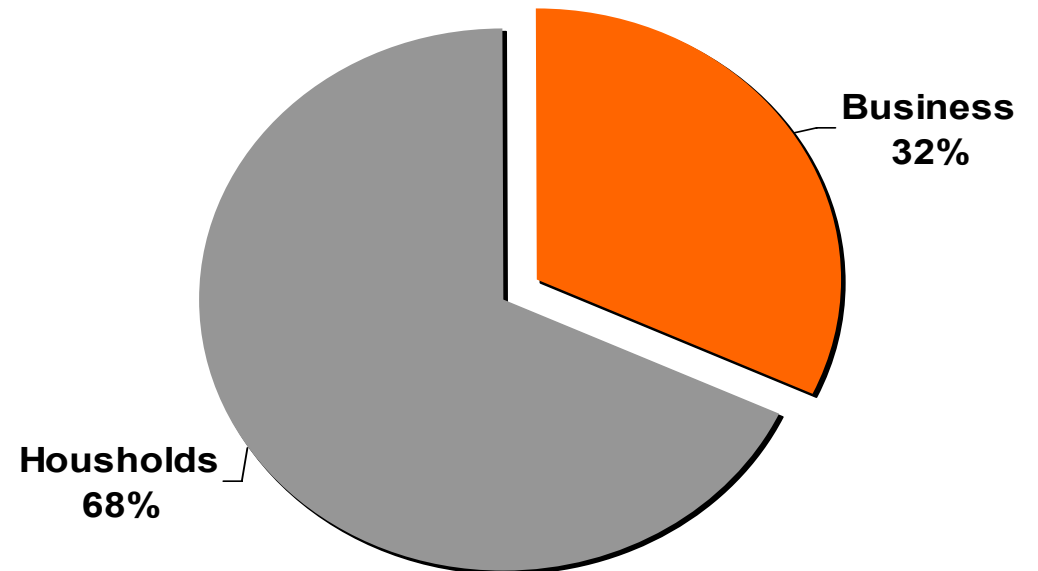


# Loans to the public classified by economic sector 2009 compared to 2004

Dec 2004



Dec 2009\*



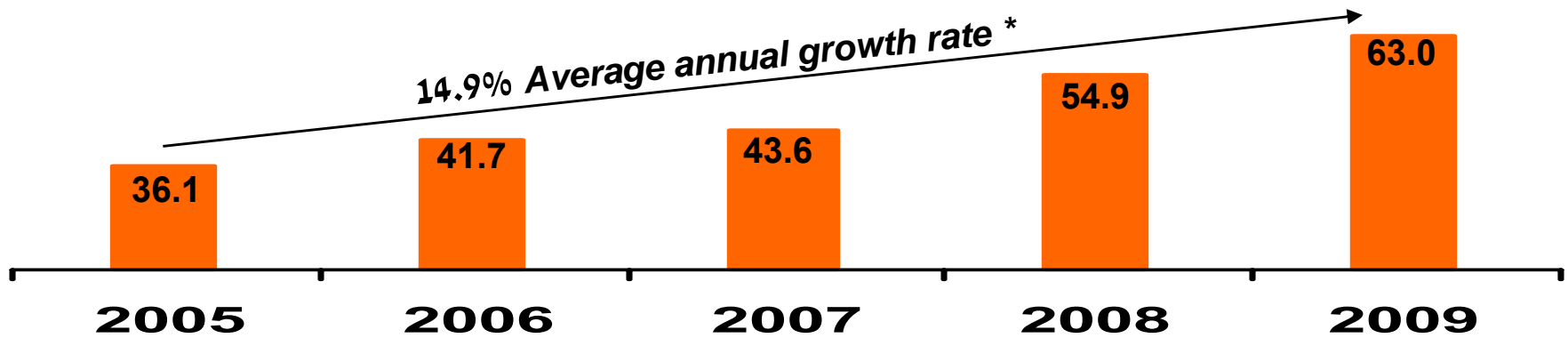
Business includes: agriculture, industry, construction and real-estate, electricity and water, commerce, hotels and catering, transport and storage, communication and computer services and other services

