

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

Condensed Consolidated Balance Sheet as at 31 December 2014 (NIS millions)

ASSETS	31 December	
	2014	2013
Cash and deposits with banks	60,615	44,351
Securities	52,113	63,735
Securities borrowed or purchased under agreements to resell	2,000	1,360
Credit to the public	256,468	244,757
Allowance for credit losses	(3,988)	(3,883)
Credit to the public, net	252,480	240,874
Credit to governments	528	558
Investments in companies included on equity basis	2,216	1,689
Buildings and equipment	3,729	3,638
Intangible assets and goodwill	43	99
Assets in respect of derivative instruments	16,909	13,054
Other assets	5,501	5,182(a)
Total assets	396,134	374,540

LIABILITIES AND EQUITY	31 December	
	2014	2013
Deposits of the public	303,397	286,003
Deposits from banks	4,556	4,310
Deposits from governments	467	397
Securities lent or sold under agreements to repurchase	1,238	624
Debentures, bonds and subordinated notes	23,678	25,441
Liabilities in respect of derivative instruments	15,650	13,487
Other liabilities	18,715	17,809(a)
Total liabilities	367,701	348,071
Non-controlling interests	340	340
Equity attributable to shareholders of the banking corporation	28,093	26,129(a)
Total equity	28,433	26,469
Total liabilities and equity	396,134	374,540

(a) Restated pursuant to a change in accounting method for accumulating employee rights.

Condensed Consolidated Statement of Changes in Shareholders' Equity for the year ended 31 December 2014 (NIS millions)

	Capital reserves			Total share capital and capital reserves	Accumulated other comprehensive profit (loss)	Retained earnings (4)	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 (1)							
Balance as at 1 January 2012	7,059	1,129	23	8,211	(199)	15,406	(44)	23,374	254	23,628
Adjustment of opening balances in respect of first time implementation IFRS Standards (2) and change in accounting method (3)	-	-	-	-	-	(348)	-	(348)	-	(348)
Net profit (3)	-	-	-	-	-	922	-	922	37	959
Dividend paid by consolidated companies	-	-	-	-	-	-	-	-	(8)	(8)
Adjustments in respect of companies included on equity basis, net	-	-	-	-	-	(9)	-	(9)	-	(9)
Other comprehensive loss profit, net after the effect of tax	-	-	-	-	657	-	-	657	-	657
Changes in non-controlling interests	-	-	-	-	-	(6)	-	(6)	24	18
Balance as at 31 December 2012	7,059	1,129	23	8,211	458	15,965	(44)	24,590	307	24,897
Net profit (3)	-	-	-	-	-	1,982	-	1,982	42	2,024
Dividend paid by consolidated companies	-	-	-	-	-	-	-	-	(6)	(6)
Adjustments in respect of companies included on equity basis, net	-	-	-	-	-	24	-	24	-	24
Employee benefit from share based payment transactions	-	-	10	10	-	-	-	10	-	10
Other comprehensive loss, net after the effect of tax	-	-	-	-	(489)	-	-	(489)	(3)	(492)
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
Balance as at 31 December 2013	7,059	1,129	33	8,221	(31)	17,982	(43)	26,129	340	26,469
Net profit	-	-	-	-	-	1,502	-	1,502	12	1,514
Dividend paid by consolidated companies	-	-	-	-	-	-	-	-	(10)	(10)
Adjustments in respect of companies included on equity basis, net	-	-	-	-	-	75	-	75	-	75
Other comprehensive loss, net after the effect of tax (4)	-	-	-	-	386	-	-	386	-	386
Changes in non-controlling interests	-	-	-	-	-	-	1	1	(2)	(1)
Balance as at 31 December 2014	7,059	1,129	33	8,221	355	19,559	(42)	28,093	340	28,433

