

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

## Condensed Consolidated Balance Sheet As at 30 September 2016 (NIS millions)

	30 September 2016		31 December 2015	
<b>ASSETS</b>				
Cash and deposits with banks	59,067	52,562		60,455
Securities	82,493	67,545		69,475
Securities borrowed or purchased under agreements to resell	896	1,420		1,764
Credit to the public	267,895	263,822		265,070
Allowance for credit losses	(3,527)	(3,813)		(3,671)
Credit to the public, net	264,368	260,009		261,399
Credit to governments	623	474		453
Investments in companies included on equity basis	897	948		924
Buildings and equipment	3,044	2,992		3,095
Intangible assets and goodwill	17	18		18
Assets in respect of derivative instruments	11,630	15,314		11,250
Other assets	8,723	7,242		7,666
<b>Total assets</b>	<b>431,758</b>	<b>408,524</b>		<b>416,499</b>
<b>LIABILITIES AND EQUITY</b>				
Deposits of the public	336,851	317,991		328,693
Deposits from banks	3,589	3,650		3,859
Deposits from governments	661	644		750
Securities lent or sold under agreements to repurchase	553	503		938
Debentures, bonds and subordinated notes	23,765	22,187		21,308
Liabilities in respect of derivative instruments	12,634	14,766		11,098
Other liabilities (a)	22,117	19,873		20,746
<b>Total liabilities</b>	<b>400,170</b>	<b>379,614</b>		<b>387,392</b>
Non-controlling interests	360	335		340
Equity attributable to shareholders of the banking corporation	31,228	28,575		28,767
<b>Total equity</b>	<b>31,588</b>	<b>28,910</b>		<b>29,107</b>
<b>Total liabilities and equity</b>	<b>431,758</b>	<b>408,524</b>		<b>416,499</b>

(a) Of which: allowance for credit losses in off-balance sheet credit instruments, NIS -487 million (30 September 2015 - NIS 505 million, 31 December 2015 - NIS 482 million).

## Condensed Consolidated Statement of Profit and Loss For the period ended 30 September 2016 (NIS millions)

	For the three months ended 30 September		For the nine months ended 30 September		For the year ended 31 December
	2016	2015	2016	2015	2015
Interest income	2,607	2,463	7,236	6,783	8,784
Interest expenses	637	588	1,577	1,392	1,666
Interest income, net	1,970	1,875	5,659	5,391	7,118
Expenses (income) in respect of credit losses	106	73	(171)	166	199
Net interest income after expenses in respect of credit losses	1,864	1,802	5,830	5,225	6,919
Non-interest income					
Non-interest financing income	499	325	1,057	1,539	1,610
Commissions	996	1,013	2,973	3,099	4,092
Other income	19	6	54	114	595
<b>Total non-interest income</b>	<b>1,514</b>	<b>1,344</b>	<b>4,084</b>	<b>4,752</b>	<b>6,297</b>
Operating and other expenses					
Salaries and related expenses	1,312	1,360	4,024	4,123	5,448
Buildings and equipment maintenance and depreciation	456	427	1,314	1,282	1,702
Amortization of intangible assets and goodwill	-	-	-	-	5
Other expenses	187	334	962	1,113	1,681
<b>Total operating and other expenses</b>	<b>1,955</b>	<b>2,121</b>	<b>6,300</b>	<b>6,518</b>	<b>8,836</b>
Profit before taxes	1,423	1,025	3,614	3,459	4,380
Provision for taxes on profit	514	327	1,292	1,189	1,691
Profit after taxes	909	698	2,322	2,270	2,689
Share of the banking corporation in profits of companies included on equity basis, after tax	21	15	56	161	177
Net profit	930	713	2,378	2,431	2,866
Attributed to non-controlling interests	(11)	(9)	(30)	(27)	(31)
Attributed to shareholders of the banking corporation	919	704	2,348	2,404	2,835
Basic and diluted earnings per share:					
Net profit attributed to shareholders of the banking corporation (in NIS)	0.60	0.48	1.54	1.63	1.92

## Condensed Statement of Changes in Equity For the period ended 30 September 2016 (NIS millions)

	For the three months ended 30 September 2016									
	Capital reserves									
	Share capital	Premium	Share-based payment transaction and others (a)	Total share capital and capital reserves	Accumulated other comprehensive profit (loss)	Retained earnings	Loans to employees for purchase of the bank's shares	Total	Non-controlling interests	Total capital
Balance as at 30 June 2016	7,109	1,722	36	8,867	(2,216)	23,413	-	30,064	349	30,413
Net profit for the period	-	-	-	-	-	919	-	919	11	930
Other comprehensive profit, net after the effect of tax	-	-	-	-	245	-	-	245	-	245
<b>Balance as at 30 September 2016</b>	<b>7,109</b>	<b>1,722</b>	<b>36</b>	<b>8,867</b>	<b>(1,971)</b>	<b>24,332</b>	<b>-</b>	<b>31,228</b>	<b>360</b>	<b>31,588</b>

	For the three months ended 30 September 2015									
	Capital reserves									
	Share capital	Premium	Share-based payment transaction and others (a)	Total share capital and capital reserves	Accumulated other comprehensive profit (loss)	Retained earnings	Loans to employees for purchase of the bank's shares	Total	Non-controlling interests	Total capital
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
Other comprehensive profit, net after the effect of tax	-	-	-	-	(402)	-	-	(402)	2	(400)
Dividend paid by consolidated companies	-	-	-	-	-	-	-	-	(10)	(10)
<b>Balance as at 30 September 2015</b>	<b>7,059</b>	<b>1,129</b>	<b>33</b>	<b>8,221</b>	<b>(1,199)</b>	<b>21,553</b>	<b>-</b>	<b>28,575</b>	<b>335</b>	<b>28,910</b>

