

Bank Leumi le-Israel B.M. and its Consolidated Companies

Condensed Consolidated Balance Sheet as at 30 June 2014 (NIS millions)

	30.6.2014	30.6.2013	31.12.2013
	(Unaudited)	(Unaudited)	(Audited)
ASSETS			
Cash and deposits with banks	49,902	42,754	44,351
Securities	49,713	57,580	63,735
Securities borrowed or purchased under agreements to resell	1,634	1,973	1,360
Credit to the public	248,172	242,425	244,757
Allowance for credit losses	(3,787)	(3,942)	(3,883)
Credit to the public, net	244,385	238,483	240,874
Credit to governments	483	478	558
Investments in companies included on equity basis	1,641	1,978	1,689
Buildings and equipment	3,625	3,639	3,638
Intangible assets and goodwill	85	182	99
Assets in respect of derivative instruments	11,860	11,915	13,054
Other assets	5,249	4,732	5,002
Total assets	<u>368,577</u>	<u>363,714</u>	<u>374,360</u>

	30.6.2014	31.6.2013	31.12.2013
	(Unaudited)	(Unaudited)	(Audited)
LIABILITIES AND EQUITY			
Deposits of the public	279,861	275,448	286,003
Deposits from banks	5,201	4,245	4,310
Deposits from governments	359	455	397
Securities lent or sold under agreements to repurchase	747	1,327	624
Bonds, debentures and subordinated notes	24,509	27,587	25,441
Liabilities in respect of derivative instruments	12,153	12,656	13,487
Other liabilities	18,121	16,101	17,333
Total liabilities	<u>340,951</u>	<u>337,819</u>	<u>347,595</u>
Non-controlling interests	323	318	340
Equity attributable to shareholders of the banking corporation	<u>27,303</u>	<u>25,577</u>	<u>26,425</u>
Total equity	<u>27,626</u>	<u>25,895</u>	<u>26,765</u>
Total liabilities and equity	<u>368,577</u>	<u>363,714</u>	<u>374,360</u>

Condensed Consolidated Statement of Profit and Loss for the period ended 30 June 2014 (NIS millions)

	For the three months ended 30 June		For the six months ended 30 June		For the year ended 31 December
	2014	2013	2014	2013	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Interest income	2,812	3,191	5,013	6,054	12,134
Interest expenses	907	1,352	1,351	2,453	4,777
Net interest income	1,905	1,839	3,662	3,601	7,357
Expenses (income) in respect of credit losses	(16)	84	(67)	157	268
Net interest income, after expenses in respect of credit losses	<u>1,921</u>	<u>1,755</u>	<u>3,729</u>	<u>3,444</u>	<u>7,089</u>
Non-interest income					
Non-interest financing income	172	212	495	623	1,127
Commissions	1,040	1,029	2,080	2,054	4,188
Other income	38	5	49	38	202
Total non-interest income	<u>1,250</u>	<u>1,246</u>	<u>2,624</u>	<u>2,715</u>	<u>5,517</u>
Operating and other expenses					
Salaries and related expenses	1,188	1,215	2,500	2,497	5,174
Maintenance and depreciation of buildings and equipment	436	489	878	938	1,833
Amortization of intangible assets and goodwill	11	3	14	6	88
Other expenses	880	472	1,247	795	1,838
Total operating and other expenses	<u>2,515</u>	<u>2,179</u>	<u>4,639</u>	<u>4,236</u>	<u>8,933</u>
Profit before taxes	656	822	1,714	1,923	3,673
Provision for taxes on profit	369	284	754	747	1,391
Profit after taxes	287	538	960	1,176	2,282
Share of the banking corporation in losses after tax of companies included on equity basis	(14)(a)	(54)	(51)(a)	(111)	(293)
Net profit:					
Before attribution to non-controlling interests	273	484	909	1,065	1,989
Attributed to non-controlling interests	17	(10)	6	(21)	(42)
Attributable to shareholders of the banking corporation	<u>290</u>	<u>474</u>	<u>915</u>	<u>1,044</u>	<u>1,947</u>
Basic and diluted earnings per share (NIS)					
Net profit attributed to shareholders of the banking corporation	<u>0.20</u>	<u>0.32</u>	<u>0.62</u>	<u>0.71</u>	<u>1.32</u>

(a) Does not include the effect of the business results of the Israel Corporation for the three month period ended 30 June, 2014.

