

# Bank Leumi le-Israel B.M. and consolidated companies

Condensed Consolidated Balance Sheet as at 30 June 2013 (NIS millions)

ASSETS	30.6.2013	30.6.2012	31.12.2012
Cash and deposits with banks	42,754	39,166	54,621
Securities	57,580	60,348	56,408
Securities borrowed or purchased under agreements to resell	1,973	2,165	1,435
Credit to the public	242,425	245,287	245,378
Allowance for credit losses	(3,942)	(3,860)	(4,114)
Credit to the public, net	238,483	241,427	241,264
Credit to governments	478	412	442
Investments in companies included on equity basis	1,978	2,129	2,129
Buildings and equipment	3,639	3,753	3,705
Intangible assets and goodwill	182	172	189
Assets in respect of derivative instruments	11,915	12,259	11,438
Other assets	4,732	4,251	4,529
<b>Total assets</b>	<b>363,714</b>	<b>366,082</b>	<b>376,160</b>

LIABILITIES AND EQUITY	30.6.2013	30.6.2012	31.12.2012
Deposits of the public	275,448	280,434	289,538
Deposits from banks	4,245	3,981	4,073
Deposits from governments	455	462	451
Securities lent or sold under agreements to repurchase	1,327	1,287	1,007
Bonds, debentures and subordinated notes	27,587	28,223	27,525
Liabilities in respect of derivative instruments	12,656	12,575	12,762
Other liabilities	16,101	14,587	15,576
<b>Total liabilities</b>	<b>337,819</b>	<b>341,549</b>	<b>350,932</b>
Non-controlling interests	318	267	307
Equity attributable to shareholders of the banking corporation	25,577	24,266	24,921
<b>Total equity</b>	<b>25,895</b>	<b>24,533</b>	<b>25,228</b>
<b>Total liabilities and equity</b>	<b>363,714</b>	<b>366,082</b>	<b>376,160</b>

## Condensed Consolidated Statement of Profit and Loss for the Periods Ended 30 June 2013 (NIS millions)

	For the three months ended 30 June		For the six months ended 30 June		For the year ended 31 December
	2013	2012	2013	2012	2012
Interest income	3,191	3,914	6,054	7,178	13,507
Interest expenses	1,352	1,990	2,453	3,426	6,099
Net interest income	1,839	1,924	3,601	3,752	7,408
Expenses in respect of credit losses	84	333	157	558	1,236
Net interest income, after expenses in respect of credit losses	1,755	1,591	3,444	3,194	6,172
<b>Non-interest income</b>					
Non-interest financing income	212	(25)	623	120	444
Commissions	1,029	1,022	2,054	2,042	4,199
Other income	5	(2)	38	10	131
<b>Total non-interest income</b>	<b>1,246</b>	<b>995</b>	<b>2,715</b>	<b>2,172</b>	<b>4,774</b>
<b>Operating and other expenses</b>					
Salaries and related expenses	1,215	1,356	2,497	2,542	5,290
Maintenance and depreciation of buildings and equipment	489	446	938	873	1,819
Amortization of intangible assets and goodwill	3	5	6	11	23
Other expenses	472	393	795	769	1,968
<b>Total operating and other expenses</b>	<b>2,179</b>	<b>2,200</b>	<b>4,236</b>	<b>4,195</b>	<b>9,100</b>
Profit before taxes	822	386	1,923	1,171	1,846
Provision for taxes on profit	284	159	747	465	811
Profit after taxes	538	227	1,176	706	1,035
Share of the banking corporation in profits (losses) after tax of companies included on equity basis	(54)	63	(111)	24	(67)
<b>Net profit</b>					
Before attribution to non-controlling interests	484	290	1,065	730	968
Attributable to non-controlling interests	(10)	(10)	(21)	(19)	(37)
<b>Attributed to shareholders of the banking corporation</b>	<b>474</b>	<b>280</b>	<b>1,044</b>	<b>711</b>	<b>931</b>

### Basic and diluted earnings per share

(NIS)

Net profit Attributable to shareholders of the banking corporation	0.32	0.19	0.71	0.48	0.63
--	------	------	------	------	------

The representative exchange rate against the dollar on 30 June 2013, according to which the financial statements have been prepared, was NIS 3.618.