	For the nine months ended 30 September 2016									
	Capital reserves									
	Share capital	Premium	Share-based payment transaction and others (a)	Total share capital and capital reserves	Accumulated other comprehensive profit (loss)	Retained earnings	Loans to employees for purchase of the bank's shares	Total	Non-controlling interests	Total capital
Balance as at 31 December 2015	7,059	1,129	43	8,231	(1,448)	21,984	-	28,767	340	29,107
Net profit for the period	-	-	-	-	-	2,348	-	2,348	30	2,378
Issuance of shares	50	593	(7)	636	-	-	-	636	-	636
Other comprehensive loss, net after the effect of tax	-	-	-	-	(523)	-	-	(523)	-	(523)
Dividend paid by consolidated companies	-	-	-	-	-	-	-	-	(10)	(10)
<b>Balance as at 30 September 2016</b>	<b>7,109</b>	<b>1,722</b>	<b>36</b>	<b>8,867</b>	<b>(1,971)</b>	<b>24,332</b>	<b>-</b>	<b>31,228</b>	<b>360</b>	<b>31,588</b>

	For the nine months ended 30 September 2015									
	Capital reserves									
	Share capital	Premium	Share-based payment transaction and others (a)	Total share capital and capital reserves	Accumulated other comprehensive profit (loss)	Retained earnings	Loans to employees for purchase of the bank's shares	Total	Non-controlling interests	Total capital
Balance as at 31 December 2014	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 the effect of tax	-	-	-	-	350	-	-	350	(1)	349
Loans to Employees for purchase of the bank's shares	-	-	-	-	-	(1)	42	41	-	41
Dividend paid by consolidated companies	-	-	-	-	-	-	-	-	(10)	(10)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(21)	(21)
<b>Balance as at 30 September 2015</b>	<b>7,059</b>	<b>1,129</b>	<b>33</b>	<b>8,221</b>	<b>(1,199)</b>	<b>21,553</b>	<b>-</b>	<b>28,575</b>	<b>335</b>	<b>28,910</b>

	For the year ended 31 December 2015									
	Capital reserves									
	Share capital	Premium	Share-based payment transaction and others (a)	Total share capital and capital reserves	Accumulated other comprehensive profit (loss)	Retained earnings	Loans to employees for purchase of the bank's shares	Total	Non-controlling interests	Total capital
Balance as at 31 December 2014	7,059	1,129	33	8,221	(1,549)	19,168	(42)	25,798	340	26,138
Net profit	-	-	-	-	-	2,835	-	2,835	31	2,866
Adjustments in respect of companies included on equity basis, net	-	-	-	-	-	(19)	-	(19)	-	(19)
Employee benefit from share based payment transactions	-	-	10	10	-	-	-	10	-	10
Other comprehensive profit, net after the effect of tax	-	-	-	-	101	-	-	101	-	101
Loans to Employees for purchase of the bank's shares	-	-	-	-	-	-	42	42	-	42
Dividend paid by consolidated companies	-	-	-	-	-	-	-	-	(10)	(10)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(21)	(21)
<b>Balance as at 31 December 2015</b>	<b>7,059</b>	<b>1,129</b>	<b>43</b>	<b>8,231</b>	<b>(1,448)</b>	<b>21,984</b>	<b>-</b>	<b>28,767</b>	<b>340</b>	<b>29,107</b>

The complete report for the period ended 30 September 2016 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 2016, according to which the financial statements have been prepared, was NIS 3.758.

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

## Condensed Consolidated Statement of Comprehensive Income For the period ended 30 September 2016

	For the three months ended 30 September		For the nine months ended 30 September		For the year ended 31 December
	2016	2015	2016	2015	2015
Net profit before attribution to non-controlling interests	930	713	2,378	2,431	2,866
Less profit attributed to non-controlling interests	11	9	30	27	31
<b>Net profit attributed to shareholders of the Bank</b>	<b>919</b>	<b>704</b>	<b>2,348</b>	<b>2,404</b>	<b>2,835</b>
Other comprehensive income (loss), before taxes:					
Adjustments for showing securities available for sale at fair value, net	(346)	(685)	210	(402)	(423)
Adjustments for translation of financial statements, net (a), after the effect of tax and hedges (b)	(14)	2	(24)	(4)	(9)
Adjustments for liabilities in respect of employee benefits (c)	787	46	(918)	1,050	683
Share of the banking corporation in other comprehensive income (loss) of companies included on equity basis	(14)	3	(15)	15	11
Other comprehensive income (loss), before taxes	413	(634)	(747)	659	262
Relevant tax effect	(168)	234	224	(310)	(161)
Other comprehensive income (loss) before attribution to non-controlling interests, after taxes	245	(400)	(523)	349	101
Less other comprehensive income (loss) attributed to non-controlling interests	-	2	-	(1)	-
<b>Other comprehensive income (loss) attributed to shareholders of the banking corporation, after taxes</b>	<b>245</b>	<b>(402)</b>	<b>(523)</b>	<b>350</b>	<b>101</b>
Comprehensive income before attribution to non-controlling interests	1,175	313	1,855	2,780	2,967
Less comprehensive income attributed to non-controlling interests	11	11	30	26	31
<b>Comprehensive income attributed to shareholders of the Bank</b>	<b>1,164</b>	<b>302</b>	<b>1,825</b>	<b>2,754</b>	<b>2,936</b>

(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) 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.

David Brodet  
Chairman of the  
Board of Directors

Omer Ziv  
Executive Vice President  
Head of Finance Division

Rakefet Russak-Aminoach  
President and  
Chief Executive Officer

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

Date of approval of the financial statements: 15 November 2016

