

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

Condensed Consolidated Balance Sheet as at 31 March 2015 (NIS millions)

	31.3.2015	31.3.2014	31.12.2014
	(Unaudited)	(Unaudited)	(Audited)
ASSETS			
Cash and deposits with banks	51,769	44,162	60,615
Securities	64,379	60,481	52,113
Securities borrowed or purchased under agreements to resell	2,197	1,370	2,000
Credit to the public	254,223	245,111	256,468
Allowance for credit losses	(3,948)	(3,838)	(3,988)
Credit to the public, net	250,275	241,273	252,480
Credit to governments	433	487	528
Investments in companies included on equity basis	896	1,630	2,216
Buildings and equipment	3,651	3,626	3,729
Intangible assets and goodwill	18	96	43
Assets in respect of derivative instruments	18,831	12,303	16,909
Other assets	7,072	5,755(a)(b)	6,564(a)(b)
Total assets	399,521	371,183	397,197
LIABILITIES AND EQUITY			
Deposits of the public	305,017	282,732	303,397
Deposits from banks	6,187	4,367	4,556
Deposits from governments	517	435	467
Securities lent or sold under agreements to repurchase	1,384	540	1,238
Bonds, debentures and subordinated notes	19,596	24,484	23,678
Liabilities in respect of derivative instruments	18,086	12,861	15,650
Other liabilities	21,426	19,639(a)(b)	21,695(a)(b)
Total liabilities	372,213	345,058	370,681
Non-controlling interests	329	341	340
Equity attributable to shareholders of the banking corporation	26,979	25,784(b)	26,176(b)
Total equity	27,308	26,125	26,516
Total liabilities and equity	399,521	371,183	397,197

(a) Restated pursuant to a change in accounting for accumulating employee rights.
(b) Restated pursuant to retroactive implementation of US GAAP on employee rights.

Condensed Consolidated Statement of Profit and Loss for the period ended 31 March 2015 (NIS millions)

	For the three months ended 31 March		For the year ended 31 December
	2015	2014	2013
	(Unaudited)	(Unaudited)	(Audited)
Interest income	1,502	2,201	10,012
Interest expenses	(14)	444	2,649
Net interest income	1,516	1,757	7,363
Expenses (income) in respect of credit losses	81	(51)	472
Net interest income, after expenses in respect of credit losses	1,435	1,808	6,891
Non-interest income			
Non-interest financing income	1,319	323	795
Commissions	1,051	1,040	4,167
Other income	55	31(a)	243(a)
Total non-interest income	2,425	1,394	5,205
Operating and other expenses			
Salaries and related expenses	1,403	1,349(a)	5,028(a)
Maintenance and depreciation of buildings and equipment	455	442	1,778
Amortization of intangible assets and goodwill	(6)	3	58
Other expenses	402	367	2,507
Total operating and other expenses	2,254	2,161	9,371
Profit before taxes	1,606	1,041	2,725
Provision for taxes on profit	557	428(a)	1,335(a)
Profit after taxes	1,049	613	1,390
Share of the banking corporation in profits (losses) after tax of companies included on equity basis	131	(37)(c)	42
Net profit:			
Before attribution to non-controlling interests	1,180	576	1,432
Attributable to non-controlling interests	(9)	(11)	(12)
Attributable to shareholders of the banking corporation	1,171	565	1,420
Basic and diluted earnings per share (NIS)			
Net profit attributed to shareholders of the banking corporation	0.80	0.38(a)	0.96(a)

(a) Restated pursuant to a change in accounting for accumulating employee rights.
(b) Restated pursuant to retroactive implementation of US GAAP on employee rights.
(c) Does not include the effect of the results of the Israel Corporation for the three months period ended 31 March 2014.

**Condensed Consolidated Statement of Changes in Equity
for the period ended 31 March 2015 (NIS millions)**

For the three months ended 31 March 2015 (Unaudited)

	Capital reserves							Total	Non-controlling Interests	Total capital
	Share capital	Premium	Share-based payment transaction and others (a)	Total share capital and capital reserves	Accumulated other comprehensive income (loss)	Retained earnings	Loans to employees for purchase of the Bank's shares			
Balance as at 31 December 2014 (Audited)	7,059	1,129	33	8,221	(1,573)	19,570	(42)	26,176	340	26,516
Net profit for the period	-	-	-	-	-	1,171	-	1,171	9	1,180
Dividend paid to non-controlling interests in subsidiaries	-	-	-	-	-	-	-	-	-	-
Adjustments in respect of companies included on equity basis, net	-	-	-	-	-	(5)	-	(5)	-	(5)
Other comprehensive income, net after the effect of tax	-	-	-	-	(362)	-	-	(362)	1	(361)
Changes in non-controlling interests	-	-	-	-	-	(1)	-	(1)	(21)	(22)
Balance at the end of the period	<u>7,059</u>	<u>1,129</u>	<u>33</u>	<u>8,221</u>	<u>(1,935)</u>	<u>20,735</u>	<u>(42)</u>	<u>26,979</u>	<u>329</u>	<u>27,308</u>

For the three months ended 31 March 2014 (Unaudited)

