

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

Condensed Consolidated Balance Sheet as at 30 June 2015 (NIS millions)

	30.6.2015	30.6.2014	31.12.2014
	(Unaudited)	(Unaudited)	(Audited)
<b>ASSETS</b>			
Cash and deposits with banks	46,170	49,902	60,615
Securities	64,810	49,713	52,113
Securities borrowed or purchased under agreements to resell	2,177	1,634	2,000
Credit to the public	258,460	248,172	256,468
Allowance for credit losses	(3,912)	(3,787)	(3,988)
Credit to the public, net	254,548	244,385	252,480
Credit to governments	435	483	528
Investments in companies included on equity basis	889	1,641	2,216
Buildings and equipment	3,054	3,037 (a)	3,162 (a)
Intangible assets and goodwill	17	85	43
Assets in respect of derivative instruments	14,538	11,860	16,909
Other assets	7,113	6,301 (a)	6,856 (a)
<b>Total assets</b>	<b>393,751</b>	<b>369,041</b>	<b>396,922</b>

	30.6.2015	31.6.2014	31.12.2014
	(Unaudited)	(Unaudited)	(Audited)
<b>LIABILITIES AND EQUITY</b>			
Deposits of the public	304,043	279,861	303,397
Deposits from banks	4,581	5,201	4,556
Deposits from governments	631	359	467
Securities lent or sold under agreements to repurchase	1,371	747	1,238
Bonds, debentures and subordinated notes	19,720	24,509	23,678
Liabilities in respect of derivative instruments	14,430	12,153	15,650
Other liabilities	20,368	20,183 (a)	21,798 (a)
<b>Total liabilities</b>	<b>365,144</b>	<b>343,013</b>	<b>370,784</b>
Non-controlling interests	334	323	340
Equity attributable to shareholders of the banking corporation	28,273	25,705 (a)	25,798 (a)
<b>Total equity</b>	<b>28,607</b>	<b>26,028</b>	<b>26,138</b>
<b>Total liabilities and equity</b>	<b>393,751</b>	<b>369,041</b>	<b>396,922</b>

## Condensed Consolidated Statement of Profit and Loss for the period ended 30 June 2015 (NIS millions)

	For the three months ended 30 June		For the six months ended 30 June		For the year ended 31 December
	2015	2014	2015	2014	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Interest income	2,818	2,812	4,320	5,013	10,012
Interest expenses	818	907	804	1,351	2,649
Net interest income	2,000	1,905	3,516	3,662	7,363
Expenses (income) in respect of credit losses	12	(16)	93	(67)	472
Net interest income, after expenses in respect of credit losses	1,988	1,921	3,423	3,729	6,891
<b>Non-interest income</b>					
Non-interest financing income	(105)	172	1,214	495	795
Commissions	1,035	1,040	2,086	2,080	4,167
Other income	53	46 (a)	108	77 (a)	179 (a)
<b>Total non-interest income</b>	<b>983</b>	<b>1,258</b>	<b>3,408</b>	<b>2,652</b>	<b>5,141</b>
<b>Operating and other expenses</b>					
Salaries and related expenses	1,345	1,320 (a)	2,763	2,736 (a)	5,151 (a)
Maintenance and depreciation of buildings and equipment	434	405 (a)	855	817 (a)	1,655 (a)
Amortization of intangible assets and goodwill	-	11	-	14	58
Other expenses	383	880	779	1,247	2,507
<b>Total operating and other expenses</b>	<b>2,162</b>	<b>2,616</b>	<b>4,397</b>	<b>4,814</b>	<b>9,371</b>
Profit before taxes	809	563	2,434	1,567	2,661
Provision for taxes on profit	297	337 (a)	862	702 (a)	1,278 (a)
Profit after taxes	512	226	1,572	865	1,383
Share of the banking corporation in losses after tax of companies included on equity basis	15	(14) (b)	146	(51) (b)	42
<b>Net profit:</b>					
Before attribution to non-controlling interests	527	212	1,718	814	1,425
Attributed to non-controlling interests	(9)	17	(18)	6	(12)
<b>Attributable to shareholders of the banking corporation</b>	<b>518</b>	<b>229</b>	<b>1,700</b>	<b>820</b>	<b>1,413</b>
<b>Basic and diluted earnings per share (NIS)</b>					
Net profit attributed to shareholders of the banking corporation	0.35	0.16 (a)	1.15	0.56 (a)	0.96

(a) Restated pursuant to retroactive implementation of US GAAP on employee rights, and retroactive implementation of the letter of the Supervisor of Banks on capitalization of in-house software development.

