

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

23 February 2011
Reference: 2011-01-058860

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 at 31 December 2010.

See the attached Annex.

Date and time at which the corporation first became aware of the matter being the subject of the report: 23 February 2011 Time: 11:00.

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

Leumi Mortgage Bank Ltd.

Financial Statements
For the Year Ending 31 December 2010

Consolidated Balance Sheet as at 31 December

Reported amounts		31 December 2010	31 December 2009
	Note	NIS millions	NIS millions
Assets			
Cash and bank deposits	2	10	13
Credit to the public	4	51,083	43,697
Buildings and equipment	6	69	62
Other assets	7	128	203
Total Assets		51,290	43,975
Liabilities and capital			
Deposits from the public	8	5,525	6,230
Deposits from banks	8	38,409	31,038
Government deposits	8	28	33
Debentures	9	16	41
Subordinated notes	9	4,285	3,831
Other liabilities	10	371	321
Total liabilities		48,634	41,494
Shareholders' equity	11	2,656	2,481
Total liabilities and capital		51,290	43,975

David Bar Lev – Chairman of the Board of Directors

Gidon Shurr – Chairman of the Balance Sheet Committee

Shuki Burstein – CEO

Orna Gorka – Chief Accountant

Date of approval of financial statements – 23 February 2011

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

Consolidated Profit and Loss Statement for the Year Ending 31 December

Reported amounts

		2010	2009	2008
	Note	In NIS millions		
Net interest income before provision for doubtful debts	17	406	310	430
Provision for doubtful debts	4b	(42)	(20)	103
Net interest income before provision for doubtful debts		448	330	327
Operating and other income				
Operating commissions	18	127	118	120
Other income	19	2	5	1
Total operating and other income		129	123	121
Operating and other expenses				
Salaries and related expenses	20	133	112	113
Maintenance and depreciation of buildings and equipment		28	23	19
Other expenses	21	130	105	109
Total operating and other expenses		291	240	241
Operating profit before taxes		286	213	207
Provision for taxes on operating profit	22	111	82	81
Annual net profit		175	131	126
Basic and diluted earnings per ordinary share (in NIS)	1u	170.41	134.32	134.26
Number of ordinary shares of NIS 1 nominal value (weighted average)		1,027,156	972,762	939,890

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

Statement of Changes in Shareholders' Equity for the Year Ending 31 DecemberReported amounts
(NIS millions)

	<u>Share capital</u>	<u>Premium</u>	<u>Total</u>	<u>Capital fund from benefit received from controlling shareholders</u>	<u>Retained earnings</u>	<u>Total share- holders' equity</u>
Balances as of 1 January 2008	458	497	955	14	1,055	2,024
Net profit for the accounting year	-	-	-	-	126	126
Benefit received from controlling shareholder	-	-	-	- ^{**}	-	-
Balances as of 31 December 2008	<u>458</u>	<u>497</u>	<u>955</u>	<u>14</u>	<u>1,181</u>	<u>2,150</u>
Issue of share capital*	- ^{**}	200	200	-	-	200
Net profit for the accounting year	-	-	-	-	131	131
Benefit received from controlling shareholder	-	-	-	- ^{**}	-	-
Balances as of 31 December 2009	<u>458</u>	<u>697</u>	<u>1,155</u>	<u>14</u>	<u>1,312</u>	<u>2,481</u>
Net profit for the accounting year	-	-	-	-	175	175
Benefit received from controlling shareholder	-	-	-	- ^{**}	-	-
Balances as of 31 December 2010	<u>458</u>	<u>697</u>	<u>1,155</u>	<u>14</u>	<u>1,487</u>	<u>2,656</u>

* See Note 11.

** Amounts are less than NIS 1 million.

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