

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

Condensed Consolidated Balance Sheet as at 30 September 2015 (NIS millions)

	30.9.2015	30.9.2014	31.12.2014
	(Unaudited)	(Unaudited)	(Audited)
ASSETS			
Cash and deposits with banks	52,562	54,612	60,615
Securities (b)	67,545	46,058	52,113
Securities borrowed or purchased under agreements to resell	1,420	2,019	2,000
Credit to the public	263,822	253,206	256,468
Allowance for credit losses	(3,813)	(3,725)	(3,988)
Credit to the public, net	260,009	249,481	252,480
Credit to governments	474	510	528
Investments in companies included on equity basis	948	2,062	2,216
Buildings and equipment	2,992	3,051 (a)	3,162 (a)
Intangible assets and goodwill	18	42	43
Assets in respect of derivative instruments	15,314	16,227	16,909
Other assets	7,242	6,320 (a)	6,918 (a) (c)
Total assets	<u>408,524</u>	<u>380,382</u>	<u>396,984</u>

	30.9.2015	31.9.2014	31.12.2014
	(Unaudited)	(Unaudited)	(Audited)
LIABILITIES AND EQUITY			
Deposits of the public	317,991	286,632	303,397
Deposits from banks	3,650	4,781	4,556
Deposits from governments	644	391	467
Securities lent or sold under agreements to repurchase	503	1,172	1,238
Bonds, debentures and subordinated notes	22,187	23,932	23,678
Liabilities in respect of derivative instruments	14,766	15,702	15,650
Other liabilities (c)(d)	19,873	20,729 (a)	21,860 (a) (c)
Total liabilities	<u>379,614</u>	<u>353,339</u>	<u>370,846</u>
Non-controlling interests	335	334	340
Equity attributable to shareholders of the banking corporation	28,575	26,709 (a)	25,798 (a)
Total equity	<u>28,910</u>	<u>27,043</u>	<u>26,138</u>
Total liabilities and equity	<u>408,524</u>	<u>380,382</u>	<u>396,984</u>

(a) Restated pursuant to retroactive implementation of US GAAP on employee rights and retroactive implementation of the directives of the Supervisor of Banks on capitalization of in-house software development.

(b) Of which: allowance for credit losses in off-balance sheet credit instruments, NIS 505 million in fair value (30 September 2014 - NIS 445 million, 31 December 2014 - NIS 494 million).

(c) Reclassified.

Condensed Consolidated Statement of Profit and Loss for the period ended 30 September 2015 (NIS millions)

	For the three months ended 30 September		For the nine months ended 30 September		For the year ended 31 December
	2015	2014	2015	2014	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Interest income	2,463	2,665	6,783	7,678	10,012
Interest expenses	588	766	1,392	2,117	2,649
Net interest income	1,875	1,899	5,391	5,561	7,363
Expenses (income) in respect of credit losses	73	56	166	(11)	472
Net interest income, after expenses in respect of credit losses	1,802	1,843	5,225	5,572	6,891
Non-interest income					
Non-interest financing income	325	224	1,539	719	795
Commissions	1,013	1,033	3,099	3,113	4,167
Other income	6	18 (a)	114	95 (a)	179 (a)
Total non-interest income	1,344	1,275	4,752	3,927	5,141
Operating and other expenses					
Salaries and related expenses	1,360	1,283 (a)	4,123	4,019 (a)	5,151 (a)
Maintenance and depreciation of buildings and equipment	427	420 (a)	1,282	1,237 (a)	1,655 (a)
Amortization of intangible assets and goodwill	-	44	-	58	58
Other expenses	334	737	1,113	1,984	2,507
Total operating and other expenses	2,121	2,484	6,518	7,298	9,371
Profit before taxes	1,025	634	3,459	2,201	2,661
Provision for taxes on profit	327	332 (a)	1,189	1,034 (a)	1,278 (a)
Profit after taxes	698	302	2,270	1,167	1,383
Share of the banking corporation in losses after tax of companies included on equity basis	15	345 (b)	161	294 (b)	42
Net profit:					
Before attribution to non-controlling interests	713	647	2,431	1,461	1,425
Attributed to non-controlling interests	(9)	(11)	(27)	(5)	(12)
Attributable to shareholders of the banking corporation	<u>704</u>	<u>636</u>	<u>2,404</u>	<u>1,456</u>	<u>1,413</u>

Basic and diluted earnings per share (NIS)

Net profit attributed to shareholders of the banking corporation	<u>0.48</u>	<u>0.43 (a)</u>	<u>1.63</u>	<u>0.99 (a)</u>
				<u>0.96</u>

(a) Restated pursuant to retroactive implementation of US GAAP on employee rights, and retroactive implementation of the letter of the Supervisor of Banks on capitalization of in-house software development.

(b) Does not include the effect of the results of the Israel Corporation for the three and nine month period ended 30 September 2014.

