

# Bank Leumi le-Israel B.M. and subsidiaries

Condensed Consolidated Balance Sheet as at 30 September 2011 (NIS millions)

Reported amounts

	30.9.2011 (Unaudited)	30.9.2010 (Unaudited)	31.12.2010 (Audited)
<b>ASSETS</b>			
Cash and deposits with banks	54,662	40,360	30,052
Securities	38,356	54,373	55,791
Securities borrowed or purchased under agreement to resell	1,252	914	1,190
Credit to the public (a)	241,171	227,515	234,255
Allowance for credit losses (a)	(3,856)	(10,297)	(10,274)
Net credit to the public	273,315	217,218	223,981
Credit to governments	403	385	379
Investments in companies included on equity basis	2,350	1,740	1,924
Buildings and equipment	3,615	3,600	3,638
Goodwill (a)	45	112	45
Assets in respect of derivative instruments (a)	11,496	9,444	8,716
Other assets (a) (b)	3,681	2,656	2,606
<b>Total assets</b>	<b>353,175</b>	<b>330,802</b>	<b>328,322</b>
<b>LIABILITIES AND EQUITY CAPITAL</b>			
Deposits of the public	267,249	245,820	249,584
Deposits from banks	6,327	6,788	2,691
Deposits from governments	443	614	660
Securities loaned or sold under agreement to repurchase	778	709	1,006
Debentures, bonds and subordinated notes	28,573	28,744	26,939
Liabilities in respect of derivative instruments (a)	12,636	11,183	9,985
Other liabilities (a) (b)	14,055	13,264	13,846
<b>Total liabilities</b>	<b>330,061</b>	<b>307,122</b>	<b>304,711</b>
Non-controlling interests	343	310	318
Equity attributable to the shareholders of the banking corporation (b)	22,771	23,370	23,293
<b>Total equity</b>	<b>23,114</b>	<b>23,680</b>	<b>23,611</b>
<b>Total liabilities and equity</b>	<b>353,175</b>	<b>330,802</b>	<b>328,322</b>

## Condensed Consolidated Statement of Profit and Loss for the Period Ended 30 September 2011 (NIS millions)

Reported amounts

	For the Three Months Ended 30 September		For the nine Months Ended 30 September		For the Year Ended 31 December
	2011 (Unaudited)	2010 (Unaudited)	2011 (Unaudited)	2010 (Unaudited)	2010 (Audited)
Net interest income before expenses in respect of credit losses	1,692	1,846	5,582	5,292	7,433
Expenses in respect of credit losses	378	46	349	372	584
Net interest income after expenses in respect of credit losses	1,314	1,800	5,233	4,920	6,849
<b>Operating and other income</b>					
Operating commissions	894	912	2,775	2,733	3,710
Profits (losses) from investments in shares, net	(75)	14	(7)	188	216
Other income	13	57	53	100	185
<b>Total operating and other income</b>	<b>832</b>	<b>983</b>	<b>2,821</b>	<b>3,021</b>	<b>4,111</b>
<b>Operating and other expenses</b>					
Salaries and related expenses (b)	1,248	1,054	3,870	3,463	4,676
Building and equipment maintenance and depreciation	422	401	1,262	1,172	1,591
Amortization of goodwill (a)		5		13	80
Other expenses (a)	392	345	1,093	1,008	1,604
<b>Total operating and other expenses</b>	<b>2,062</b>	<b>1,805</b>	<b>6,225</b>	<b>5,656</b>	<b>7,951</b>
Operating profit before taxes	84	978	1,829	2,285	3,009
Provision for taxes on operating profit (b)	32	415	664	863	1,239
Operating profit after taxes	52	563	1,165	1,422	1,770
Group equity in after-tax operating profit of companies included on equity basis	115	57	145	259	420
<b>Net operating profit</b>					
Before attribution to non-controlling interests	167	620	1,310	1,681	2,190
Attributable to non-controlling interests	(11)	(14)	(39)	(29)	(39)
Attributable to shareholders of the banking corporation	156	606	1,271	1,652	2,151
Profit (loss) net from extraordinary items after-tax before attribution to non-controlling interests	(1)	—	2	186	183
<b>Net profit for the period</b>					
Before attribution to non-controlling interests	166	620	1,312	1,867	2,373
Attributable to non-controlling interests	(11)	(14)	(39)	(29)	(39)
Attributable to shareholders of the banking corporation	155	606	1,273	1,838	2,334
<b>Basic and diluted earnings per share</b>			<b>(NIS)</b>		
Net operating profit attributed to shareholders of the banking corporation (b)	0.11	0.41	0.86	1.12	1.46
After-tax profit from extraordinary items attributed to shareholders of the banking corporation	—	—	—	0.13	0.12
<b>Total</b>	<b>0.11</b>	<b>0.41</b>	<b>0.86</b>	<b>1.25</b>	<b>1.58</b>

