

# Bank Leumi of Israel Ltd. and its Consolidated Companies

## Condensed Consolidated Statement of Profit and Loss For the period ended 30 September 2017 (NIS millions)

	For the three months ended 30 September		For the nine months ended 30 September		For the year ended 31 December
	2017	2016	2017	2016	2016
Interest income	2,294	2,607	7,500	7,236	9,552
Interest expenses	376	637	1,544	1,577	2,026
Net interest income	1,918	1,970	5,956	5,659	7,526
Expenses (income) for credit losses	3	106	146	(171)	(125)
Net interest income after expenses for credit losses	1,915	1,864	5,810	5,830	7,651
<b>Noninterest income</b>					
Noninterest financing income	222	499	674	1,057	1,282
Commissions	1,043	996	3,068	2,973	3,967
Other income	41	19	71	54	159
Total noninterest income	1,306	1,514	3,813	4,084	5,408
<b>Operating and other expenses</b>					
Salaries and related expenses	1,264	<sup>(a)</sup> 1,354	3,831	<sup>(a)</sup> 4,142	5,422
Buildings & equipment maintenance & depreciation	406	<sup>(a)</sup> 435	1,239	<sup>(a)</sup> 1,254	1,697
Other expenses	406	<sup>(a)</sup> 166	1,076	<sup>(a)</sup> 904	1,461
Total operating & other expenses	2,076	1,955	6,146	6,300	8,580
Income before tax	1,145	1,423	3,477	3,614	4,479
Provision for tax on income	376	514	1,220	1,292	1,717
Income after tax	769	909	2,257	2,322	2,762
Share of the Bank in profits of associate companies, after tax	60	21	85	56	66
<b>Net income</b>					
Before attributed to non-controlling interests	829	930	2,342	2,378	2,828
Due to non-controlling interests	(9)	(11)	(24)	(30)	(37)
Due to shareholders of the Bank	820	919	2,318	2,348	2,791
<b>Basic and diluted earnings per share (in NIS)</b>					
Net income due to shareholders of the Bank	0.52	0.60	1.50	1.55	1.85
Diluted net income due to shareholders of the Bank	0.52	0.60	1.50	1.55	1.84

(a) Reclassified.

## Condensed Consolidated Balance Sheet As at 30 September 2017 (NIS millions)

	30 September		31 December	
	2017	2016	2016	2016
<b>ASSETS</b>				
Cash and deposits with banks	66,134	59,067	74,757	
Securities	82,098	82,493	77,201	
Securities borrowed or purchased under agreements to resell	872	896	1,284	
Loans to the public	269,630	267,895	265,450	
Allowance for credit losses	(3,272)	(3,527)	<sup>(b)</sup> (3,493)	
Loans to the public, net	266,358	264,368	261,957	
Loans to governments	695	623	642	
Investments in associate companies	923	897	901	
Buildings & equipment	2,931	3,044	3,147	
Intangible assets & goodwill	16	17	17	
Derivative assets	10,954	11,630	10,654	
Other assets	8,251	8,723	<sup>(b)</sup> 8,043	
Total assets	439,232	431,758	438,603	
<b>LIABILITIES AND EQUITY</b>				
Deposits from the public	350,201	336,851	346,854	
Deposits from banks	4,460	3,589	3,394	
Deposits from governments	539	661	900	
Securities lent or sold under agreements to repurchase	637	553	539	
Debentures, bonds & subordinated notes	16,407	23,765	22,640	
Derivative liabilities	11,275	12,634	10,677	
Other liabilities(a)	22,539	22,117	21,885	
Total liabilities	406,058	400,170	406,889	
Total equity due to shareholders of the Bank	32,793	31,228	31,347	
Non-controlling interests	381	360	367	
Total equity	33,174	31,588	31,714	
Total liabilities and equity	439,232	431,758	438,603	

(a) Of which: allowance for credit losses in off-balance sheet credit instruments, NIS 492 million (30 September 2016 - NIS 487 million, 31 December 2016 - NIS 488 million).

(b) Reclassified.

## Condensed Consolidated Statement of other Comprehensive Income For the period ended 30 September 2017 (NIS millions)

	For the three months ended 30 September		For the nine months ended 30 September		For the year ended 31 December
	2017	2016	2017	2016	2016
Net income before attribution to non-controlling interests	829	930	2,342	2,378	2,828
Less income due to non-controlling interests	9	11	24	30	37
Net income due to shareholders of the Bank	820	919	2,318	2,348	2,791
<b>Other comprehensive income (loss), before tax:</b>					
Adjustments for classification of securities available for sale at fair value, net	259	(346)	256	210	(281)
Adjustments for translation of financial statements, net (a), after the effect of tax and hedges (b)	2	(14)	(32)	(24)	(11)
Adjustments for liabilities in respect of employee benefits (c)	(806)	787	(943)	(918)	(928)
Share of the Bank in other comprehensive income (loss) of associate companies	(13)	(14)	(24)	(15)	(20)
Other comprehensive income (loss), before tax	(558)	413	(743)	(747)	(1,240)
Relevant tax	185	(168)	160	224	376
<b>Other comprehensive income (loss) before attribution to non-controlling interests, after tax</b>	<b>(373)</b>	<b>245</b>	<b>(583)</b>	<b>(523)</b>	<b>(864)</b>
Less other comprehensive income (loss) due to non-controlling interests	-	-	-	-	-
Other comprehensive income (loss) due to shareholders of the Bank, after tax	(373)	245	(583)	(523)	(864)
Other comprehensive income before attribution to non-controlling interests	456	1,175	1,759	1,855	1,964
Less other comprehensive income due to non-controlling interests	9	11	24	30	37
<b>Other comprehensive income due to shareholders of the Bank</b>	<b>447</b>	<b>1,164</b>	<b>1,735</b>	<b>1,825</b>	<b>1,927</b>

(a) Adjustments for translation of financial statements of foreign operations whose functional currency is different from the functional currency of the Bank.

