

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

29 November 2011
Reference: 2011-01-343176

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 approved its financial statements as of 30 September 2011.

The full financial statements will be published in Hebrew on the company's website, at:
<http://www.blms.co.il/mashcanta/14179>

See attached Annex.

Date and time at which the corporation first became aware of the matter being the subject of the report: 28 November 2011 Time: 15:22.

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 30 September 2011

Reported amounts	30 September 2011 (Unaudited) NIS millions	30 September 2010 (Unaudited)	31 December 2010 Audited
<u>Assets</u>			
Cash and bank deposits	12	14	10
Credit to the public	(1) (2) 55,928	(1) (2) 49,334	(1) (2) 51,579
Provision for credit losses	(1) (2) (547)	(1) (2) (536)	(1) (2) (496)
Credit to the public, net	55,381	48,798	51,083
Buildings and equipment	72	61	69
Other assets	155	(3) 157	(3) 134
Total Assets	55,620	49,030	51,296
<u>Liabilities and equity</u>			
Deposits from the public	5,080	5,652	5,525
Deposits from banks	42,586	36,019	38,409
Government deposits	18	21	28
Debentures	11	37	16
Subordinated notes	4,809	4,314	4,285
Other liabilities	393	(1) (3) 379	(3) (1) 391
Total liabilities	52,897	46,422	48,654
Shareholders' equity	2,723	2,608	2,642
Total liabilities and capital	55,620	49,030	51,296

(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 30 September 2011 are therefore not comparable to the data from 2010 that are marked with an asterisk. For additional explanations regarding the impact of the initial adoption of the Directive, see notes 1 and 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 and 2 below.

(3) Restated due to the retroactive implementation of the Bank Supervision Department's guidelines concerning "Strengthening of Internal Controls Over Financial Reporting, Regarding the Subject of Employees' Rights". See Note 1(f)(4).

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

D. Bar Lev
 Chairman of the Board of Directors

S. Burstein
 CEO

O. Gorka
 Chief Accountant

Date of approval of financial statements – 28 November 2011

Summarized Consolidated Profit and Loss Account as of 30 September 2011
For the period ending 30 September 2011

Reported amounts

	For the three month period ending 30 September		For the nine month period ending 30 September		For the year ending 31 December 2010
	2011	2010	2011	2010	(Audited)
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS millions				
Net interest income before expenses for credit losses	115	121	367	301	406
Expenses from credit losses	6	(13)	(8)	(36)	(42)
Net interest income after expenses from credit losses	109	134	375	337	448
Operating and other income					
Operating commissions	29	32	85	95	127
Other income	-	1	-	1	2
Total operating and other income	29	33	85	96	129
Operating and other expenses					
Salaries and related expenses	33	⁽¹⁾ 33	108	⁽¹⁾ 98	⁽¹⁾ 132
Maintenance and depreciation of buildings and equipment	8	7	24	21	28
Other expenses	29	29	86	87	130
Total operating and other expenses	70	69	218	206	290
Operating profit before taxes	68	98	242	227	287
Provision for taxes on operating profit	25	⁽¹⁾ 39	86	⁽¹⁾ 85	⁽¹⁾ 111
Net profit for the period	43	59	156	142	176
Basic and diluted earnings per ordinary share (in NIS)⁽²⁾	41.86	⁽¹⁾ 57.44	151.88	⁽¹⁾ 138.25	⁽¹⁾ 171.35
Number of ordinary shares of NIS 1 nominal					

value (weighted
average)

<u>1,027, 156</u>	<u>1,027, 156</u>	<u>1,027, 156</u>	<u>1,027, 156</u>	<u>1,027, 156</u>
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- (1) Restated due to the retroactive implementation of the Bank Supervision Department's guidelines concerning "Strengthening of Internal Controls Over Financial Reporting, Regarding the Subject of Employees' Rights". See Note 1(f)(4).
- (2) The basic and diluted earnings per share are the same.

**Summary Statement of Changes in Shareholders' Equity
For the Period Ending 30 September 2011**

Reported amounts

For the three months ending on 30 September 2011 (unaudited)					
	<u>Share capital</u>	<u>Premium</u>	<u>Capital fund from benefit received from controlling shareholder</u>	<u>Retained earnings</u>	<u>Total Shareholders' equity</u>
	NIS millions				
Balance as of 1 July 2011	458	697	14	1,511	2,680
Net profit for the period	-	-	-	43	43
Balance as of 30 September 2011	458	697	14	1,554	2,723
For the three months ending on 30 September 2010 (unaudited)					
	<u>Share capital</u>	<u>Premium</u>	<u>Capital fund from benefit received from controlling shareholder</u>	<u>Retained earnings</u>	<u>Total Shareholders' equity</u>
	NIS millions				
Balance as of 1 July 2010	458	697	14	⁽¹⁾ 1,380	2,549
Net profit for the period	-	-	-	⁽¹⁾ 59	59
Balance as of 30 September 2010	458	697	14	1,439	2,608

⁽¹⁾ Restated due to the retroactive implementation of the Bank Supervision Department's guidelines concerning "Strengthening of Internal Controls Over Financial Reporting, Regarding the Subject of Employees' Rights". See Note 1(f)(4).

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

**Summary Statement of Changes in Shareholders' equity
For the Period Ending 30 September 2011**

Reported amounts

For the nine months ending on 30 September 2011 (unaudited)					
	<u>Share capital</u>	<u>Premium</u>	<u>Capital fund from benefit received from controlling shareholder</u>	<u>Retained earnings</u>	<u>Total Shareholders' equity</u>
	NIS millions				
Balance as of 1 January 2011	458	697	14	1,473	2,642
Cumulative effect, net of taxes, of the implementation on 1 January 2011, for the first time, of the Directive regarding Measurement and Disclosure of Impaired Debts and Credit Loss Provision	-	-	-	(75)	(75)
Net profit for the period	-	-	-	156	156
Balance as of 30 September 2011	458	697	14	1,554	2,723
For the nine months ending on 30 September 2010 (unaudited)					
	<u>Share capital</u>	<u>Premium</u>	<u>Capital fund from benefit received from controlling shareholder</u>	<u>Retained earnings</u>	<u>Total Shareholders' equity</u>
	NIS millions				
Balance as of 1 January 2010	458	697	14	⁽¹⁾ 1,297	2,466
Net profit for the period	-	-	-	142	142
Balance as of 30 September 2010	458	697	14	1,439	2,608

⁽¹⁾ Restated due to the retroactive implementation of the Bank Supervision Department's guidelines concerning "Strengthening of Internal Controls Over Financial Reporting, Regarding the Subject of Employees' Rights". See Note 1(f)(4).

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

**Summary Statement of Changes in Shareholders' equity
For the Period Ending 30 September 2011**

Reported amounts

	For the year ending on 31 December 2010 (audited)				
	<u>Share capital</u>	<u>Premium</u>	<u>Capital fund from benefit received from controlling shareholder</u>	<u>Retained earnings</u>	<u>Total Sahreholders' equity</u>
Balance as of 31 December 2010	458	697	14	⁽¹⁾ 1,297	2,466
Net profit for the accounting year	-	-	-	⁽¹⁾ 176	176
Balance as of 31 December 2010	458	697	14	1,473	2,642

⁽¹⁾ Restated due to the retroactive implementation of the Bank Supervision Department's guidelines concerning "Strengthening of Internal Controls Over Financial Reporting, Regarding the Subject of Employees' Rights". See Note 1(f)(4).

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