(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.

The complete quarterly report for the period ended 30 September 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 30 September 2011, according to which the financial statements have been prepared, was NIS 3.712

**Condensed Consolidated Statement of Changes in Shareholders' Equity**  
**For the Period Ended 30 September 2011 (NIS millions)**

**Reported amount**

For the Three Months Ended 30 September 2011 (Unaudited)

	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 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	Dividend declared after balance sheet date	Loans to employees for purchase of the bank's shares			
Balance at the beginning of the period (d)	7,059	1,129	24	8,212	74	(132)	41	14,693	—	(44)	22,844	333	23,177
Net profit for the period	—	—	—	—	—	—	—	155	—	—	155	11	166
Benefit in respect of share-based transactions	—	—	(1)	(1)	—	—	—	—	—	—	(1)	—	(1)
Adjustments in respect of companies included on equity basis, net	—	—	—	—	—	76	(7)	(8)	—	—	61	—	61
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	—	(653)	—	—	—	—	—	(653)	—	(653)
Losses respect of securities available for sale that were realized and charged to profit and loss	—	—	—	—	160	—	—	—	—	—	160	—	160
Related tax effect	—	—	—	—	205	—	—	—	—	—	205	—	205
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>(214)</u>	<u>(56)</u>	<u>34</u>	<u>14,840</u>	<u>—</u>	<u>(44)</u>	<u>22,771</u>	<u>343</u>	<u>23,114</u>

For the Three Months Ended 30 September 2010 (Unaudited)

	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 reserves	Adjustments in respect of presentation of securities available for sale at fair value	Translation adjustments (b)		Retained earnings	Dividend declared after balance sheet date	Loans to employees for purchase of the bank's shares			
Balance at the beginning of the period (d)	7,059	1,129	10	8,198	388	(460)		14,512	500	(2)	23,136	292	23,428
Net profit for the period	—	—	—	—	—	—		606	—	—	606	14	620
Dividend declared after balance sheet date	—	—	—	—	—	—		(500)	—	—	—	—	—
Proposed dividend	—	—	—	—	—	—		—	(500)	—	(500)	—	(500)
Release of shares	—	—	—	—	—	—		(20)	—	—	(20)	—	(20)
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	—	327	—		—	—	—	327	4	331
Profit in respect of securities available for sale that were realized and charged to profit and loss	—	—	—	—	(78)	—		—	—	—	(78)	—	(78)
Related tax effect	—	—	—	—	(64)	—		—	—	—	(64)	—	(64)
Adjustments from translation in respect of companies included on equity basis	—	—	—	—	—	(38)		—	—	—	(38)	—	(38)
Loans to employees for purchase of the bank's shares	—	—	—	—	—	—		—	—	1	1	—	1
Changes in non-controlling interests	—	—	—	—	—	—		—	—	—	—	—	—
Balance at the end of the period (d)	<u>7,059</u>	<u>1,129</u>	<u>10</u>	<u>8,198</u>	<u>573</u>	<u>(498)</u>		<u>14,598</u>	<u>500</u>	<u>(1)</u>	<u>23,370</u>	<u>310</u>	<u>23,680</u>

For the Nine Months Ended 30 September 2011 (Unaudited)

