

Bank Leumi le-Israel B.M. and consolidated companies

Condensed Consolidated Balance Sheet as at 30 September 2013 (NIS millions)

ASSETS	30.9.2013	30.9.2012	31.12.2012
Cash and deposits with banks	40,202	48,340	54,621
Securities	60,984	56,183	56,408
Securities borrowed or purchased under agreements to resell	1,098	1,946	1,435
Credit to the public	244,736	245,407	245,378
Allowance for credit losses	(3,844)	(3,943)	(4,114)
Credit to the public, net	240,892	241,464	241,264
Credit to governments	533	418	442
Investments in companies included on equity basis	1,944	2,303	2,129
Buildings and equipment	3,647	3,751	3,705
Intangible assets and goodwill	103	168	189
Assets in respect of derivative instruments	10,966	10,494	11,438
Other assets	5,053	4,463	4,529
Total assets	365,422	369,530	376,160

LIABILITIES AND EQUITY	30.9.2013	30.9.2012	31.12.2012
Deposits of the public	279,839	285,229	289,538
Deposits from banks	3,805	2,863	4,073
Deposits from governments	437	456	451
Securities lent or sold under agreements to repurchase	404	1,248	1,007
Bonds, debentures and subordinated notes	25,596	28,189	27,525
Liabilities in respect of derivative instruments	12,078	11,259	12,762
Other liabilities	16,851	14,967	15,576
Total liabilities	339,010	344,211	350,932
Non-controlling interests	331	301	307
Equity attributable to shareholders of the banking corporation	26,081	25,018	24,921
Total equity	26,412	25,319	25,228
Total liabilities and equity	365,422	369,530	376,160

Condensed Consolidated Statement of Profit and Loss for the Periods Ended 30 September 2013 (NIS millions)

	For the three months ended 30 September		For the nine months ended 30 September		For the year ended 31 December
	2013	2012	2013	2012	2012
Interest income	3,466	3,615	9,520	10,793	13,507
Interest expenses	1,520	1,743	3,973	5,169	6,099
Net interest income	1,946	1,872	5,547	5,624	7,408
Expenses (Income) in respect of credit losses	(44)	292	113	850	1,236
Net interest income, after expenses in respect of credit losses	1,990	1,580	5,434	4,774	6,172
Non-interest income					
Non-interest financing income	266	119	889	239	444
Commissions	1,050	1,050	3,104	3,092	4,199
Other income	66	39	104	49	131
Total non-interest income	1,382	1,208	4,097	3,380	4,774
Operating and other expenses					
Salaries and related expenses	1,338	1,434	3,835	3,976	5,290
Maintenance and depreciation of buildings and equipment	443	452	1,381	1,325	1,819
Amortization of intangible assets and goodwill	79	4	85	15	23
Other expenses	583	404	1,378	1,173	1,968
Total operating and other expenses	2,443	2,294	6,679	6,489	9,100
Profit before taxes	929	494	2,852	1,665	1,846
Provision for taxes on profit	345	113	1,092	578	811
Profit after taxes	584	381	1,760	1,087	1,035
Share of the banking corporation in profits (losses) after tax of companies included on equity basis	(17)	108	(128)	132	(67)
Net profit					
Before attribution to non-controlling interests	567	489	1,632	1,219	968
Attributable to non-controlling interests	(12)	(10)	(33)	(29)	(37)
Attributed to shareholders of the banking corporation	555	479	1,599	1,190	931

Basic and diluted earnings per share

(NIS)

Net profit Attributable to shareholders of the banking corporation	0.38	0.33	1.09	0.81	0.63
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The representative exchange rate against the dollar on 30 September 2013, according to which the financial statements have been prepared, was NIS 3.537.

**Condensed Consolidated Statement of Changes in Equity
For the Periods Ended 30 September 2013 (NIS millions)**

For the three months ended 30 September 2013

	Capital reserves									
	Share capital	Premium	Share-based payment transaction and others (a)	Total share capital and capital reserves	Accumulated other comprehensive income (loss)	Retained earnings	Loans to employees for purchase of the Bank's shares	Total	Non-controlling Interests	Total capital
Balance at 30 June 2013	7,059	1,129	23	8,211	49	17,360	(43)	25,577	318	25,895
Net profit for the period	-	-	-	-	-	555	-	555	12	567
Adjustments in respect of companies included on equity basis	-	-	-	-	-	7	-	7	-	7
Other comprehensive loss, net, after effect of taxes (c)	-	-	-	-	(58)	-	-	(58)	1	(57)
Balance at the end of the period	<u>7,059</u>	<u>1,129</u>	<u>23</u>	<u>8,211</u>	<u>9</u>	<u>17,922</u>	<u>(43)</u>	<u>26,081</u>	<u>331</u>	<u>26,412</u>

