

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

Condensed Consolidated Balance Sheet as at
31 December 2015 (NIS millions)

	2015	2014
ASSETS		
Cash and deposits with banks	60,455	60,615
Securities	69,475	52,113
Securities borrowed or purchased under agreements to resell	1,764	2,000
Credit to the public	265,070	256,468
Allowance for credit losses	(3,671)	(3,988)
Credit to the public, net	261,399	252,480
Credit to governments	453	528
Investments in companies included on equity basis	924	2,216
Buildings and equipment	3,095	(a) 3,162
Intangible assets and goodwill	18	43
Assets in respect of derivative instruments	11,250	16,909
Other assets	7,666	(a)(c) 6,918
Total assets	416,499	396,984

- (a) Restated pursuant to retroactive implementation of US GAAP on employee rights and retroactive implementation of the directives of the Supervisor of Banks on capitalization of in-house software development
- (b) Of which: allowance for credit losses in off-balance sheet credit instruments, NIS 482 million (31 December 2014 - NIS 494 million).
- (c) Reclassified.

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2015

	2015	2014 (c)	2013 (c)
Net profit before attribution to non-controlling interests	2,866	1,425	2,030
Less profit attributed to non-controlling interests	31	12	42
Net profit attributed to shareholders of the Bank	2,835	1,413	1,988
Other comprehensive income (loss), before taxes:			
Adjustments for showing securities available for sale at fair value, net	(423)	355	(518)
Adjustments for translation of financial statements, net (a), after the effect of tax and hedges (b)	(9)	192	(115)
Adjustments for liabilities in respect of employee benefits (d)	683	(1,384)	(483)
Share of the banking corporation in other comprehensive income of companies included on equity basis	11	(108)	(6)
Other comprehensive income, before taxes:	262	(945)	(1,122)
Relevant tax effect	(161)	447	335
Other comprehensive income (loss) before attribution to non-controlling interests, after taxes	101	(498)	(787)
Less other comprehensive income (loss) attributed to non-controlling interests	-	-	(3)
Other comprehensive income (loss) attributed to shareholders of the banking corporation after taxes	101	(498)	(784)
Comprehensive income before attribution to non-controlling interests	2,967	927	1,243
Comprehensive income attributed to non-controlling interests	31	12	39
Comprehensive Income attributed to shareholders of the Bank	2,936	915	1,204

- (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) Restated pursuant to retroactive implementation of US GAAP on employee rights and retroactive implementation of the letter of the Supervisor of Banks on capitalization of in-house software development.
- (d) 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 Consolidated Statement of Profit and Loss for the year
ended 31 December 2015 (NIS millions)

	2015	2014	2013
Interest income	8,784	10,012	12,134
Interest expenses	1,666	2,649	4,777
Interest income, net	7,118	7,363	7,357
Expenses in respect of credit losses	199	472	268
Net interest income after expenses in respect of credit losses	6,919	6,891	7,089
Non-interest income			
Non-interest financing income	1,610	795	1,127
Commissions	4,092	4,167	4,188
Other income	595	(a) 179	(a) 116
Total non-interest income	6,297	5,141	5,431
Operating and other expenses			
Salaries and related expenses	5,448	(a) 5,151	(a) 5,070
Buildings and equipment maintenance and depreciation	1,702	(a) 1,655	(a) 1,821
Amortization of intangible assets	5	58	88
Other expenses	1,681	2,507	1,838
Total operating and other expenses	8,836	9,371	8,817
Profit before taxes	4,380	2,661	3,703
Provision for taxes on profit	1,691	(a) 1,278	(a) 1,380
Profit after taxes	2,689	1,383	2,323
Share of the banking corporation in profits (losses) of companies included on equity basis, after tax	177	42	(293)
Net profit			
Before attributed to non-controlling interests	2,866	1,425	2,030
Attributed to non-controlling interests	(31)	(12)	(42)
Attributed to shareholders of the banking corporation	2,835	1,413	1,988
Basic and diluted earnings per share:			
Net profit attributed to shareholders of the banking corporation (in NIS)	1.92	(a) 0.96	(a) 1.35

- (a) Restated pursuant to retroactive implementation of US GAAP on employee rights, and retroactive implementation of the letter of the Supervisor of Banks on capitalization of in-house software development.

