

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

## Condensed Consolidated Balance Sheet as at 31 December 2012 (NIS millions)

ASSETS	31 December		LIABILITIES AND EQUITY	31 December	
	2012	2011		2012	2011
Cash and deposits with banks	54,621	53,044	Deposits of the public	289,538	279,404
Securities	56,408	47,936	Deposits from banks	4,073	5,056
Securities borrowed or purchased under agreement to resell	1,435	1,225	Deposits from governments	451	519
Credit to the public	245,378	245,287	Securities lent or sold under agreements to repurchase	1,007	442
Allowance for credit losses	(4,114)	(3,967)	Debentures, bonds and subordinated notes	27,525	29,999
Credit to the public, net	241,264	241,320	Liabilities in respect of derivative instruments	12,762	12,069
Credit to governments	442	448	Other liabilities	15,576	14,737
Investments in companies included on equity basis	2,129	2,270	Total liabilities	350,932	342,226
Buildings and equipment	3,705	3,653	Non-controlling interests	307	254
Intangible assets and goodwill	189	181	Equity attributable to shareholders of the banking corporation	24,921	23,374
Assets in respect of derivative instruments	11,438	11,573	Total equity	25,228	23,628
Other assets	4,529	4,204	Total liabilities and equity	376,160	365,854
Total assets	376,160	365,854			

## Condensed Consolidated Statement of Changes in Shareholders' Equity for the year ended 31 December 2012 (NIS millions)

	For the Year Ended 31 December 2012										
	Capital reserves			Accumulated other comprehensive profit (loss)							Total capital
	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 reserves in respect of companies included on equity basis	Retained earnings	Loans to employees for purchase of the bank's shares	Non-controlling interests	
Balance as at 1 January 2010	7,059	972	197	8,228	309	(474)	—	13,846	(377)	21,532	21,814
Net profit for the accounting year	—	—	—	—	—	—	—	2,334	—	2,334	2,373
Expiry of options	—	157	(157)	—	—	—	—	—	—	—	—
Benefit to employees - tax effect	—	—	(30)	(30)	—	—	—	—	—	(30)	(30)
Dividend paid	—	—	—	—	—	—	—	(500)	—	(500)	(500)
Dividend proposed	—	—	—	—	—	—	—	(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 (f)	—	—	—	—	(303)	—	—	—	—	(303)	(303)
Related tax effect	—	—	—	—	(76)	—	—	—	—	(76)	(76)
Loans to employees for purchase of the Bank's shares	—	—	—	—	—	—	—	—	376	—	376
Changes in non-controlling interests	—	—	—	—	—	—	—	—	—	(3)	(3)
Balance as at 31 December 2010	7,059	1,129	10	8,198	468	(460)	25	15,063 (g)	(1)	23,293	23,611
Adjustment of opening balance in respect of impaired debts and IFRS (d) (e)	—	—	—	—	—	381	—	(1,090)	—	(709)	(723)
Net profit for the accounting year	—	—	—	—	—	—	—	1,891	—	1,891	1,937
Dividend paid	—	—	—	—	—	—	—	(400)	—	(400)	(415)
Employee benefit from share-based payment transactions	—	—	13	13	—	—	—	—	—	13	13
Adjustments 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)	(984)
Profits in respect of securities available for sale that were realized and/or charged to profit and loss (f)	—	—	—	—	(39)	—	—	—	—	(39)	(39)
Related tax effect	—	—	—	—	335	—	—	—	—	335	336
Changes in non-controlling interests	—	—	—	—	—	—	—	(47)	—	(47)	(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	23,628
Adjustments of opening balances in respect of initial implementation of IFRS	—	—	—	—	—	—	—	(26)	—	(26)	(26)
Net profit for the period	—	—	—	—	—	—	—	931	—	931	968
Adjustments from translation of foreign operations	—	—	—	—	—	(59)	—	—	—	(59)	(59)
Profits in respect of hedging foreign currency investments	—	—	—	—	—	4	—	—	—	4	4
Dividend paid by consolidated companies	—	—	—	—	—	—	—	—	—	—	(8)
Tax effect relating to hedging foreign currency investments	—	—	—	—	—	(1)	—	—	—	(1)	(1)
Adjustment in respect of companies included on equity basis, net	—	—	—	—	—	(8)	8	(9)	—	(9)	(9)
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	—	1,267	—	—	—	—	1,267	1,268
Profits in respect of securities available for sale that were realized and charged to profit and loss (f)	—	—	—	—	(201)	—	—	—	—	(201)	(201)
Tax effect relating to adjustments in respect of securities available for sale	—	—	—	—	(353)	—	—	—	—	(353)	(354)
Changes in non-controlling interests	—	—	—	—	—	—	—	(6)	—	(6)	18
Balance as at 31 December 2012	7,059	1,129	23	8,211	495	(85)	48	16,296 (g)	(44)	24,921	25,228

**Condensed Consolidated Statement of Profit and Loss**  
**for the year ended 31 December 2012**  
**(NIS millions)**

	For the year ended 31 December		
	2012	2011(a)	2010(a)
Interest income	13,507	14,283	12,489
Interest expenses	6,099	7,176	5,517
Interest income, net	7,408	7,107	6,972
Expenses in respect of credit losses	1,236	734	584(b)
Net interest income after expenses in respect of credit losses	6,172	6,373	6,388
Total non interest income	4,774	4,175	4,767
Total operating and other expenses	9,100	8,341	7,961
Profit before taxes	1,846	2,207	3,194
Provision for taxes on profit	811	418	1,241
Profit after taxes	1,035	1,789	1,953
Share of the banking corporations in profits of companies included on equity basis, after-tax	(67)	148	420
<b>Net profit</b>			
Before attribution to non-controlling interests	968	1,937	2,373
Attributable to non-controlling interests	(37)	(46)	(39)
Attributable to shareholders of the banking corporation	931	1,891	2,334

**Earnings per Share**  
**Basic and diluted earnings per share**

	(NIS)		
Net profit attributable to shareholders of the banking corporation	0.63	1.28	1.58

	(Thousands)		
Weighted average of the number of shares for calculation of basic and diluted earnings	1,473,551	1,473,551	1,473,551

The complete annual report for the period ended 31 December 2012 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 2012, according to which the financial statements have been prepared, was NIS 3.733

- (a) Reclassified pursuant to initial implementation of the directives of the Supervisor of Banks on the format of the profit and loss of a banking corporation.
- (b) Comparative figures for credit loss expenses for 2010 have not been restated pursuant to implementation of the new directives and are not comparable with figures for 2011 and 2012.
- (c) Including NIS 10 million of other capital reserves.
- (d) In 2012 mainly in respect of implementation of IAS 12, an amount of NIS 42 million, in 2011 adjustments from translation of financial statements of investee companies overseas whose functional currency differs from the functional currency of the Bank. In 2011 translation differences amounting to NIS 381 million were transferred to accumulated retained earnings following the change to reporting under IAS 21.
- (e) Including NIS 721 million in respect of change implementation of impaired debts directives (NIS 1,319 million gross).
- (f) Including provisions for impairment.
- (g) Including NIS 208 million not available for distribution as a dividend (31 December 2011 - NIS 379 million, 31 December 2010 - NIS 543 million). The balance of the amount for allocation is subject to Bank of Israel directives and the limitations set out in the Proper Conduct of Banking Business Directives.

David Brodet  
Chairman of the Board  
of Directors

Prof. Efraim Sadka  
Director

Zipporah Samet  
Director

Rakefet Russak-Aminoach  
President and  
Chief Executive Officer

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

20 March 2013

