May 30, 2011

Net profit in first quarter: NIS 241 million
Compared to NIS 172 million in the corresponding period last year
40.1% growth

Return on equity:14.5%
Compared to 10.8% in the corresponding period last year
and 11.7% in all of 2010

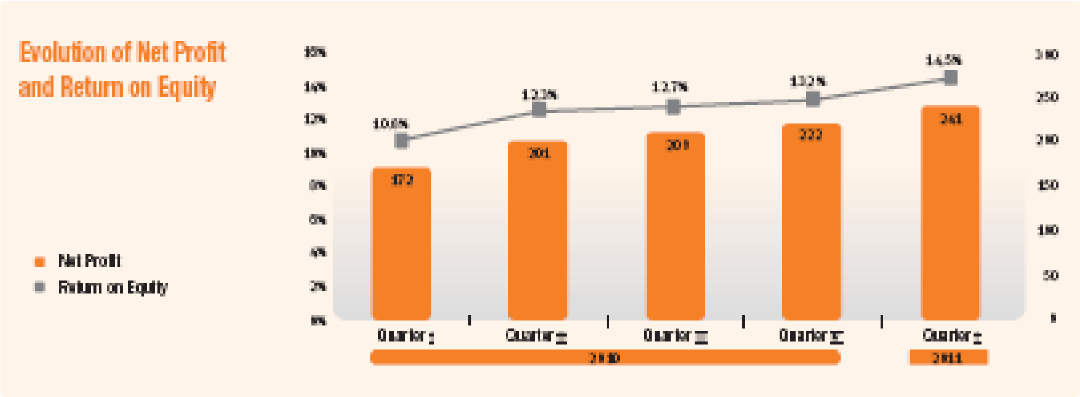
Profit from financing operations: NIS 752 million
Compared to NIS 630 million in the corresponding period last year
19.4% growth

Income from operating commissions: NIS 348 million
Compared to NIS 329 million in the corresponding period last year
5.8% growth

Loans to the public at the end of the quarter: NIS 109,391 million
12.7% growth compared to March 31, 2010

Deposits from the public at the end of the quarter: NIS 109,029 million
12.8% growth compared to March 31, 2010

Ratio of total capital to risk elements: 13.61%



Continued expansion of branch network

Mizrahi-Tefahot continues to expand its branch network, so as to improve availability to current and potential clients.

This is in addition to continued upgrade of direct banking channels and development of innovative, alternative solutions - such as the unique LIVE branches - provided to clients, who can benefit from the Bank's range of products and services other than via traditional branches.

Increased physical presence includes opening new branches, launching mortgage desks at existing commercial branches, including at Bank Yahav branches, and commercial operations at mortgage branches.

From April 2010 through the first quarter of 2011, the Bank opened 15 branches and points of sale in various operating segments at multiple towns on a wide-spread geographic basis.

Diversifying and expanding Bank resources

The considerable trust from which Mizrahi-Tefahot benefits in the capital market affords the Bank easy, convenient access to financial resources, to fund the range of uses and needs for funding at the Bank.

In February - April 2011, the Bank conducted two debenture issues via its subsidiary Tefahot Issuance.

In total, the Bank raised NIS 1.4 billion at attractive interest rates, benefiting from market conditions and strong demand for these issues.

Eli Yones: Growth in profitability in all operating segments and control over expenses allow us to present outstanding quarterly results in line with Bank plans

Results in the first quarter of this year - headlined by net profit of NIS 241 million - an increase of over 40% over the corresponding period last year, and return on equity of 14.5% - are a direct continuation of the Bank's excellent results over the past year, and are an outstanding achievement by the Bank and its employees.

Growth in profit was recorded in all operating segments, which reflects the Bank's success in growing and expanding in all areas, while diversifying its profit sources in a balanced, well thought-out manner.

This positive result is reflected in all income items. Financing profit in the first quarter amounted to NIS 752 million, an increase of 19.4% over the year-ago period. Total financing and operating income grew by 14.4% over the corresponding period in 2010.

Concurrently, the Bank continues to maintain control over expenses. Thus, *inter alia*, operating and other expenses excluding effect of accounting treatment of employee stock options and adjustment of payroll provisions, increased by only 3.3% - a lower rate than the expense target specified in the Bank's strategic plan.

Mizrahi-Tefahot continues to lead the housing loan market, based on a conservative approach and limitation of specific risk in each loan by reviewing different factors, including: LTV ratio, ratio of repayment to regular income of the borrower, and borrower capacity to make current repayments even under scenarios involving a change in interest rates.

Over the past two years, due to measures taken by the Bank to reduce risk in the mortgage portfolio, the percentage of loans granted with a high LTV ratio out of the Bank's overall housing loan portfolio decreased gradually, down to 10.7% of loans granted in the first quarter of 2011.

In this low interest environment, the Bank nevertheless took measures to reduce loans provided bearing interest linked to the prime lending rate: from 47% of loans granted 1-2 years ago, down to only 34% of loans granted in the first quarter of this year, some of which are backed by credit insurance.

After an extended period in which Bank Yahav invested effort and resources to face competitive threats while acting to enhance its license and upgrade its infrastructure and range of services offered to clients, in the first quarter of this year Bank Yahav recorded noteworthy financial results, with return on equity reaching 9.2% compared to only 4.1% in the corresponding period last year", said **Bank President Eli Yones.**

Mizrahi-Tefahot Bank Ltd.
Highlights of financial statements
As of March 31, 2011 - NIS in millions

Major balance sheet items

	March 31		
	2011	2010	Rate of change
Loans to the public, net	109,391	97,029	12.7
Deposits from the public	109,029	96,648	12.8
Equity attributable to equity holders of the banking corporation	6,967	6,718	3.7
Balance sheet total	136,154	120,072	13.4

Profit and Profitability

		March 31	Rate of change
	2011	2010	in %
Profit from financing operations before expenses with respect to credit loss	752	630	19.4
Operating and other income	358	340	5.3
Total financing and operating income	**1,110**	**970**	**14.4**
Expenses with respect to credit loss	54	57	(5.3)
Operating and other expenses	669	630	6.2
Operating and other expenses excluding accounting effects	**651**	**630**	**3.3**
Net profit attributable to equity holders of the banking corporation	**241**	**172**	**40.1**
Net profit attributable to equity holders of the banking corporation	**14.5%**	**10.8%**	

Financial ratios

	March 31	
	2011	2010
Credit to the public to balance sheet total	80%	81%
Deposits from the public to balance sheet total	80%	81%
Shareholders' equity to balance sheet total	5.12%	5.59%
Expenses with respect to credit loss out of credit to the public	0.20%	0.24%
Cost-Income Ratio, excluding Bank Yahav	57.1%	62.6%
Ratio of Tier I capital to risk elements	7.70%	8.00%
Total ratio of capital to risk elements	13.61%	14.14%