**Condensed Consolidated Statement of Changes in Equity
for the period ended 30 September 2015 (NIS millions)**

For the three months ended 30 September 2015 (Unaudited)

	Capital reserves			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
	Share capital	Premium	Share-based payment transaction and others (a)							
Balance as at 30 June 2015	7,059	1,129	33	8,221	(797)	20,849	-	28,273	334	28,607
Net profit for the period	-	-	-	-	-	704	-	704	9	713
Adjustments in respect of companies included on equity basis, net	-	-	-	-	-	-	-	-	-	-
Other comprehensive profit, net after the effect of taxes	-	-	-	-	(402)	-	-	(402)	2	(400)
Loans to employees for purchase of the Bank's shares	-	-	-	-	-	-	-	-	-	-
Dividend paid by consolidated companies	-	-	-	-	-	-	-	-	(10)	(10)
Balance at the end of the period	<u>7,059</u>	<u>1,129</u>	<u>33</u>	<u>8,221</u>	<u>(1,199)</u>	<u>21,553</u>	<u>-</u>	<u>28,575</u>	<u>335</u>	<u>28,910</u>

For the three months ended 30 September 2014 (Unaudited)

	Capital reserves			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
	Share capital	Premium	Share-based payment transaction and others (a)							
Balance as at 30 June 2014 (b)	7,059	1,129	33	8,221	(967)	18,493	(42)	25,705	323	26,028
Net profit for the period (b)	-	-	-	-	-	636	-	636	11	647
Adjustments in respect of companies included on equity basis	-	-	-	-	-	(10)	-	(10)	-	(10)
Other comprehensive profit, net after the effect of taxes	-	-	-	-	378	-	-	378	-	378
Loans to employees for purchase of the Bank's shares	-	-	-	-	-	-	-	-	-	-
Balance at the end of the period	<u>7,059</u>	<u>1,129</u>	<u>33</u>	<u>8,221</u>	<u>(589)</u>	<u>19,119</u>	<u>(42)</u>	<u>26,709</u>	<u>334</u>	<u>27,043</u>

For the nine months ended 30 September 2015 (Unaudited)

	Capital reserves			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
	Share capital	Premium	Share-based payment transaction and others (a)							
Balance as at 31 December 2014 (Audited) (b)	7,059	1,129	33	8,221	(1,549)	19,168	(42)	25,798	340	26,138
Net profit for the period	-	-	-	-	-	2,404	-	2,404	27	2,431
Adjustments in respect of companies included on equity basis, net	-	-	-	-	-	(18)	-	(18)	-	(18)
Other comprehensive profit, net, after effect of taxes	-	-	-	-	350	-	-	350	(1)	349
Loans to employees for purchase of the Bank's shares	-	-	-	-	-	(1)	42	41	(21)	20
Dividend paid by consolidated companies	-	-	-	-	-	-	-	-	(10)	(10)
Balance as the end of the period	<u>7,059</u>	<u>1,129</u>	<u>33</u>	<u>8,221</u>	<u>(1,199)</u>	<u>21,553</u>	<u>-</u>	<u>28,575</u>	<u>335</u>	<u>28,910</u>

For the nine months ended 30 September 2014 (Unaudited)

	Capital reserves			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
	Share capital	Premium	Share-based payment transaction and others (a)							
Balance at 31 December 2013 (Audited) (b)	7,059	1,129	33	8,221	(1,051)	17,680	(43)	24,807	340	25,147
Net profit for the period (b)	-	-	-	-	-	1,456	-	1,456	5	1,461
Adjustments in respect of companies included on equity basis, net	-	-	-	-	-	-	-	-	(10)	(10)
Other comprehensive profit net, after the effect of taxes	-	-	-	-	-	(17)	-	(17)	-	(17)
Loans to employees for purchase of the Bank's shares	-	-	-	-	462	-	-	462	-	462
Dividend paid by consolidated companies	-	-	-	-	-	-	1	1	(1)	-
Balance as the end of the period	<u>7,059</u>	<u>1,129</u>	<u>33</u>	<u>8,221</u>	<u>(589)</u>	<u>19,119</u>	<u>(42)</u>	<u>26,709</u>	<u>334</u>	<u>27,043</u>

For the year ended 31 December 2014 (Audited)

