

Bank Leumi le-Israel B.M. and subsidiaries

Condensed Consolidated Balance Sheet as at 31 December 2011 (Audited) Reported amounts (NIS millions)

ASSETS	31 December		LIABILITIES AND EQUITY CAPITAL	31 December	
	2011	2010		2011	2010
Cash and deposits with banks	53,044	30,052	Deposits of the public	279,404	249,584
Securities	47,936	55,791	Deposits from banks	5,056	2,691
Securities borrowed or purchased under agreement to resell	1,225	1,190	Deposits from governments	519	660
Credit to the public (a)	245,287	234,255	Securities loaned or sold under agreement to repurchase	442	1,006
Allowance for credit losses (a)	(3,967)	(10,274)	Debentures, bonds and subordinated notes	29,999	26,939
Net credit to the public	241,320	223,981	Liabilities in respect of derivative instruments (a)	12,069	9,985
Credit to governments	448	379	Other liabilities (a) (b)	14,737	13,846
Investments in companies included on equity basis	2,270	1,924	Total liabilities	342,226	304,711
Buildings and equipment	3,653	3,638	Non-controlling interests	254	318
Intangible assets and goodwill (a)	181	45	Equity attributable to the shareholders of the banking corporation (b)	23,374	23,293
Assets in respect of derivative instruments (a)	11,573	8,717	Total equity	23,628	23,611
Other assets (a) (b)	4,204	2,605	Total liabilities and equity	365,854	328,322
Total assets	365,854	328,322			

Condensed Consolidated Statement of Changes in Shareholders' Equity for the year ended 31 December 2011 (Audited) Reported amounts (NIS millions)

	For the Year Ended 31 December 2011 (Audited)											
	Capital reserves				Accumulated other comprehensive income (expenses)							
	Share capital	Premium	Share-based payment transaction and others (c)	Total share capital and capital reserves	Adjustments in respect of presentation of securities available for sale at fair value	Translation adjustments (d)	Capital reserve in respect of companies included on equity basis	Retained earnings	Loans to employees for purchase of the bank's shares	Total	Non-controlling Interests	Total equity
Balance as at 1 January 2009 (b)	7,059	855	284	8,198	(648)	(502)	—	11,593	(374)	18,267	245	18,512
Net profit for the year (b)	—	—	—	—	—	—	—	2,089	—	2,089	36	2,125
Expiration of options	—	117	(117)	—	—	—	—	—	—	—	—	—
Employee benefit – tax effect	—	—	30	30	—	—	—	—	—	30	—	30
Other comprehensive income in companies included on equity basis which was directly recorded to retained earnings	—	—	—	—	—	—	—	164	—	164	—	164
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	—	2,357	—	—	—	—	2,357	1	2,358
Profits in respect of securities available for sale that were realized and/or charged to profit and loss (e)	—	—	—	—	(876)	—	—	—	—	(876)	—	(876)
Related tax effect	—	—	—	—	(524)	—	—	—	—	(524)	—	(524)
Adjustments from translation in respect of companies included on equity basis	—	—	—	—	—	28	—	—	—	28	—	28
Loans to employees for purchase of the Bank's shares	—	—	—	—	—	—	—	—	(3)	(3)	—	(3)
Balance as at 31 December 2009 (b)	7,059	972	197	8,228	309	(474)	—	13,846 (g)	(377)	21,532	282	21,814
Net profit for the year (b)	—	—	—	—	—	—	—	2,334	—	2,334	39	2,373
Expiration of options	—	157	(157)	—	—	—	—	—	—	—	—	—
Employee benefit – tax effect	—	—	(30)	(30)	—	—	—	—	—	(30)	—	(30)
Dividend paid	—	—	—	—	—	—	—	(500)	—	(500)	—	(500)
Proposed dividend	—	—	—	—	—	—	—	(500)	—	(500)	—	(500)
Adjustments in respect of companies included on equity basis, net	—	—	—	—	—	14	25	(117)	—	(78)	—	(78)
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	—	538	—	—	—	—	538	—	538
Profits in respect of securities available for sale that were realized and/or charged to profit and loss (e)	—	—	—	—	(303)	—	—	—	—	(303)	—	(303)
Related tax effect	—	—	—	—	(76)	—	—	—	—	(76)	—	(76)
Loans to employees for purchase of the Bank's shares	—	—	—	—	—	—	—	—	376	376	—	376
Changes in non-controlling interests	—	—	—	—	—	—	—	—	—	—	(3)	(3)
Balance as at 31 December 2010 (b)	7,059	1,129	10	8,198	468	(460)	25	15,063 (g)	(1)	23,293	318	23,611
Adjustment of opening balance in respect of change to impaired debts and IFRS (d) (f)	—	—	—	—	—	381	—	(1,090)	—	(709)	(14)	(723)
Net profit for the year	—	—	—	—	—	—	—	1,891	—	1,891	46	1,937
Dividend paid	—	—	—	—	—	—	—	(400)	—	(400)	(15)	(415)
Benefit to employees in respect of share-based payment transactions	—	—	13	13	—	—	—	—	—	13	—	13
Adjustment in respect of companies included on equity basis, net	—	—	—	—	—	58	15	(11)	—	62	—	62
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	—	(982)	—	—	—	—	(982)	(2)	(984)
Profits in respect of securities available for sale that were realized and/or charged to profit and loss (e)	—	—	—	—	(39)	—	—	—	—	(39)	—	(39)
Related tax effect	—	—	—	—	335	—	—	—	—	335	1	336
Changes in non controlling interests	—	—	—	—	—	—	—	(47)	—	(47)	(80)	(127)
Loans to employees for purchase of the Bank's shares	—	—	—	—	—	—	—	—	(43)	(43)	—	(43)
Balance as at 31 December 2011	7,059	1,129	23	8,211	(218)	(21)	40	15,406 (g)	(44)	23,374	254	23,628