\* Including Yahav

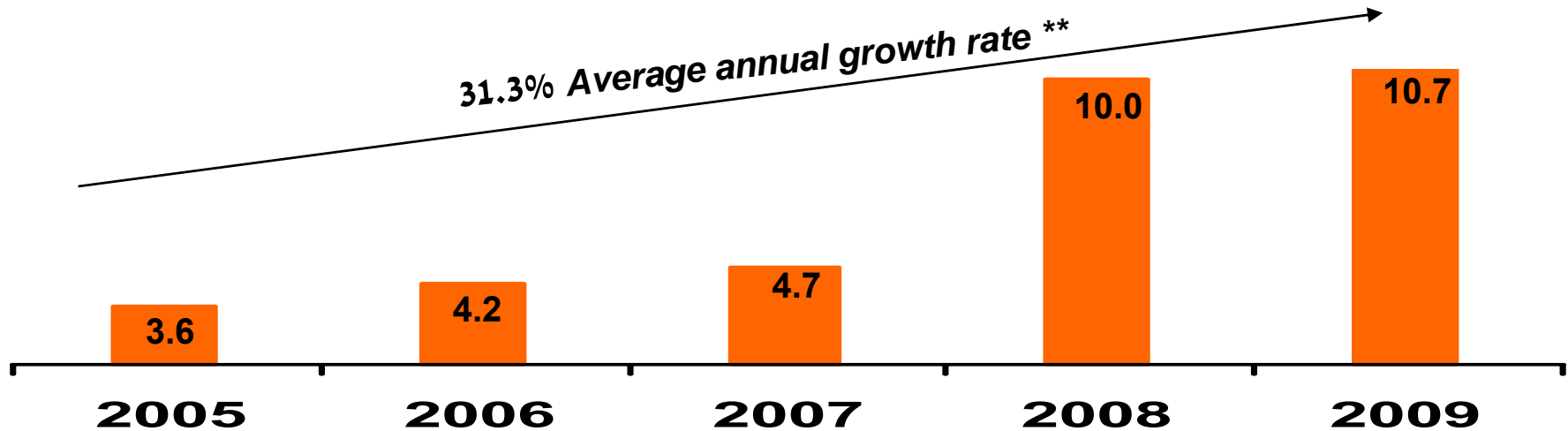
# Households including mortgages – credit growth

average annual growth rate

Credit to households incl. mortgages (balance sheet, end of period, NIS bil)



Credit to households excl. mortgages (balance sheet, end of period, NIS bil)