	Capital reserves							Total	Non-controlling Interests	Total capital
	Share capital	Premium	Share-based payment transaction and others (a)	Total share capital and capital reserves	Accumulated other comprehensive income (loss)	Retained earnings	Loans to employees for purchase of the Bank's shares			
Balance as at 31 December 2013 (Audited)(b)	7,059	1,129	33	8,221	(1,051)	18,075	(43)	25,202	340	25,542
Net profit for the period(b)(c)	-	-	-	-	-	565	-	565	11	576
Dividend paid to non-controlling interests in subsidiaries	-	-	-	-	-	-	-	-	(10)	(10)
Adjustments in respect of companies included on equity basis, net	-	-	-	-	-	(2)	-	(2)	-	(2)
Other comprehensive loss, net after the effect of tax	-	-	-	-	18	-	-	18	1	19
Changes in non-controlling interests	-	-	-	-	-	-	1	1	(1)	-
Balance at the end of the period	<u>7,059</u>	<u>1,129</u>	<u>33</u>	<u>8,221</u>	<u>(1,033)</u>	<u>18,638</u>	<u>(42)</u>	<u>25,784</u>	<u>341</u>	<u>26,125</u>

For the year ended 31 December 2014 (Audited)

	Capital reserves							Total	Non-controlling Interests	Total capital
	Share capital	Premium	Share-based payment transaction and others (a)	Total share capital and capital reserves	Accumulated other comprehensive income (loss)	Retained earnings	Loans to employees for purchase of the Bank's shares			
Balance at 1 January 2013 (Audited)	7,059	1,129	23	8,211	458	15,965	(44)	24,590	307	24,897
Effect of initial adoption of US GAAP on employee rights (b)	-	-	-	-	(725)	13	-	(712)	-	(712)
Balance at 1 January 2013 after initial implementation of the new rules	-	-	-	-	-	-	-	-	-	-
Net profit (b)	-	-	-	-	-	2,062	-	2,062	42	2,104
Dividend paid by consolidated companies	-	-	-	-	-	-	-	-	(6)	(6)
Adjustments in respect of companies included on equity basis, net	-	-	-	-	-	24	-	24	-	24
Benefit to employees in respect of share based payments	-	-	10	10	-	-	-	10	-	10
Other comprehensive income, net after the effect of taxes	-	-	-	-	(784)	-	-	(784)	(3)	(787)
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 (Audited)	<u>7,059</u>	<u>1,129</u>	<u>33</u>	<u>8,221</u>	<u>(1,051)</u>	<u>18,075</u>	<u>(43)</u>	<u>25,202</u>	<u>340</u>	<u>25,542</u>
Net profit (b)	-	-	-	-	-	1,420	-	1,420	12	1,432
Dividend paid by consolidated companies	-	-	-	-	-	-	-	-	(10)	(10)
Adjustments in respect of companies included on equity basis, net	-	-	-	-	-	75	-	75	-	75
Other comprehensive income, net after the effect of tax	-	-	-	-	(522)	-	-	(522)	-	(522)
Changes in non-controlling interests	-	-	-	-	-	-	1	1	-	1
Loans to Employees for purchase of the Bank's shares	-	-	-	-	-	-	-	-	(2)	(2)
Balance as at 31 December 2014 (Audited)	<u>7,059</u>	<u>1,129</u>	<u>33</u>	<u>8,221</u>	<u>(1,573)</u>	<u>19,570</u>	<u>(42)</u>	<u>26,176</u>	<u>340</u>	<u>26,516</u>

The complete report for the period ended 31 March 2015 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 March 2015, according to which the financial statements have been prepared, was NIS 3.98

- (a) Including NIS 10 million of other capital reserves.
(b) Restated pursuant to retroactive implementation of US GAAP on employee rights.
(c) Restated pursuant to a change in accounting for accumulating employee rights.

Consolidated Statement of Comprehensive Income
For the period ended 31 March 2015

	(NIS millions)		
	For the three months Ended 31 March		For the year ended 31 December
	2015 <u>(Unaudited)</u>	2014 <u>(Unaudited)</u>	2014 <u>(Audited)</u>
Net profit before attribution to non-controlling interests	1,180	576 (c)(d)	1,432 (c)(d)
Less net profit attributed to non-controlling interests	9	11	12
<u>Net profit attributed to shareholders of the Bank</u>	<u>1,171</u>	<u>565</u>	<u>1,420</u>
Other comprehensive income (loss), before taxes:			
Adjustments for showing securities available for sale at fair value, net	549	(8)	355
Adjustments for translation of financial statements, net (a), after hedges (b)	21	-	192
Adjustments of liabilities in respect of employee rights (e)	(1,254)	104	(1,458)
Share of the banking corporation in other comprehensive loss of companies included on equity basis	20	(7)(f)	(108)
Other comprehensive income (loss), before taxes	(664)	89	(1,019)
Relevant tax effect	303	(70)	497
Other comprehensive income (loss) before attribution to non-controlling interests, after taxes	(361)	19	(522)
Less other comprehensive income attributed to non-controlling interests	1	1	-
Other comprehensive income (loss) attributed to shareholders of the banking corporation, after taxes	(362)	18	(522)
Comprehensive income before attribution to non-controlling interests	819	595	910
Comprehensive income attributed to non-controlling interests	10	12	12
Comprehensive income attributed to shareholders of the Bank	<u>809</u>	<u>583</u>	<u>898</u>

- (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) Restated pursuant to a change in accounting for accumulating employee rights.
(d) Restated pursuant to retroactive implementation of US GAAP on employee rights.
(e) 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.
(f) Does not include the effect of the results of the Israel Corporation for the three month period ended 31 March 2014.

David Brodet
Chairman of the Board of Directors

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

28 May 2015