For the three months ended 30 September 2012

	Capital reserves									
	Share capital	Premium	Share-based payment transaction and others (a)	Total share capital and capital reserves	Accumulated other comprehensive income (loss)	Retained earnings	Loans to employees for purchase of the Bank's shares	Total	Non-controlling Interests	Total capital
Balance at 30 June 2012	7,059	1,129	23	8,211	9	16,090	(44)	24,266	267	24,533
Net profit for the period	-	-	-	-	-	479	-	479	10	489
Adjustments in respect of companies included on equity basis	-	-	-	-	-	(4)	-	(4)	-	(4)
Other comprehensive loss, net, after effect of taxes (c)	-	-	-	-	279	-	-	279	1	280
Changes in non-controlling interests	-	-	-	-	-	(2)	-	(2)	23	21
Balance at the end of the period	<u>7,059</u>	<u>1,129</u>	<u>23</u>	<u>8,211</u>	<u>288</u>	<u>16,563</u>	<u>(44)</u>	<u>25,018</u>	<u>301</u>	<u>25,319</u>

Condensed Consolidated Statement of Changes in Equity (cont'd)
For the Periods Ended 30 September 2013 (NIS millions)

For the nine months ended 30 September 2013

	Capital reserves									
	Share capital	Premium	Share-based payment transaction and others (a)	Total share capital and capital reserves	Accumulated other comprehensive income (loss)	Retained earnings	Loans to employees for purchase of the Bank's shares	Total	Non-controlling Interests	Total capital
Balance at 31 December 2012	7,059	1,129	23	8,211	458	16,296	(44)	24,921	307	25,228
Net profit for the period	-	-	-	-	-	1,599	-	1,599	33	1,632
Dividend paid to non-controlling interests in subsidiaries	-	-	-	-	-	-	-	-	(6)	(6)
Adjustments in respect of companies included on equity basis	-	-	-	-	-	23	-	23	-	23
Other comprehensive loss, net, after effect of taxes (c)	-	-	-	-	(467)	-	-	(467)	(3)	(470)
Changes in non-controlling interests	-	-	-	-	-	4	1	5	-	5
Balance at the end of the period	<u>7,059</u>	<u>1,129</u>	<u>23</u>	<u>8,211</u>	<u>(9)</u>	<u>17,922</u>	<u>(43)</u>	<u>26,081</u>	<u>331</u>	<u>26,412</u>

For the nine months ended 30 September 2012

	Capital reserves									
	Share capital	Premium	Share-based payment transaction and others (a)	Total share capital and capital reserves	Accumulated other comprehensive income (loss)	Retained earnings	Loans to employees for purchase of the Bank's shares	Total	Non-controlling Interests	Total capital
Balance at 31 December 2011	7,059	1,129	23	8,211	(199)	15,406	(44)	23,374	254	23,628
Adjustment of opening balances in respect of first-time implementation of IFRS (b)	-	-	-	-	-	(26)	-	(26)	-	(26)
Net profit for the period	-	-	-	-	-	1,190	-	1,190	29	1,219
Dividend paid to non-controlling interests in subsidiaries	-	-	-	-	-	-	-	-	(8)	(8)
Adjustments in respect of companies included on equity basis, net	-	-	-	-	-	(1)	-	(1)	-	(1)
Other comprehensive income, net, after effect of taxes (c)	-	-	-	-	487	-	-	487	2	489
Changes in non-controlling interests	-	-	-	-	-	(6)	-	(6)	24	18
Balance at the end of the period	<u>7,059</u>	<u>1,129</u>	<u>23</u>	<u>8,211</u>	<u>288</u>	<u>16,563</u>	<u>(44)</u>	<u>25,018</u>	<u>301</u>	<u>25,319</u>

Condensed Consolidated Statement of Changes in Equity (cont'd)
For the Periods Ended 30 September 2013 (NIS millions)

For the year ended 31 December 2012

	Capital reserves									
	Share capital	Premium	Share-based payment transaction and others (a)	Total share capital and capital reserves	Accumulated other comprehensive income (loss)	Retained earnings	Loans to employees for purchase of the Bank's shares	Total	Non-controlling Interests	Total capital
Balance at 31 December 2011	7,059	1,129	23	8,211	(199)	15,406	(44)	23,374	254	23,628
Adjustment of opening balances in respect of first-time implementation of IFRS (b)	-	-	-	-	-	(26)	-	(26)	-	(26)
Net profit for the period	-	-	-	-	-	931	-	931	37	968
Adjustments in respect of companies included on equity basis, net	-	-	-	-	-	(9)	-	(9)	-	(9)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(8)	(8)
Other comprehensive income, net, after effect of taxes (c)	-	-	-	-	657	-	-	657	-	657
Changes in non-controlling interests	-	-	-	-	-	(6)	-	(6)	24	18
Balance at 31 December 2012	<u>7,059</u>	<u>1,129</u>	<u>23</u>	<u>8,211</u>	<u>458</u>	<u>16,296</u>	<u>(44)</u>	<u>24,921</u>	<u>307</u>	<u>25,228</u>

(a) Including NIS10 million of other capital reserves.

(b) Mainly in respect of implementation of IAS12 an amount of NIS42 million and other adjustments in respect of foreign subsidiaries.

(c) On 1 January 2013, the Bank implemented for the first time the directives of the Supervisor of Banks on the statement of comprehensive income. Comparative figures were reclassified to adapt to the new manner of presentation.

David Brodet
Chairman of the Board of Directors

Rakefet Russak-Aminoach
President and Chief Executive Officer

Ron Fainaro
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Head of Economics and Finance Division

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

28 November 2013