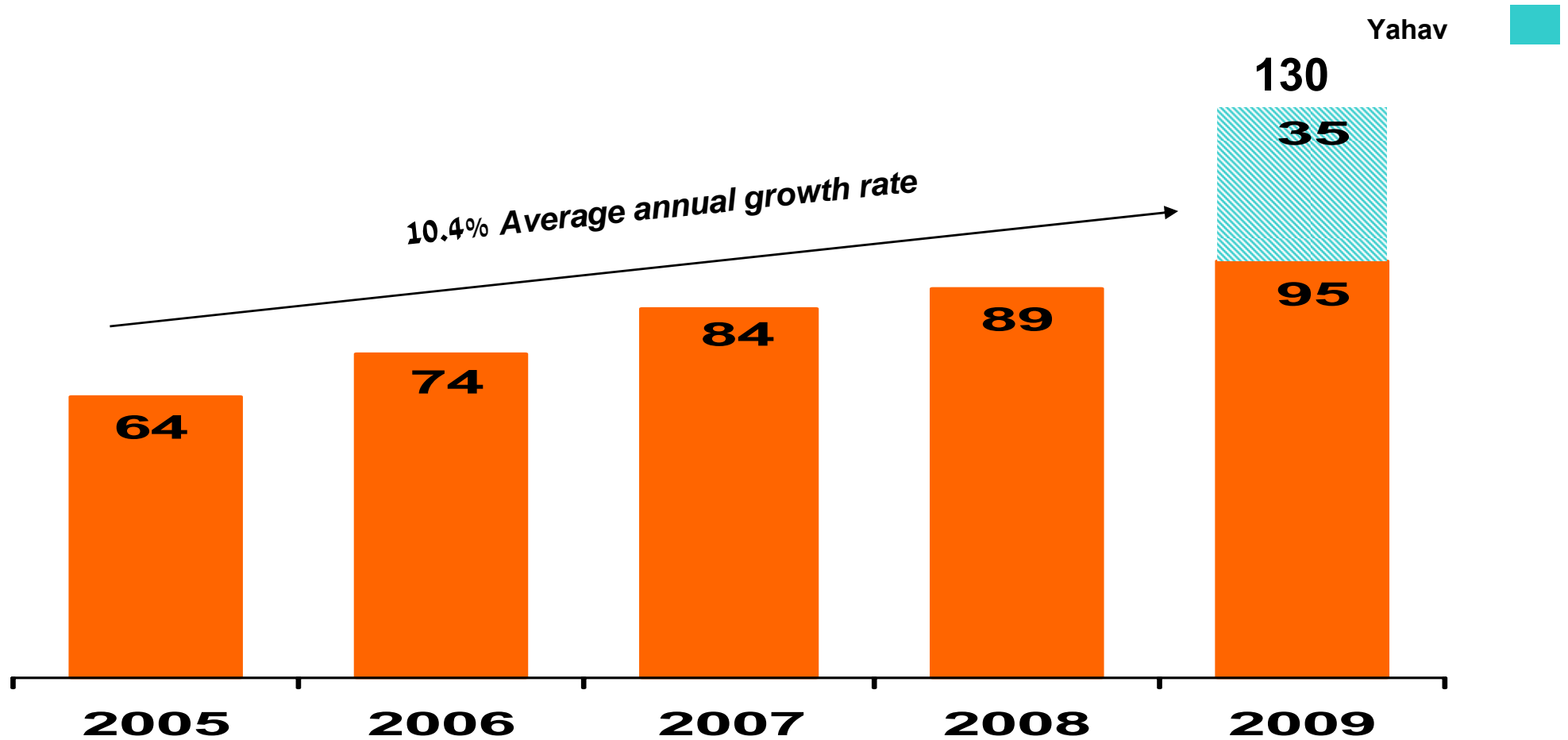
2008 – 2009 including Yahav

\* Excluding Yahav 12.5%

\*\* Excluding Yahav 11.2%