(b) Hedges - gains (losses) net in respect of hedging a net investment in foreign currency.

(c) Reflects mainly adjustments in respect of actuarial adjustments at year end of defined benefit pension plans and amortization of amounts recorded in the past in other comprehensive income.

## Condensed Statement of Changes in Capital For the period ended 30 September 2017 (NIS millions)

For the three months ended 30 September 2017									
	Capital reserves			Total share capital and capital reserves	Accumulated other comprehensive income (loss)	Retained earnings	Total	Non-controlling Interests	Total equity
	Share capital	Premium	Share-based payment transaction and others (a)						
Balance at 30 June 2017	7,110	1,729	38	8,877	(2,522)	26,166	32,521	372	32,893
Net income for the period	-	-	-	-	-	820	820	9	829
Other comprehensive loss, net after tax	-	-	-	-	(373)	-	(373)	-	(373)
Dividend paid	-	-	-	-	-	(175)	(175)	-	(175)
Balance at 30 September 2017	7,110	1,729	38	8,877	(2,895)	26,811	32,793	381	33,174

For the three months ended 30 September 2016									
	Capital reserves			Total share capital and capital reserves	Accumulated other comprehensive income (loss)	Retained earnings	Total	Non-controlling Interests	Total equity
	Share capital	Premium	Share-based payment transaction and others (a)						
Balance at 30 June 2016	7,109	1,722	36	8,867	(2,216)	23,413	30,064	349	30,413
Net income for the period	-	-	-	-	-	919	919	11	930
Other comprehensive loss, net after tax	-	-	-	-	245	-	245	-	245
Balance at 30 September 2016	7,109	1,722	36	8,867	(1,971)	24,332	31,228	360	31,588

For the nine months ended 30 September 2017									
	Capital reserves			Total share capital and capital reserves	Accumulated other comprehensive income (loss)	Retained earnings	Total	Non-controlling Interests	Total equity
	Share capital	Premium	Share-based payment transaction and others (a)						
Balance at 31 December 2016	7,109	1,722	36	8,867	(2,312)	24,792	31,347	367	31,714
Net income for the period	-	-	-	-	-	2,318	2,318	24	2,342
Issuance of shares	1	7	(8)	-	-	-	-	-	-
Benefit to employees for share-based payment transactions	-	-	10	10	-	-	10	-	10
Other comprehensive loss, net after tax	-	-	-	-	(583)	-	(583)	-	(583)
Dividend paid by consolidated companies	-	-	-	-	-	-	-	(10)	(10)
Dividend paid	-	-	-	-	-	(299)	(299)	-	(299)
Balance at 30 September 2017	7,110	1,729	38	8,877	(2,895)	26,811	32,793	381	33,174

For the nine months ended 30 September 2016									
	Capital reserves			Total share capital and capital reserves	Accumulated other comprehensive income (loss)	Retained earnings	Total	Non-controlling Interests	Total equity
	Share capital	Premium	Share-based payment transaction and others (a)						
Balance at 31 December 2015	7,059	1,129	43	8,231	(1,448)	21,984	28,767	340	29,107
Net income for the period	-	-	-	-	-	2,348	2,348	30	2,378
Issuance of shares	50	593	(7)	636	-	-	636	-	636
Other comprehensive loss, net after tax	-	-	-	-	(523)	-	(523)	-	(523)
Dividend paid by consolidated companies	-	-	-	-	-	-	-	(10)	(10)
Balance at 30 September 2016	7,109	1,722	36	8,867	(1,971)	24,332	31,228	360	31,588

For the year ended 31 December 2016									
	Capital reserves			Total share capital and capital reserves	Accumulated other comprehensive income (loss)	Retained earnings	Total	Non-controlling Interests	Total equity
	Share capital	Premium	Share-based payment transaction and others (a)						
Balance at 31 December 2015	7,059	1,129	43	8,231	(1,448)	21,984	28,767	340	29,107
Net income	-	-	-	-	-	2,791	2,791	37	2,828
Adjustments in respect of associate companies, net	-	-	-	-	-	17	17	-	17
Other comprehensive loss, net after tax	-	-	-	-	(864)	-	(864)	-	(864)
Issuance of shares	50	593	(7)	636	-	-	636	-	636
Dividend paid by consolidated companies	-	-	-	-	-	-	-	(10)	(10)
Balance at 31 December 2016	7,109	1,722	36	8,867	(2,312)	24,792	31,347	367	31,714

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

David Brodet  
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Head of Accounting Division



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