**Condensed Consolidated Statement of Profit and Loss
for the year ended 31 December 2014
(NIS millions)**

	For the year ended 31 December		
	2014	2013	2012
Interest income	10,012	12,134	13,507
Interest expenses	2,649	4,777	6,099
Interest income, net	7,363	7,357	7,408
Expenses in respect of credit losses	472	268	1,236
Net interest income after expenses in respect of credit losses	6,891	7,089	6,172
Non-interest income			
Non-interest financing income	795	1,127	444
Commissions	4,167	4,188	4,199
Other income	211	202	131
Total non-interest income	5,173	5,517	4,774
Operating and other expenses			
Salaries and related expenses	4,968	5,133 (a)	5,310 (a)
Buildings and equipment maintenance and depreciation	1,778	1,833	1,819
Amortization of intangible assets	58	88	23
Other expenses	2,507	1,838	1,968
Total operating and other expenses	9,311	8,892	9,120
Profit before taxes	2,753	3,714	1,826
Provision for taxes on profit	1,281	1,397 (a)	800 (a)
Profit after taxes	1,472	2,317	1,026
Share of the banking corporation in profits (losses) of companies included on equity basis, after tax	42	(293)	(67)
Net profit			
Before attributed to non-controlling interests	1,514	2,024	959
Attributed to non-controlling interests	(12)	(42)	(37)
Attributed to shareholders of the banking corporation	1,502	1,982	922
Basic and diluted earnings per share:		(NIS)	
Net profit attributed to shareholders of the banking corporation (in NIS)	1.02	1.35 (a)	0.63 (a)
		(Thousands)	
Weighted average of the number of shares for calculation of basic and diluted earnings	1,473,551	1,473,551	1,473,551

(a) Restated pursuant to a change in accounting method for accumulating employee rights.

The complete annual report for the period ended 31 December 2014 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 31 December 2014, according to which the financial statements have been prepared, was NIS 3.889

- (1) Including NIS 10 million other capital reserves.
- (2) In 2012 in respect of implementation of IAS 12, an amount of NIS 42 million.
- (3) Restated pursuant to a change in accounting method for accumulating employee rights.
- (4) Including NIS 353 million not available for distribution as a dividend (31 December 2013 – NIS 471 million, 31 December 2012 – NIS 208 million). The balance of the amount for allocation is subject to Bank of Israel directives and the limitations set out in Proper Conduct of Banking Business Directives.

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2014

	(NIS millions)		
	2014	2013	2012
Net profit before attribution to non-controlling interests	1,514	2,024 (3)	959 (3)
Less net profit attributed to non-controlling interests	(12)	(42)	(37)
Net profit attributed to shareholders of the Bank	<u>1,502</u>	<u>1,982</u>	<u>922</u>
Other comprehensive income (loss), before taxes:			
Adjustments for showing securities available for sale at fair value, net	355	(518)	1,067
Adjustments for translation of financial statements, net (1), after the effect of tax and hedges (2)	192	(115)	(55)
Share of the banking corporation in other comprehensive loss of companies included on equity basis	<u>(108)</u>	<u>(6)</u>	<u>(1)</u>
Other comprehensive income (loss), before taxes:	439	(639)	1,011
Relevant tax effect	<u>(53)</u>	<u>147</u>	<u>(354)</u>
Other comprehensive income (loss) before attribution to non-controlling interests, after taxes	386	(492)	657
Less other comprehensive income (loss) attributed to non-controlling interests	-	3	-
Other comprehensive income (loss) attributed to shareholders of the banking corporation, after taxes	<u>386</u>	<u>(489)</u>	<u>657</u>
Comprehensive income before attribution to non-controlling interests	1,900	1,532	1,616
Comprehensive income attributed to non-controlling interests	(12)	(39)	(37)
Comprehensive income attributed to shareholders of the Bank	<u><u>1,888</u></u>	<u><u>1,493</u></u>	<u><u>1,579</u></u>

- (1) Adjustments for translation of financial statements of foreign operations whose functional currency differs from the functional currency of the Bank, including adjustments in respect of companies included on equity basis.
(2) Hedges - profits (losses) net in respect of hedging a net investment in foreign currency.
(3) Restated pursuant to a change in accounting method for accumulating employee rights.

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

David Brodet
Chairman of the Board of Directors

Prof. Efraim Sadka
Director

Zipporah Samet
Director

31 March 2015