**Condensed Consolidated Statement of Changes in Equity
for the period ended 30 June 2014 (NIS millions)**

For the three months ended 30 June 2014 (Unaudited)

	Capital reserves			Total share capital and capital reserves	Accumulated other comprehensive income (loss)	Retained earnings	Loans to employees for purchase of the Bank's shares	Total	Non-controlling Interests	Total capital
	Share capital	Premium	Share-based payment transaction and others (a)							
Balance as at 31 March 2014	7,059	1,129	33	8,221	(78)	18,902	(43)	27,002	341	27,343
Net profit for the period	-	-	-	-	-	290	-	290	(17)	273
Adjustments in respect of companies included on equity basis, net	-	-	-	-	-	(6)	-	(6)	-	(6)
Other comprehensive loss, net after the effect of taxes	-	-	-	-	16	-	-	16	(1)	15
Changes in non-controlling interests	-	-	-	-	-	-	1	1	-	1
Balance at the end of the period	<u>7,059</u>	<u>1,129</u>	<u>33</u>	<u>8,221</u>	<u>(62)</u>	<u>19,186</u>	<u>(42)</u>	<u>27,303</u>	<u>323</u>	<u>27,626</u>

For the three months ended 30 June 2013 (Unaudited)

	Capital reserves			Total share capital and capital reserves	Accumulated other comprehensive income (loss)	Retained earnings	Loans to employees for purchase of the Bank's shares	Total	Non-controlling Interests	Total capital
	Share capital	Premium	Share-based payment transaction and others (a)							
Balance as at 31 March 2013	7,059	1,129	23	8,221	250	16,866	(43)	25,284	308	25,592
Net profit for the period	-	-	-	-	-	474	-	474	10	484
Adjustments in respect of companies included on equity basis	-	-	-	-	-	16	-	16	-	16
Other comprehensive loss, net after the effect of taxes	-	-	-	-	(201)	-	-	(201)	-	(201)
Changes in non-controlling interests	-	-	-	-	-	4	-	4	-	4
Balance at the end of the period	<u>7,059</u>	<u>1,129</u>	<u>23</u>	<u>8,221</u>	<u>49</u>	<u>17,360</u>	<u>(43)</u>	<u>25,577</u>	<u>318</u>	<u>25,895</u>

For the six months ended 30 June 2014 (Unaudited)

	Capital reserves			Total share capital and capital reserves	Accumulated other comprehensive income (loss)	Retained earnings	Loans to employees for purchase of the Bank's shares	Total	Non-controlling Interests	Total capital
	Share capital	Premium	Share-based payment transaction and others (a)							
Balance as at December 2013 (Audited)	7,059	1,129	33	8,221	(31)	18,278	(43)	26,425	340	26,765
Net profit for the period	-	-	-	-	-	915	-	915	(6)	909
Dividend paid by consolidated companies	-	-	-	-	-	-	-	-	(10)	(10)
Adjustments in respect of companies included on equity basis, net	-	-	-	-	-	(7)	-	(7)	-	(7)
Other comprehensive loss, net, after effect of taxes	-	-	-	-	(31)	-	-	(31)	-	(31)
Changes in non-controlling interests	-	-	-	-	-	-	1	1	(1)	-
Balance as the end of the period	<u>7,059</u>	<u>1,129</u>	<u>33</u>	<u>8,221</u>	<u>(62)</u>	<u>19,186</u>	<u>(42)</u>	<u>27,303</u>	<u>323</u>	<u>27,626</u>

For the six months ended 30 June 2013 (Unaudited)

	Capital reserves			Total share capital and capital reserves	Accumulated other comprehensive income (loss)	Retained earnings	Loans to employees for purchase of the Bank's shares	Total	Non-controlling Interests	Total capital
	Share capital	Premium	Share-based payment transaction and others (a)							
Balance at 31 December 2012 (Audited)	7,059	1,129	23	8,211	458	16,296	(44)	24,921	307	25,228
Net profit for the period	-	-	-	-	-	1,044	-	1,044	21	1,065
Dividend paid by consolidated companies	-	-	-	-	-	-	-	-	(6)	(6)
Adjustments in respect of companies included on equity basis, net	-	-	-	-	-	16	-	16	-	16
Other comprehensive loss net, after the effect of taxes	-	-	-	-	(409)	-	-	(409)	(4)	(413)
Changes in non-controlling interests	-	-	-	-	-	4	1	5	-	5
Balance as the end of the period	<u>7,059</u>	<u>1,129</u>	<u>23</u>	<u>8,221</u>	<u>49</u>	<u>17,360</u>	<u>(43)</u>	<u>25,577</u>	<u>318</u>	<u>25,895</u>