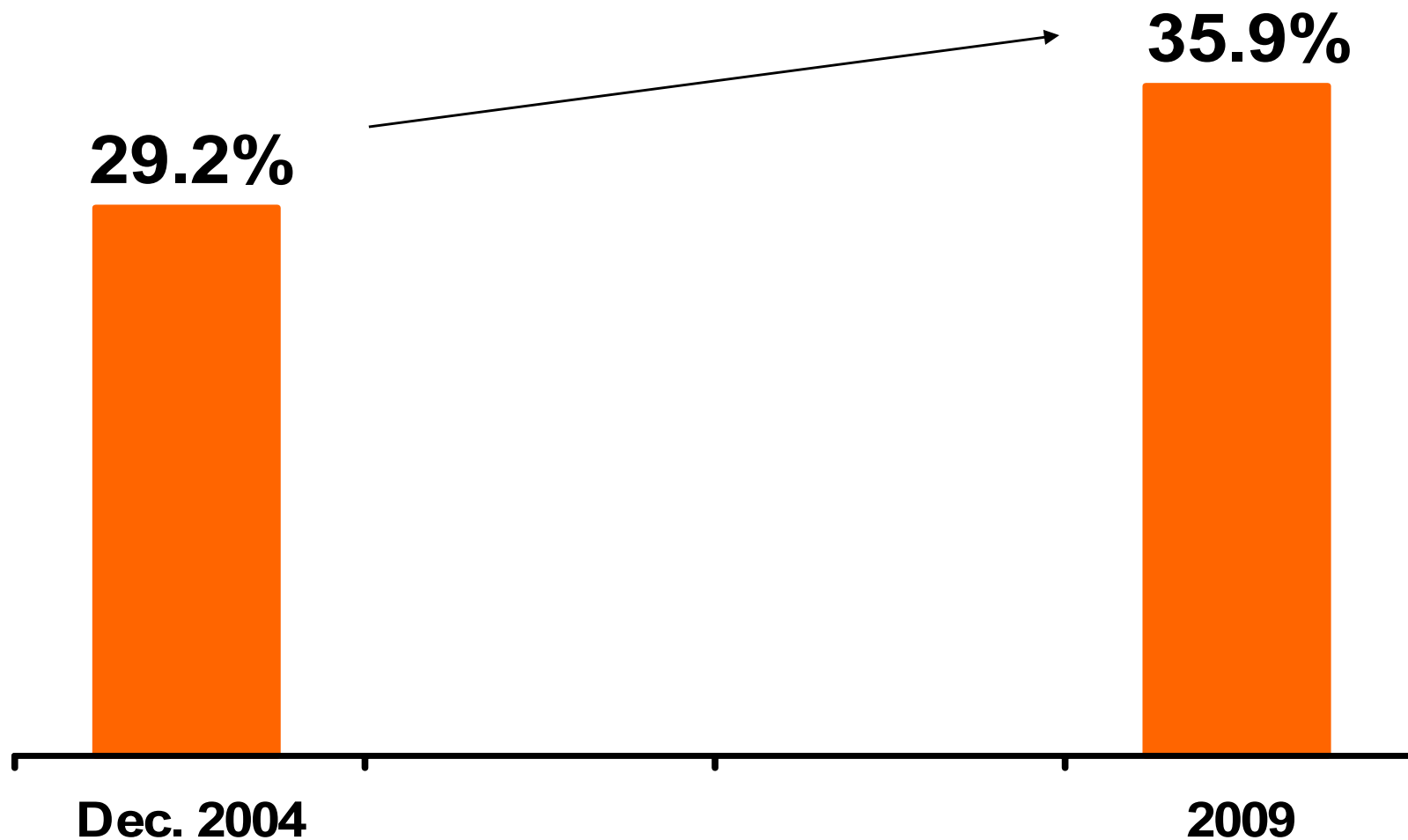
# Income from credit cards



*Credit cards activity is a good proxy for households market share and profit growth*

