

May 29, 2012

Net profit in first quarter: NIS 251 million

Compared to NIS 238 million in the corresponding period last year
5.5% growth

Ratio of Tier I capital to risk elements: 7.94%

Compared to 7.61% in the year-ago period

Return on equity: 13.6%

Total financing revenues: NIS 788 million

Compared to NIS 721 million in the corresponding period last year
9.3% growth

Loans to the public at the end of the quarter: NIS 120,407 million

10.1% growth compared to March 31, 2011

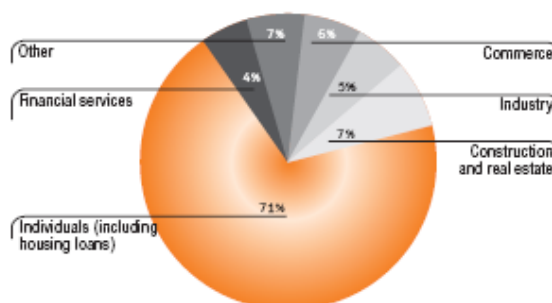
Deposits from the public at the end of the quarter:

NIS 119,501 million

9.6% growth compared to March 31, 2011

Enhanced focus on retail sector

Credit by Sector in Israel



Expanded customer base and increased market share for mortgages

Mizrahi-Tefahot continues to consistently grow its various operating channels. The Bank's Hybrid Banking revolution, launched in the fourth quarter of 2011, resulted in a break through in new client recruitment. During the first five months of 2012, some 25 thousand new client joined the Bank (net) - an annualized rate of over 60 thousand new clients, compared to 46 thousand new clients who joined Mizrahi-Tefahot last year.

This expansion was also reflected in the mortgage segment. In the first quarter of 2012, Mizrahi-Tefahot's market share of housing loans grew to 36.7%, compared to a 34% average market share in 2011. Concurrently, the Bank recorded impressive growth in financing revenues. Thus, inter alia, from households (11.3%), mortgages (15.5%), private banking (33.3%) and small businesses (22.3%).

Control over expenses and maintaining superior efficiency ratio

Along with continued growth in various revenue items, Mizrahi-Tefahot strictly maintained complete control over expenses. This is reflected in a moderate 3.1% growth in operating and other expenses for the first quarter of this year compared to the year-ago period - lower than the maximum target - 4.0% - set in the Bank's strategic plan.

Payroll expenses also grew moderately, by only 3.1% over the year-ago period, even though the first quarter of each year is usually the time for agreement-based payroll adjustments. Significant revenue growth and strict control over expenses allowed the Bank to record an impressive efficiency ratio of 60.3% in the first quarter, compared to 60.6% in the year-ago period, maintaining its position as the most efficient bank among Israeli banks.

Eli Yones: Results of the first quarter indicate continued growth in range of operating segments, with strict control over all expense items

"The first quarter results this year - headlined by net profit of NIS 251 million and 13.6% return on equity - are in direct consequence to our excellent results recorded last year, showcasing impressive growth in a range of revenue items, along with strict control over all expense items.

This double-digit growth included both retail operating segments - including mortgages, where the Bank increased its market share to 36.7%, despite the intense pricing war waged by some competitors - and business segments as well as private banking.

A 50% decline in average trading volumes on the stock exchange compared to the year-ago period - resulted in lower Bank revenues from commissions in this segment, as well as short-term accounting effect on total financing revenues, which resulted in moderate impact of growth on financial results.

The complex macro-economic environment in which the banking system operates, and implications of the slow-down in Euro-zone countries on Israel's economy in general - and on the business sector in particular - resulted in decreased demand for business credit and increased risk in this market. Consequently, in the first quarter of this year, the Bank further intensified its activities in the household segment, which is more highly diversified at a relatively lower risk, and increased the share of retail credit to 71% of total credit extended by the Bank.

This expanded business in the retail segment is made possible, inter alia, by the rapid growth in new client recruitment by the Bank in 2012. In the first five months of this year, the Bank has been recruiting new clients at an annualized rate of over 60 thousand net new clients, compared to 46 thousand clients who joined the Bank in 2011.

High profitability, operational stability and low risk profile - all these Mizrahi-Tefahot attributes form an optimal platform for achieving the 9.0% capital adequacy target by the date set by the Bank of Israel, end of 2014. Concurrently, we are in a process of adopting advanced risk management models to allow for accurate and efficient capital allocation for the risk attributes of each specific transaction or client. Once this move is complete and receives regulatory approval, the Bank could make precious capital available to a range of other uses", said **Bank President, Eli Yones**.

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

Major balance sheet items

	March 31		Rate of change
	2012	2011	in %
Loans to the public, net	120,407	109,391	10.1%
Deposits from the public	119,501	109,029	9.6%
Equity attributable to equity holders of the banking corporation	7,933	6,886	15.2%
Balance sheet total	150,244	136,185	10.3%

Profit and Profitability

	March 31		Rate of change
	2012	2011	in %
Total financing revenues before expenses with respect to credit loss	788	721	9.3%
Commissions and other revenues	363	388	(6.4%)
Total income	1,151	1,109	3.8%
Expenses with respect to credit loss	67	54	24.1%
Operating and other expenses	694	673	3.1%
Net profit attributable to equity holders of the banking corporation	251	238	5.5%
Net return on equity	13.6%	14.3%	

Financial ratios

	March 31	
	2012	2011
Credit to the public to balance sheet total	80%	80%
Deposits from the public to balance sheet total	80%	80%
Shareholders' equity to balance sheet total	5.28%	5.05%
Expenses with respect to credit loss to loans to the public, net (annualized)	0.22%	0.20%
Cost-income ratio	60.3%	60.6%
Ratio of Tier I capital to risk elements	7.94%	7.61%
Total ratio of capital to risk elements	13.24%	13.48%