	Capital reserves			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
	Share capital	Premium	Share-based payment transaction and others (a)							
Balance at 1 January 2013 (Audited)	7,059	1,129	23	8,211	458	15,965	(44)	24,590	307	24,897
Effect of initial adoption of implementation of rules for capitalization of software costs (b)	-	-	-	-	-	(346)	-	(346)	-	(346)
Effect of initial adoption of US GAAP on employee rights (b)	-	-	-	-	(725)	38	-	(687)	-	(687)
Balance at 1 January 2013 after initial implementation of the new rules	<u>7,059</u>	<u>1,129</u>	<u>23</u>	<u>8,211</u>	<u>(267)</u>	<u>15,657</u>	<u>(44)</u>	<u>23,557</u>	<u>307</u>	<u>23,864</u>
Net profit (b)	-	-	-	-	-	1,988	-	1,988	42	2,030
Adjustments in respect of companies included on equity basis, net	-	-	-	-	-	24	-	24	-	24
Benefit to employees in respect of share based payments	-	-	10	10	-	-	-	10	-	10
Other comprehensive loss, net after the effect of taxes	-	-	-	-	(784)	-	-	(784)	(3)	(787)
Other adjustments in respect of companies included on equity basis	-	-	-	-	-	11	-	11	-	11
Loans to Employees for purchase of the Bank's shares	-	-	-	-	-	-	1	1	-	1
Dividend paid by consolidated companies	-	-	-	-	-	-	-	-	(6)	(6)
Balance as at 31 December 2013 (Audited)	<u>7,059</u>	<u>1,129</u>	<u>33</u>	<u>8,221</u>	<u>(1,051)</u>	<u>17,680</u>	<u>(43)</u>	<u>24,807</u>	<u>340</u>	<u>25,147</u>
Net profit (b)	-	-	-	-	-	1,413	-	1,413	12	1,425
Adjustments in respect of companies included on equity basis, net	-	-	-	-	-	75	-	75	-	75
Other comprehensive profit, net after the effect of taxes	-	-	-	-	(498)	-	-	(498)	-	(498)
Changing in non-controlling interests	-	-	-	-	-	-	1	1	(2)	(1)
Dividend paid by consolidated companies	-	-	-	-	-	-	-	-	(10)	(10)
Balance as at 31 December 2014 (Audited)	<u>7,059</u>	<u>1,129</u>	<u>33</u>	<u>8,221</u>	<u>(1,549)</u>	<u>19,168</u>	<u>(42)</u>	<u>25,798</u>	<u>340</u>	<u>26,138</u>

The complete report for the period ended 30 September 2015 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 2015, according to which the financial statements have been prepared, was NIS 3.923

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

(b) Restated pursuant to retroactive implementation of US GAAP on employee rights, and retroactive implementation of the letter of the Supervisor of Banks on capitalization of in-house software development.

**Consolidated Statement of Comprehensive Income
For the period ended 30 September 2015**

	(NIS millions)					
	For the three months Ended 30 September		For the nine months ended 30 September		For the year ended 31 December	
	2015	2014 (c)	2015	2014 (c)	2014 (c)	2013 (c)
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Net profit before attribution to non-controlling interests	713	647	2,431	1,461	1,425	2,030
Less net profit (loss) attributed to non-controlling interests	9	11	27	5	12	42
Net profit attributed to shareholders of the Bank	<u>704</u>	<u>636</u>	<u>2,404</u>	<u>1,456</u>	<u>1,413</u>	<u>1,988</u>
Other comprehensive income (loss), before taxes:						
Adjustments for showing securities available for sale at fair value, net	(685)	424	(402)	479	355	(518)
Adjustments for translation of financial statements, net (a), after hedges (b)	2	16	(4)	6	192	(115)
Adjustments of liabilities in respect of employee rights (d)	46	(5)	1,050	181	(1,384)	(483)
Share of the banking corporation in other comprehensive income (loss) of companies included on equity basis	3	(6) (e)	15	(5) (e)	(108)	(6)
Other comprehensive income (loss), before taxes	<u>(634)</u>	<u>429</u>	<u>659</u>	<u>661</u>	<u>(945)</u>	<u>(1,122)</u>
Relevant tax effect	<u>234</u>	<u>(51)</u>	<u>(310)</u>	<u>(199)</u>	<u>447</u>	<u>335</u>
Other comprehensive income (loss) before attribution to non-controlling interests, after taxes	<u>(400)</u>	<u>378</u>	<u>349</u>	<u>462</u>	<u>(498)</u>	<u>(787)</u>
Less other comprehensive income (loss) attributed to non-controlling interests	2	-	(1)	-	-	(3)
Other comprehensive income (loss) attributed to shareholders of the banking corporation, after taxes	<u>(402)</u>	<u>378</u>	<u>350</u>	<u>462</u>	<u>(498)</u>	<u>(784)</u>
Comprehensive income before attribution to non-controlling interests	313	1,025	2,780	1,923	927	1,243
Less comprehensive income (loss) attributed to non-controlling interests	11	11	26	5	12	39
Comprehensive income attributed to shareholders of the Bank	<u>302</u>	<u>1,014</u>	<u>2,754</u>	<u>1,918</u>	<u>915</u>	<u>1,204</u>

(a) Adjustments for translation of financial statements of foreign operations whose functional currency is different from the functional currency of the Bank.

(b) Hedges – profits (losses) net in respect of hedging a net investment in foreign currency.

(c) Restated pursuant to retroactive implementation of US GAAP on employee rights, and retroactive implementation of the letter of the Supervisor of Banks on capitalization of in-house software development.

(d) Reflects mainly adjustments in respect of actuarial adjustments at year end of defined benefit pension plans and amortization of amounts recorded in the past in other comprehensive income.

(e) Does not include the effect of the results of the Israel Corporation for the three and nine month period ended 30 September 2014.

David Brodet
Chairman of the Board of Directors

Rakefet Russak-Aminoach
President and Chief Executive Officer

Ron Fainaro
Executive Vice President,
Head of Finance Division

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

18 November 2015