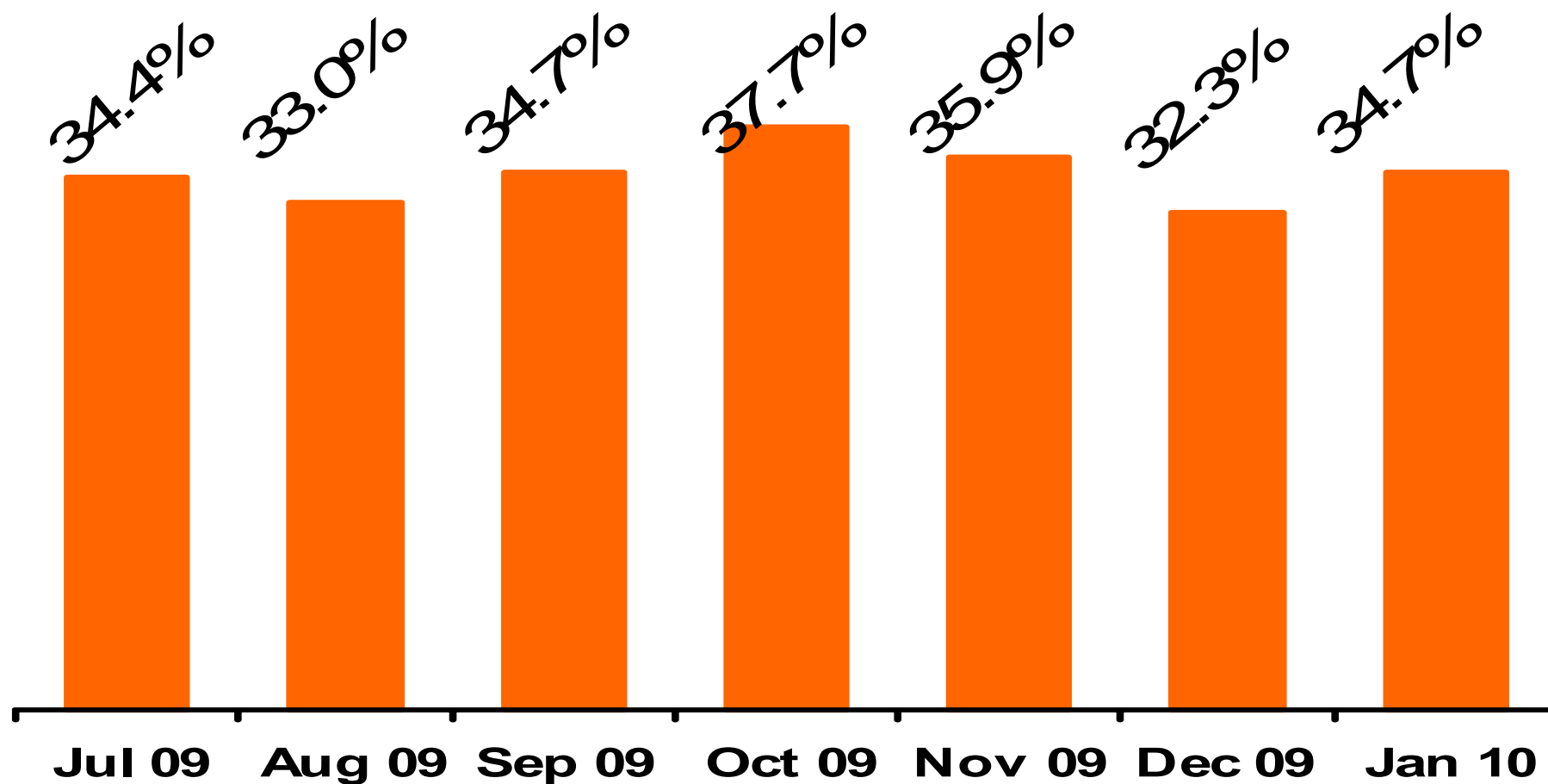


# Group's market share in new housing loans 2004 - 2009





# Group's market share in new housing loans recent development



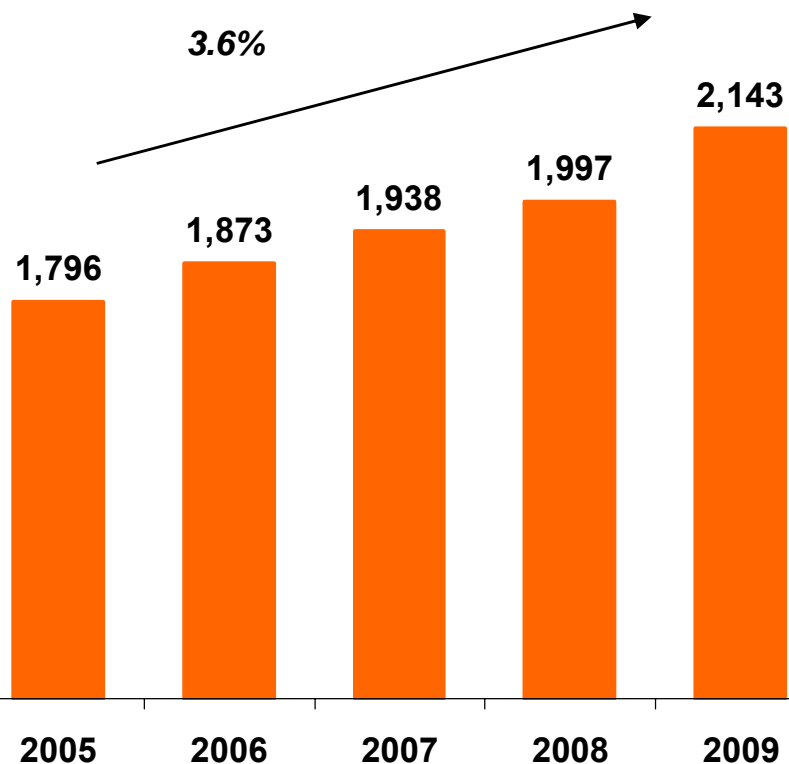




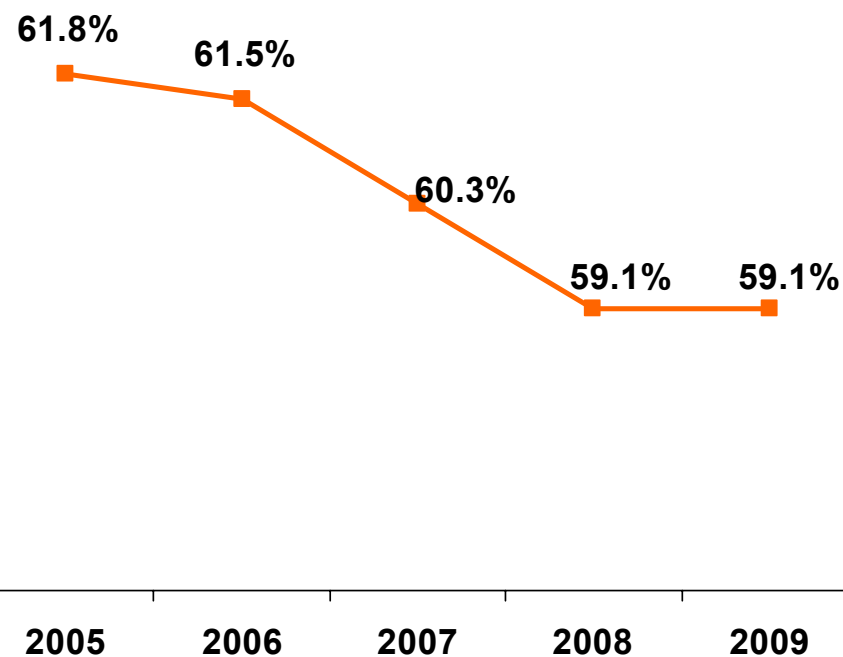
# Operating expenses and labor expenses

Average annual growth rate

**Total operating and other expenses (NIS mil)\***



**Labor expenses out of total expenses\*\***



**The group managed to decrease its labor to total expenses ratio**

\* Excluding provisions for retirement plan and Yahav

\*\* Excluding provisions for retirement plan



## Union and labor relations

**On October 2009, the Bank's Board of Directors ratified a special collective agreement reached with the employees representatives, for the period until December 2015.**

**The new agreement is an extension of the current agreement, and has the same key provisions, which are as follows:**

- Obligation for absolute industrial calm during the agreement period
- Voluntary retirement plan for 200 employees (with management having a veto right)
- Management's possibility to dismiss 50 additional employees for reasons of unsuitability
- The bank's commitment for no economic layoffs
- A general arbitration provision for all disputes

**The estimate cost of carrying out the agreement, at the time of the 2009 annual report, is 170 mil NIS.**

**The entire amount was provisioned for in the financial statement of the second half of 2009 (70 mil NIS in Q3 and 100 mil NIS in Q4) – included in the item “salaries and related expenses”.**