(b) Does not include the effect of the results of the Israel Corporation for the three and six month period ended 30 June 2014.

**Condensed Consolidated Statement of Changes in Equity  
for the period ended 30 June 2015 (NIS millions)**

**For the three months ended 30 June 2015 (Unaudited)**

	Capital reserves			Total share capital and capital reserves	Accumulated other comprehensive income (loss)	Retained earnings	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 (a)							
Balance as at 31 March 2015	7,059	1,129	33	8,221	(1,911)	20,344	(42)	26,612	329	26,941
Net profit for the period	-	-	-	-	-	518	-	518	9	527
Adjustments in respect of companies included on equity basis, net	-	-	-	-	-	(13)	-	(13)	-	(13)
Other comprehensive profit, net after the effect of taxes	-	-	-	-	1,114	-	-	1,114	(4)	1,110
Loans to employees for purchase of the Bank's shares	-	-	-	-	-	-	42	42	-	42
Balance at the end of the period	<u>7,059</u>	<u>1,129</u>	<u>33</u>	<u>8,221</u>	<u>(797)</u>	<u>20,849</u>	<u>-</u>	<u>28,273</u>	<u>334</u>	<u>28,607</u>

**For the three months ended 30 June 2014 (Unaudited)**

	Capital reserves			Total share capital and capital reserves	Accumulated other comprehensive income (loss)	Retained earnings	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 (a)							
Balance as at 31 March 2014 (b)	7,059	1,129	33	8,221	(1,031)	18,269	(43)	25,416	341	25,757
Net profit for the period (b)	-	-	-	-	-	229	-	229	(17)	212
Adjustments in respect of companies included on equity basis	-	-	-	-	-	(5)	-	(5)	-	(5)
Other comprehensive profit, net after the effect of taxes	-	-	-	-	64	-	-	64	(1)	63
Loans to employees for purchase of the Bank's shares	-	-	-	-	-	-	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>(967)</u>	<u>18,493</u>	<u>(42)</u>	<u>25,705</u>	<u>323</u>	<u>26,028</u>

**For the six months ended 30 June 2015 (Unaudited)**

	Capital reserves			Total share capital and capital reserves	Accumulated other comprehensive income (loss)	Retained earnings	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 (a)							
Balance as at 31 December 2014 (Audited) (b)	7,059	1,129	33	8,221	(1,549)	19,168	(42)	25,798	340	26,138
Net profit for the period	-	-	-	-	-	1,700	-	1,700	18	1,718
Adjustments in respect of companies included on equity basis, net	-	-	-	-	-	(18)	-	(18)	-	(18)
Other comprehensive profit, net, after effect of taxes	-	-	-	-	752	-	-	752	(3)	749
Loans to employees for purchase of the Bank's shares	-	-	-	-	-	(1)	42	41	(21)	20
Balance as the end of the period	<u>7,059</u>	<u>1,129</u>	<u>33</u>	<u>8,221</u>	<u>(797)</u>	<u>20,849</u>	<u>-</u>	<u>28,273</u>	<u>334</u>	<u>28,607</u>

**For the six months ended 30 June 2014 (Unaudited)**

	Capital reserves			Total share capital and capital reserves	Accumulated other comprehensive income (loss)	Retained earnings	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 (a)							
Balance at 31 December 2013 (Audited) (b)	7,059	1,129	33	8,221	(1,051)	17,680	(43)	24,807	340	25,147
Net profit for the period (b)	-	-	-	-	-	820	-	820	(6)	814
Dividend paid by consolidated companies	-	-	-	-	-	-	-	-	(10)	(10)
Adjustments in respect of companies included on equity basis, net	-	-	-	-	-	(7)	-	(7)	-	(7)
Other comprehensive profit net, after the effect of taxes	-	-	-	-	84	-	-	84	-	84
Loans to employees for purchase of the Bank's shares	-	-	-	-	-	-	1	1	(1)	-
Balance as the end of the period	<u>7,059</u>	<u>1,129</u>	<u>33</u>	<u>8,221</u>	<u>(967)</u>	<u>18,493</u>	<u>(42)</u>	<u>25,705</u>	<u>323</u>	<u>26,028</u>

For the year ended 31 December 2014 (Audited)