For the year ended 31 December 2013 (Audited)

	Capital reserves				Total share capital and capital reserves	Accumulated other comprehensive income (loss)	Retained earnings	Loans to employees for purchase of the Bank's shares	Total	Non-controlling Interests	Total capital
	Share capital	Premium	Share-based payment transaction and others (a)								
Balance at 31 December 2012 (Audited)	7,059	1,129	23		8,211	458	16,296	(44)	24,921	307	25,228
Net profit for the period	-	-	-		-	-	1,947	-	1,947	42	1,989
Dividend paid by consolidated companies	-	-	-		-	-	-	-	-	(6)	(6)
Adjustments in respect of companies included on equity basis, net	-	-	-		-	-	24	-	24	-	24
Benefit to employees in respect of share based payments	-	-	10		10	-	-	-	10	-	10
Other comprehensive loss, net after the effect of taxes	-	-	-		-	(489)	-	-	(489)	(3)	(492)
Other adjustments in respect of companies included on equity basis	-	-	-		-	-	11	-	11	-	11
Loans to Employees for purchase of the Bank's shares	-	-	-		-	-	-	1	1	-	1
Balance as at 31 December 2013 (Audited)	<u>7,059</u>	<u>1,129</u>	<u>33</u>		<u>8,221</u>	<u>(31)</u>	<u>18,278</u>	<u>(43)</u>	<u>26,425</u>	<u>340</u>	<u>26,765</u>

The complete report for the period ended 30 June 2014 including condensed financial statements, directors report and management review is available for public inspection at all branches of the bank.
A copy of the said report will be provided on request. The representative exchange rate against the dollar on 30 June 2014, according to which the financial statements have been prepared, was NIS 3.438

(a) Including NIS 10 million of other capital reserves.

Consolidated Statement of Comprehensive Income
For the period ended 30 June 2014

	(NIS millions)				
	For the three months Ended 30 June		For the six months ended 30 June		For the year ended 31 December
	2014	2013	2014	2013	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Net profit before attribution to non-controlling interests	273	484	909	1,065	1,989
Less net profit (loss) attributed to non-controlling interests	(17)	10	(6)	21	42
Net profit attributed to shareholders of the Bank	290	474	915	1,044	1,947
Other comprehensive income (loss), before taxes:					
Adjustments for showing securities available for sale at fair value, net	63	(225)	55	(452)	(518)
Adjustments for translation of financial statements, net (a), after hedges (b)	(18)	(31)	(8)	(50)	(115)
Share of the banking corporation in other comprehensive income (loss) of companies included on equity basis	12 (c)	(22)	(3) (c)	(26)	11
Other comprehensive income (loss), before taxes	57	(278)	44	(528)	(622)
Relevant tax effect	(42)	77	(75)	115	130
Other comprehensive income (loss) before attribution to non-controlling interests, after taxes	15	(201)	(31)	(413)	(492)
Less other comprehensive income (loss) attributed to non-controlling interests	(1)	-	-	(4)	(3)
Other comprehensive income (loss) attributed to shareholders of the banking corporation, after taxes	16	(201)	(31)	(409)	(489)
Comprehensive income before attribution to non-controlling interests	288	283	878	652	1,497
Less comprehensive income (loss) attributed to non-controlling interests	(18)	10	(6)	17	39
Comprehensive income attributed to shareholders of the Bank	306	273	884	635	1,458

- (a) Adjustments for translation of financial statements of foreign operations whose functional currency is different from the functional currency of the Bank.
(b) Hedges – profits (losses) net in respect of hedging a net investment in foreign currency.
(c) Does not include the effect of the business results of the Israel Corporation for the three months period ended 30 June 2014.

David Brodet
Chairman of the Board of Directors

Rakefet Russak-Aminoach
President and Chief Executive Officer

Ron Fainaro
Executive Vice President,
Head of Economics and
Finance Division

Shlomo Goldfarb
Executive Vice President,
Chief Accounting Officer,
Head of Accounting Division

20 August 2014