**Condensed Consolidated Statement of Changes in Equity**  
**For the Periods Ended 30 June 2013 (NIS millions)**

For the three months ended 30 June 2013

	Capital reserves									
	Share capital	Premium	Share-based payment transaction and others (a)	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
Balance at 31 March 2013	7,059	1,129	23	8,211	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 effect of taxes (c)	-	-	-	-	(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>8,211</u>	<u>49</u>	<u>17,360</u>	<u>(43)</u>	<u>25,577</u>	<u>318</u>	<u>25,895</u>

For the three months ended 30 June 2012

	Capital reserves									
	Share capital	Premium	Share-based payment transaction and others (a)	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
Balance at 31 March 2012	7,059	1,129	23	8,211	140	15,811	(44)	24,118	257	24,375
Net profit for the period	-	-	-	-	-	280	-	280	10	290
Adjustments in respect of companies included on equity basis	-	-	-	-	-	3	-	3	-	3
Other comprehensive loss, net, after effect of taxes (c)	-	-	-	-	(131)	-	-	(131)	-	(131)
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>8,211</u>	<u>9</u>	<u>16,090</u>	<u>(44)</u>	<u>24,266</u>	<u>267</u>	<u>24,533</u>

**Condensed Consolidated Statement of Changes in Equity (cont'd)**  
**For the Periods Ended 30 June 2013 (NIS millions)**

For the six months ended 30 June 2013

	Capital reserves									
	Share capital	Premium	Share-based payment transaction and others (a)	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
Balance at 31 December 2012	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 to non-controlling interests in subsidiaries	-	-	-	-	-	-	-	-	(6)	(6)
Adjustments in respect of companies included on equity basis	-	-	-	-	-	16	-	16	-	16
Other comprehensive loss, net, after effect of taxes (c)	-	-	-	-	(409)	-	-	(409)	(4)	(413)
Changes in non-controlling interests	-	-	-	-	-	4	1	5	-	5
Balance at the end of the period	<u>7,059</u>	<u>1,129</u>	<u>23</u>	<u>8,211</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 2012

	Capital reserves									
	Share capital	Premium	Share-based payment transaction and others (a)	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
Balance at 31 December 2011	7,059	1,129	23	8,211	(199)	15,406	(44)	23,374	254	23,628
Adjustment of opening balances in respect of first-time implementation of IFRS (b)	-	-	-	-	-	(26)	-	(26)	-	(26)
Net profit for the period	-	-	-	-	-	711	-	711	19	730
Dividend paid to non-controlling interests in subsidiaries	-	-	-	-	-	-	-	-	(8)	(8)
Adjustments in respect of companies included on equity basis	-	-	-	-	-	3	-	3	-	3
Other comprehensive income, net, after effect of taxes (c)	-	-	-	-	208	-	-	208	1	209
Changes in non-controlling interests	-	-	-	-	-	(4)	-	(4)	1	(3)
Balance at the end of the period	<u>7,059</u>	<u>1,129</u>	<u>23</u>	<u>8,211</u>	<u>9</u>	<u>16,090</u>	<u>(44)</u>	<u>24,266</u>	<u>267</u>	<u>24,533</u>

**Condensed Consolidated Statement of Changes in Equity (cont'd)**  
**For the Periods Ended 30 June 2013 (NIS millions)**

For the year ended 31 December 2012

	Capital reserves									
	Share capital	Premium	Share-based payment transaction and others (a)	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
Balance at 31 December 2011	7,059	1,129	23	8,211	(199)	15,406	(44)	23,374	254	23,628
Adjustment of opening balances in respect of first-time implementation of IFRS (b)	-	-	-	-	-	(26)	-	(26)	-	(26)
Net profit for the period	-	-	-	-	-	931	-	931	37	968
Adjustments in respect of companies included on equity basis	-	-	-	-	-	(9)	-	(9)	-	(9)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(8)	(8)
Other comprehensive income, net, after effect of taxes (c)	-	-	-	-	657	-	-	657	-	657
Changes in non-controlling interests	-	-	-	-	-	(6)	-	(6)	24	18
Balance at 31 December 2012	<u>7,059</u>	<u>1,129</u>	<u>23</u>	<u>8,211</u>	<u>458</u>	<u>16,296</u>	<u>(44)</u>	<u>24,921</u>	<u>307</u>	<u>25,228</u>

(a) Including NIS10 million of other capital reserves.

(b) Mainly in respect of implementation of IAS12 an amount of NIS42 million and other adjustments in respect of foreign subsidiaries.

(c) On 1 January 2013, the Bank implemented for the first time the directives of the Supervisor of Banks on the statement of comprehensive income. Comparative figures were reclassified to adapt to the new manner of presentation.

**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

28 August 2013