	Capital reserves			Total share capital and capital reserves	Accumulated other comprehensive income (loss)	Retained earnings	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 (a)							
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 implementation of rules for capitalization of software costs (b)	-	-	-	-	-	(346)	-	(346)	-	(346)
Effect of initial adoption of US GAAP on employee rights (b)	-	-	-	-	(725)	38	-	(687)	-	(687)
Balance at 1 January 2013 after initial implementation of the new rules	7,059	1,129	23	8,211	(267)	15,657	(44)	23,557	307	23,864
Net profit (b)	-	-	-	-	-	1,988	-	1,988	42	2,030
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 loss, 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)	7,059	1,129	33	8,221	(1,051)	17,680	(43)	24,807	340	25,147
Net profit (b)	-	-	-	-	-	1,413	-	1,413	12	1,425
Dividend paid by consolidated companies	-	-	-	-	-	-	-	-	(10)	(10)
Adjustments in respect of companies included on equity basis, net	-	-	-	-	-	75	-	75	-	75
Other comprehensive profit, net after the effect of taxes	-	-	-	-	(498)	-	-	(498)	-	(498)
Changing 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)	7,059	1,129	33	8,221	(1,549)	19,168	(42)	25,798	340	26,138

The complete report for the period ended 30 June 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 30 June 2015, according to which the financial statements have been prepared, was NIS 3.769

(a) Including NIS 10 million of other capital reserves.

(b) Restated pursuant to retroactive implementation of US GAAP on employee rights, and retroactive implementation of the letter of the Supervisor of Banks on capitalization of in-house software development.

Consolidated Statement of Comprehensive Income  
For the period ended 30 June 2015

	(NIS millions)					
	For the three months ended 30 June		For the six months ended 30 June		For the year ended 31 December	
	2015 (Unaudited)	2014 (c) (Unaudited)	2015 (Unaudited)	2014 (c) (Unaudited)	2014 (c) (Audited)	2013 (c) (Audited)
Net profit before attribution to non-controlling interests	527	212	1,718	814	1,425	2,030
Less net profit (loss) attributed to non-controlling interests	9	(17)	18	(6)	12	42
Net profit attributed to shareholders of the Bank	518	229	1,700	820	1,413	1,988
<b>Other comprehensive income (loss), before taxes:</b>						
Adjustments for showing securities available for sale at fair value, net	(266)	63	283	55	355	(518)
Adjustments for translation of financial statements, net (a), after hedges (b)	(27)	(18)	(6)	(18)	192	(115)
Adjustments of liabilities in respect of employee rights (d)	2,256	80	1,004	185	(1,384)	(483)
Share of the banking corporation in other comprehensive income (loss) of companies included on equity basis	(8)	14 (e)	12	7 (e)	(108)	(6)
<b>Other comprehensive income (loss), before taxes</b>	<b>1,955</b>	<b>139</b>	<b>1,293</b>	<b>229</b>	<b>(945)</b>	<b>(1,122)</b>
Relevant tax effect	(845)	(76)	(544)	(145)	447	335
<b>Other comprehensive income (loss) before attribution to non-controlling interests, after taxes</b>	<b>1,110</b>	<b>63</b>	<b>749</b>	<b>84</b>	<b>(498)</b>	<b>(787)</b>
Less other comprehensive income (loss) attributed to non-controlling interests	(4)	(1)	(3)	-	-	(3)
Other comprehensive income (loss) attributed to shareholders of the banking corporation, after taxes	1,114	64	752	84	(498)	(784)
Comprehensive income before attribution to non-controlling interests	1,637	275	2,467	898	927	1,243
Less comprehensive income (loss) attributed to non-controlling interests	5	(18)	15	(6)	12	39
<b>Comprehensive income attributed to shareholders of the Bank</b>	<b>1,632</b>	<b>293</b>	<b>2,452</b>	<b>904</b>	<b>915</b>	<b>1,204</b>

(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 retroactive implementation of US GAAP on employee rights, and retroactive implementation of the letter of the Supervisor of Banks on capitalization of in-house software development.

(d) 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.

(e) Does not include the effect of the results of the Israel Corporation for the three and six month period ended 30 June 2014.

David Brodet  
Chairman of the Board of Directors

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President and Chief Executive Officer

Ron Fainaro  
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Head of Economics and  
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Shlomo Goldfarb  
Executive Vice President,  
Chief Accounting Officer,  
Head of Accounting Division

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