**Condensed Consolidated Statement of Profit and Loss
for the year ended 31 December 2011 (Audited)
Reported amounts (NIS millions)**

	For the year ended 31 December		
	2011	2010	2009
Net interest income before expenses in respect of credit losses	7,550	7,433	7,023
Expenses in respect of credit losses	734	584	1,517
Net interest income after expenses in respect of credit losses	6,816	6,849	5,506
Operating and other income	3,736	4,111	4,563
Operating and other expenses	8,347	7,951	6,781
Operating profit before taxes	2,205	3,009	3,288
Provision for taxes on operating profit (b)	418	1,239	1,272
Operating profit after taxes	1,787	1,770	2,016
Equity in after-tax operating profits of companies included on equity basis, net of related tax effect	148	420	81
Net operating profit			
Before attribution to non-controlling interests	1,935	2,190	2,097
Attributable to non-controlling interests	(46)	(39)	(36)
Attributable to shareholders of the banking corporation	1,889	2,151	2,061
Profit net, from extraordinary items after-tax before attribution to non-controlling interests	2	183	28
Net profit for the period			
Before attribution to non-controlling interests	1,937	2,373	2,125
Attributable to non-controlling interests	(46)	(39)	(36)
Attributable to shareholders of the banking corporation	1,891	2,334	2,089
Basic and diluted earnings per share			
	(NIS)		
Net operating profit attributed to shareholders of the banking corporation (b)	1.28	1.46	1.40
After-tax profit from extraordinary items attributed to shareholders of the banking corporation	—	0.12	0.02
Total	1.28	1.58	1.42
(Thousands)			
Weighted average of number of shares for the basic and diluted earnings computation	1,473,551	1,473,551	1,473,551

The complete annual report for the period ended 31 December 2011 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 2011, according to which the financial statements have been prepared, was NIS 3.821

(a) Comparative figures have been reclassified for adaptation to the method of presentation in the current period. Comparative figures in respect of credit to the public and allowance for credit losses have not been restated pursuant to implementation of the new directives, and are not comparable with current data.

(b) Restated.

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

(d) Adjustments arising from translation of the financial statements of foreign subsidiaries, whose functional currency is different from the functional currency of the bank. In 2011 adjustments arising from translation were moved to retained earnings that were accumulated due to the changes to reporting according to IAS21 in the sum of NIS 381 million.

(e) Including provisions for decrease in value.

(f) Including NIS 721 million in respect of change implementation of impaired debts directives (NIS 1,319 million gross).

(g) Including NIS 763 million which can not be distributed as a dividend (31 December 2010 - NIS 543 million, 31 December 2009 - NIS 1,059 million).

David Brodet
Chairman of the Board
of Directors

Prof. Efraim Sadka
Director

Reuven Adler
Director

Galia Maor
President and
Chief Executive Officer

Menachem Schwartz
First Executive Vice President
Chief Accounting Officer
Head of Accounting Division

28 March 2012