	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	Dividend declared after balance sheet date	Loans to employees for purchase of the bank's shares			
Balance at the beginning of the period (audited) (d)	7,059	1,129	10	8,198	468	(460)	25	15,063	—	(1)	23,293	318	23,611
Adjustment of opening balance in respect of change to impaired debts and IFRS (b) (c)	—	—	—	—	—	381	—	(1,090)	—	—	(709)	(14)	(723)
Net profit for the period	—	—	—	—	—	—	—	1,273	—	—	1,273	39	1,312
Dividend paid	—	—	—	—	—	—	—	(400)	—	—	(400)	—	(400)
Benefit in respect of share-based transactions	—	—	13	13	—	—	—	—	—	—	13	—	13
Adjustments in respect of companies included on equity basis, net	—	—	—	—	—	23	9	(6)	—	—	26	—	26
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	—	(1,018)	—	—	—	—	—	(1,018)	—	(1,018)
Losses respect of securities available for sale that were realized and charged to profit and loss	—	—	—	—	10	—	—	—	—	—	10	—	10
Related tax effect	—	—	—	—	326	—	—	—	—	—	326	—	326
Loans to employees for purchase of the bank's shares	—	—	—	—	—	—	—	—	—	(43)	(43)	—	(43)
Balance at the end of the period	<u>7,059</u>	<u>1,129</u>	<u>23</u>	<u>8,211</u>	<u>(214)</u>	<u>(56)</u>	<u>34</u>	<u>14,840</u>	<u>—</u>	<u>(44)</u>	<u>22,771</u>	<u>343</u>	<u>23,114</u>

For the Nine Months Ended 30 September 2010 (Unaudited)

	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)		Retained earnings	Dividend declared after balance sheet date	Loans to employees for purchase of the bank's shares			
Balance at the beginning of the period (audited) (d)	7,059	972	197	8,228	309	(474)		13,846	—	(377)	21,532	282	21,814
Net profit for the period	—	—	—	—	—	—		1,838	—	—	1,838	29	1,867
Dividend declared after balance sheet date	—	—	—	—	—	—		(500)	500	—	—	—	—
Proposed dividend	—	—	—	—	—	—		(500)	—	—	(500)	—	(500)
Employee benefit - tax effect	—	—	(30)	(30)	—	—		—	—	—	(30)	—	(30)
Release of shares	—	157	(157)	—	—	—		—	—	—	—	—	—
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	—	615	—		—	—	—	615	1	616
Profit in respect of securities available for sale that were realized and charged to profit and loss	—	—	—	—	(206)	—		—	—	—	(206)	—	(206)
Related tax effect	—	—	—	—	(145)	—		—	—	—	(145)	—	(145)
Adjustments from translation in respect of companies included on equity basis	—	—	—	—	—	(24)		(86)	—	—	(110)	—	(110)
Loans to employees for purchase of the bank's shares	—	—	—	—	—	—		—	—	376	376	—	376
Changes in non-controlling interests	—	—	—	—	—	—		—	—	—	—	(2)	(2)
Balance at the end of the period (d)	<u>7,059</u>	<u>1,129</u>	<u>10</u>	<u>8,198</u>	<u>573</u>	<u>(498)</u>		<u>14,598</u>	<u>500</u>	<u>(1)</u>	<u>23,370</u>	<u>310</u>	<u>23,680</u>

For the Year Ended 31 December 2010 (Audited)

	Capital reserves				Accumulated other comprehensive income (expenses)								
	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	Total	Non-controlling interests	Total equity	
Balance as at 31 December 2009 (audited) (d)	7,059	972	197	8,228	309	(474)	—	13,846	(377)	21,532	282	21,814	
Net profit for the period (d)	—	—	—	—	—	—	—	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 charged to profit and loss	—	—	—	—	(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 (d)	7,059	1,129	10	8,198	468	(460)	25	15,063	(1)	23,293	318	23,611	

(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. In 2011 adjustments arising from translation 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) Restated.

David Brodet  
Chairman of the Board of Directors

Galia Maor  
President and Chief Executive Officer

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

29 November 2011

