

Translation of Immediate Report

Bank Leumi le-Israel B.M.

Registration No. 520018078
Securities of the Corporation are listed on The Tel Aviv Stock Exchange
Abbreviated Name: Leumi
Leumi House, 34 Yehuda Halevi Street, Tel Aviv 65546
Phone: + 972 3 5148111, + 972 3 5149419; Facsimile: + 972 3 5149732
Electronic Mail: Yaelru@bll.co.il

30 May 2011
Reference: 2011-01-166755

To: Israel Securities Authority (www.isa.gov.il)
The Tel Aviv Stock Exchange (www.tase.co.il)

Immediate Report

Nature of the Event: Leumi Mortgage Bank – Financial Statements

Bank Leumi le-Israel B.M. announces that a subsidiary of the Bank, Leumi Mortgage Bank Ltd., today published its financial statements as at 31 March 2011.

See the attached Annex.

Date and time at which the corporation first became aware of the matter being the subject of the report: 29 May 2011 Time: 15:43.

Name of Electronic Reporter: Yael Rudnicki, Position: Group Secretary
POB 2 Tel Aviv 61000, Phone: + 972 3 5149419, Facsimile: + 972 3 5149732,
Electronic Mail: Yaelru@bll.co.il

Summarized Consolidated Balance Sheet as of 31 March 2011

Reported amounts	31 March 2011 NIS millions (Unaudited)	31 March 2010 NIS millions (Unaudited)	31 December 2010 NIS millions (Audited)
<u>Assets</u>			
Cash and bank deposits	12	9	10
Credit to the public	53,441	^{(1) (2)} 45,399	^{(1) (2)} 51,579
Provision for credit losses	<u>(585)</u>	^{(1) (2)} <u>(593)</u>	^{(1) (2)} <u>(496)</u>
Credit to the public, net	52,856	44,806	51,083
Buildings and equipment	69	62	69
Assets due to derivative instruments	1	-	-
Other assets	159	212	128
Total Assets	<u>53,097</u>	<u>45,089</u>	<u>51,290</u>
<u>Liabilities and equity</u>			
Deposits from the public	5,196	5,767	5,525
Deposits from banks	40,596	32,172	38,409
Government deposits	27	28	28
Debentures	11	36	16
Subordinated notes	4,255	4,244	4,285
Other liabilities	⁽³⁾ 372	⁽¹⁾ 333	⁽¹⁾ 371
Total liabilities	<u>50,457</u>	<u>42,580</u>	<u>48,634</u>
Shareholders' equity	<u>2,640</u>	<u>2,509</u>	<u>2,656</u>
Total liabilities and capital	<u>53,097</u>	<u>45,089</u>	<u>51,290</u>

D. Bar Lev
Chairman of the Board of Directors

S. Burstein
CEO

O. Gorka
Chief Accountant

- (1) On 1 January 2011, the company adopted, for the first time, the Supervisor of Banks' Directive regarding "Measurement and Disclosure of Impaired Debts, Credit Risk and Credit Loss Provision". The comparative numbers for the previous years have not been restated, and the data for 31 March 2011 are therefore not comparable to the data from 2010 that are marked with numbers. For additional explanations regarding the impact of the initial adoption of the Directive, see notes 1+2 below.
- (2) The data were reclassified in order to match them to the item captions and to the presentation method for the current period. See notes 1+2 below.
- (3) Of this: provision for credit losses for off-balance sheet credit, in the amount of NIS 1 million.

The notes attached to the financial statements constitute an integral part thereof.

Date of approval of financial statements – 29 May 2011

Consolidated Profit and Loss Statement

For the period ending 31 March 2011

Reported amounts

Reported amounts	For the three months ending 31		For the year
	March		ending 31
	2011	2010	December
	(Unaudited)	(Unaudited)	(Audited)
<u>In NIS millions</u>			
Net interest income before provision for credit losses	121	70	406
Provision for credit losses	(12)	(6)	(42)
Net interest income after provision for credit losses	133	76	448
Operating and other income			
Operating commissions	27	33	127
Other income	-	-	2
Total operating and other income	27	33	129
Operating and other expenses			
Salaries and related expenses	35	33	133
Maintenance and depreciation of buildings and equipment	8	7	28
Other expenses	26	25	130
Total operating and other expenses	69	65	291
Operating profit before taxes	91	44	286
Provision for taxes on operating profit	32	16	111
Net profit for the period	59	28	175
Basic and diluted earnings per ordinary share (in NIS)*	57.88	26.99	170.41
Number of ordinary shares of NIS 1 nominal value (weighted average)	1,027,156	1,027,156	1,027,156

* The basic earnings per share and the diluted earnings per share are equal.

The notes attached to the financial statements constitute an integral part thereof.

Statement of Changes in Shareholders' Equity for the Period Ending 31 March 2011

Reported amounts

	<u>Share capital</u>	<u>Premium</u>	<u>Capital fund from benefit received from controlling shareholder</u>	<u>Retained earnings</u>	<u>Total share- holders' equity</u>
For the three months ending 31 March 2011 (unaudited)					
Balance as of 1 January 2011	458	697	14	1,487	2,656
Cumulative effect, net of taxes, of the initial implementation on 1 January 2011 of the directive concerning the measurement of impaired debts and the provision for credit losses	-	-	-	(75)	(75)
Net profit for the period	-	-	-	59	59
Balance as of 31 March 2011	458	697	14	1,471	2,640
For the three months ending 31 March 2010 (unaudited)					
Balance as of 1 January 2010	458	697	14	1,312	2,481
Net profit for the period	-	-	-	28	28
Balance as of 31 March 2010	458	697	14	1,340	2,509
For the year ending 31 December 2010 (audited)					
Balance as of 1 January 2010	458	697	14	1,312	2,481
Net profit for the period	-	-	-	175	175
Balance as of 31 December 2010	458	697	14	1,487	2,656

The notes attached to the financial statements constitute an integral part thereof.