Condensed Consolidated Statement of Changes in Shareholders' Equity
for the year ended 31 December 2015 (NIS millions)

	Capital reserves				Accumulated other comprehensive profit (loss)	Retained earnings(c)	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)	Total share capital and capital reserves						
Balance as at 1 January 2013	7,059	1,129	23	8,211	458	15,965	(44)	24,590	307	24,897
Effect of first-time adoption of implementation rules for capitalization of software costs (b)	-	-	-	-	-	(346)	-	(346)	-	(346)
Effect of first-time adoption of US GAAP on employee rights (b)	-	-	-	-	(725)	38	-	(687)	-	(687)
Balance at January 1, 2013 after first-time implementation of the new rules	7,059	1,129	23	8,211	(267)	15,657	(44)	23,557	307	23,864
Net profit(b)(c)	-	-	-	-	-	1,988	-	1,988	42	2,030
Adjustments in respect of companies included on equity basis, net	-	-	-	-	-	35	-	35	-	35
Employee benefit from share based payment transactions	-	-	10	10	-	-	-	10	-	10
Other comprehensive loss, net after the effect of tax	-	-	-	-	(784)	-	-	(784)	(3)	(787)
Loans to Employees for purchase of the bank's shares	-	-	-	-	-	-	1	1	-	1
Dividend paid by consolidated companies	-	-	-	-	-	-	-	-	(6)	(6)
Balance as at 31 December 2013	7,059	1,129	33	8,221	(1,051)	17,680	(43)	24,807	340	25,147
Net profit (b)	-	-	-	-	-	1,413	-	1,413	12	1,425
Adjustments in respect of companies included on equity basis, net	-	-	-	-	-	75	-	75	-	75
Other comprehensive income, net after the effect of tax	-	-	-	-	(498)	-	-	(498)	-	(498)
Changes in non-controlling interests	-	-	-	-	-	-	1	1	(2)	(1)
Dividend paid by consolidated companies	-	-	-	-	-	-	-	-	(10)	(10)
Balance as at 31 December 2014	7,059	1,129	33	8,221	(1,549)	19,168	(42)	25,798	340	26,138
Net profit(b)	-	-	-	-	-	2,835	-	2,835	31	2,866
Adjustments in respect of companies included on equity basis, net	-	-	-	-	-	(19)	-	(19)	-	(19)
Employee benefit from share based payment transactions	-	-	10	10	-	-	-	10	-	10
Other comprehensive loss, net after the effect of tax	-	-	-	-	101	-	-	101	-	101
Loans to Employees for purchase of the bank's shares	-	-	-	-	-	-	42	42	-	42
Dividend paid by consolidated companies	-	-	-	-	-	-	-	-	(10)	(10)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(21)	(21)
Balance as at 31 December 2015	7,059	1,129	43	8,231	(1,448)	21,984	-	28,767	340	29,107

The complete report for the period ended 31 December 2015 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 31 December 2015, according to which the financial statements have been prepared, was NIS 3.902

- (a) Including NIS 10 million of other capital reserves.
- (b) Restated pursuant to retroactive implementation of US GAAP on employee rights and retroactive implementation of the letter of the Supervisor of Banks on capitalization of in-house software development.
- (c) Including NIS 350 million not available for distribution as a dividend (31 December 2014 - NIS 353 million, 31 December 2013 - NIS 471 million). The balance of the amount for allocation is subject to Bank of Israel directives and the limitations set out in Proper Conduct of Banking Business Directives.



David Brodet
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Head of Finance Division

Rakefet Russak-Aminoach
President and
Chief Executive Officer

Zipporah Samet
Director

Yoav Nardi
Director

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

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