

Bank Leumi le-Israel B.M. and subsidiaries

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

Reported amounts

	31.3.2012	31.3.2011	31.12.2011
	(Unaudited)	(Unaudited)	(Audited)
ASSETS			
Cash and deposits with banks	47,368	36,802	53,044
Securities	49,757	47,090	47,936
Securities borrowed or purchased under agreement to resell	1,485	2,068	1,225
Credit to the public	244,575	230,017	245,287
Allowance for credit losses	(4,075)	(4,946)	(3,967)
Credit to the public, net	240,500	225,071	241,320
Credit to governments	425	357	448
Investments in companies included on equity basis	2,187	2,032	2,270
Buildings and equipment	3,715	3,665	3,653
Intangible assets and goodwill	176	45	181
Assets in respect of derivative instruments	9,466	8,419	11,573
Other assets	4,189	3,118 (b)	4,204
Total assets	359,268	328,667	365,854
	31.3.2012	31.3.2011	31.12.2011
	(Unaudited)	(Unaudited)	(Audited)
LIABILITIES AND EQUITY			
Deposits of the public	277,642	248,258	279,404
Deposits from banks	3,629	3,814	5,056
Deposits from governments	436	721	519
Securities loaned or sold under agreement to repurchase	624	1,533	442
Debentures, bonds and subordinated notes	27,873	26,985	29,999
Liabilities in respect of derivative instruments	10,125	10,170	12,069
Other liabilities	14,564	14,384 (b)	14,737
Total liabilities	334,893	305,865	342,226
Non-controlling interest	257	314	254
Equity attributed to the shareholders of the banking corporation	24,118	22,488 (b)	23,374
Total equity	24,375	22,802	23,628
Total liabilities and equity	359,268	328,667	365,854

Condensed Consolidated Statement of Profit and Loss for the Period Ended 31 March 2012 (NIS millions)

Reported amounts

	For the Three Months Ended 31 March	For the Year Ended 31 December
	2012	2011(a)
	(Unaudited)	(Unaudited)
Interest income	3,238	3,167
Interest expenses	1,416	1,356
Net interest income	1,822	1,811
Expenses (income) in respect of credit losses	225	(102)
Net interest income after expenses in respect of credit losses	1,597	1,913
Non-interest income		
Non-interest financing income	151	54
Commissions	1,020	1,086
Other income	12	11
Total non-interest income	1,183	1,151
Operating and other expenses		
Salaries and related expenses	1,186	1,351(b)
Building and equipment maintenance and depreciation	427	408
Amortization of intangible assets and goodwill	6	—
Other expenses	376	327
Total operating and other expenses	1,995	2,086
Profit before taxes	785	978
Provision for taxes on profit	306	372(b)
Profit after taxes	479	606
Equity in after-tax operating profit (loss) of companies included on equity basis	(39)	(42)
Net profit		
Before attribution to non-controlling interest	440	564
Attributed to non-controlling interest	(9)	(10)
Attributed to shareholders of the banking corporation	431	554

Basic and diluted earnings per share

	(NIS)
Net profit attributed to shareholders of the banking corporation	0.29
Total	0.29

(a) Comparative figures have been reclassified in order to comply with the method of presentation in the current period.

(b) Restated.

The complete quarterly report for the period ended 31 March 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 March 2012, according to which the financial statements have been prepared, was NIS 3.715.

Condensed Consolidated Statement of Changes in Shareholders' Equity
For the Period Ended 31 March 2012 (NIS millions)

Reported amount

For the Three Months Ended 31 March 2012 (Unaudited)

	Capital reserves				Accumulated other comprehensive income (expenses)				Loans to employees for purchase of the Bank's shares	Total	Non-controlling Interest	Total equity
	Share capital	Premium	Share-based payment transaction and others (a)	Total share capital and capital reserves	Adjustments in respect of presentation of securities available for sale at fair value	Translation adjustments (b)	Capital reserve in respect of companies included on equity basis	Retained earnings				
Balance at the beginning of the period (audited)	7,059	1,129	23	8,211	(218)	(21)	40	15,406	(44)	23,374	254	23,628
Adjustment of opening balances in respect of initial implementation of IFRS	—	—	—	—	—	—	—	(26) 431	—	(26) 431	— 9	(26) 440
Net profit for the period	—	—	—	—	—	—	—	—	—	—	—	—
Adjustments from translation of investments in foreign currency	—	—	—	—	—	(61)	—	—	—	(61)	—	(61)
Losses in respect of hedging of investments in foreign currency	—	—	—	—	—	15	—	—	—	15	—	15
Tax effect relating to hedging of investments in foreign currency	—	—	—	—	—	(5)	—	—	—	(5)	—	(5)
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	—	603	—	—	—	—	603	1	604
Profits in respect of securities available for sale that were realized and charged to profit and loss (d)	—	—	—	—	(15)	—	—	—	—	(15)	—	(15)
Tax effect relating to adjustments of securities available for sale	—	—	—	—	(198)	—	—	—	—	(198)	—	(198)
Dividend paid	—	—	—	—	—	—	—	—	—	—	(8)	(8)
Changes in non-controlling interests	—	—	—	—	—	—	—	—	—	—	1	1
Balance at the end of the period	<u>7,059</u>	<u>1,129</u>	<u>23</u>	<u>8,211</u>	<u>172</u>	<u>(72)</u>	<u>40</u>	<u>15,811</u>	<u>(44)</u>	<u>24,118</u>	<u>257</u>	<u>24,375</u>

For the Three Months Ended 31 March 2011 (Unaudited)

	Capital reserves				Accumulated other comprehensive income (expenses)				Loans to employees for purchase of the Bank's shares	Total	Non-controlling Interest	Total equity
	Share capital	Premium	Share-based payment transaction and others (a)	Total share capital and capital reserves	Adjustments in respect of presentation of securities available for sale at fair value	Translation adjustments (b)	Capital reserve in respect of companies included on equity basis	Retained earnings				
Balance at the beginning of the period (audited)	7,059	1,129	10	8,198	468	(460)	25	15,063	(1)	23,293	318	23,611
Adjustment of opening balances in respect of initial implementations of IFRS (b) (c)	—	—	—	—	—	381	—	(1,090) 554	—	(709) 554	(14) 10	(723) 564
Net profit for the period	—	—	—	—	—	—	—	—	—	—	—	—
Adjustments in respect of companies included on equity basis, net	—	—	—	—	—	(52)	16	2	—	(34)	—	(34)
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	—	(240)	—	—	—	—	(240)	—	(240)
Profits in respect of securities available for sale that were realized and charged to profit and loss (d)	—	—	—	—	(84)	—	—	—	—	(84)	—	(84)
Tax effect relating to adjustment of securities available for sale	—	—	—	—	108	—	—	—	—	108	—	108
Dividend paid	—	—	—	—	—	—	—	(400)	—	(400)	—	(400)
Balance at the end of the period	<u>7,059</u>	<u>1,129</u>	<u>10</u>	<u>8,198</u>	<u>252</u>	<u>(131)</u>	<u>41</u>	<u>14,129</u>	<u>(1)</u>	<u>22,488</u>	<u>314</u>	<u>22,802</u>

For the Year Ended 31 December 2011 (Audited)

	Capital reserves			Accumulated other comprehensive income (expenses)						Total	Non-controlling Interests	Total equity
	Share capital	Premium	share-based payment transaction and others (a)	Total share capital and capital reserves	Adjustments in respect of presentation of securities available for sale at fair value	Translation adjustments (b)	Capital reserves in respect of companies included on equity basis	Retained earnings	Loans to employees for purchase of the bank's shares			
Balance as at 1 January 2011 (audited)	7,059	1,129	10	8,198	468	(460)	25	15,063	(1)	23,293	318	23,611
Adjustment of opening balances in respect of change to impaired debts and IFRS (b) (c)	—	—	—	—	—	381	—	(1,090)	—	(709)	(14)	(723)
Net profit for the period	—	—	—	—	—	—	—	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
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)	(2)	(984)
Profits in respect of securities available for sale that were realized and charged to profit and loss (d)	—	—	—	—	(39)	—	—	—	—	(39)	—	(39)
Tax effect relating to adjustments of securities available for sale	—	—	—	—	335	—	—	—	—	335	1	336
Loans to employees for purchase of the Bank's shares	—	—	—	—	—	—	—	—	(43)	(43)	—	(43)
Changes in non-controlling interests	—	—	—	—	—	—	—	(47)	—	(47)	(80)	(127)
Balance as at 31 December 2011	<u>7,059</u>	<u>1,129</u>	<u>23</u>	<u>8,211</u>	<u>(218)</u>	<u>(21)</u>	<u>40</u>	<u>15,406</u>	<u>(44)</u>	<u>23,374</u>	<u>254</u>	<u>23,628</u>

(a) Including NIS10 million of other capital reserves.

(b) Adjustments arising from translation of the financial statements of foreign subsidiaries, whose functional currency is different from the functional currency of the Bank, were moved to retained earnings that were accumulated due to the change to reporting according to IAS21, in the sum of NIS 381 million.

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

(d) Including provision for impairment.

David Brodet
Chairman of the Board of Directors

Rakefet Russak-Aminoach
President and Chief Executive Officer

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

30 May 2012

