

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

Condensed Consolidated Balance Sheet as at 31 December 2016 (NIS millions)

	2016	2015
ASSETS		
Cash and deposits with banks	74,757	60,455
Securities	77,201	69,475
Securities borrowed or purchased under agreements to resell	1,284	1,764
Credit to the public	265,450	265,070
Allowance for credit losses	(3,537)	(3,671)
Credit to the public, net	261,913	261,399
Credit to governments	642	453
Investments in companies included on equity basis	901	924
Buildings and equipment	3,147	3,095
Intangible assets and goodwill	17	18
Assets in respect of derivative instruments	10,654	11,250
Other assets	8,087	7,666
Total assets	438,603	416,499

(a) Of which: allowance for credit losses in off-balance sheet credit instruments, NIS 488 million (31 December 2015 - NIS 482 million).

	2016	2015
LIABILITIES AND EQUITY		
Deposits of the public	346,854	328,693
Deposits from banks	3,394	3,859
Deposits from governments	900	750
Securities lent or sold under agreements to repurchase	539	938
Debentures, bonds and subordinated notes	22,640	21,308
Liabilities in respect of derivative instruments	10,677	11,098
Other liabilities (a)	21,885	20,746
Total liabilities	406,889	387,392
Equity attributable to shareholders of the banking corporation	31,347	28,767
Non-controlling interests	367	340
Total equity	31,714	29,107
Total liabilities and equity	438,603	416,499

Consolidated Statement of Comprehensive Income For the year ended 31 December 2016

	2016	2015	2014
Net profit before attribution to non-controlling interests	2,828	2,866	1,425
Less profit attributed to non-controlling interests	37	31	12
Net profit attributed to shareholders of the Bank	2,791	2,835	1,413
Other comprehensive income (loss), before taxes:			
Adjustments for showing securities available for sale at fair value, net	(281)	(423)	355
Adjustments for translation of financial statements, net (a), after the effect of tax and hedges (b)	(11)	(9)	192
Adjustments for liabilities in respect of employee benefits (c)	(928)	683	(1,384)
Share of the banking corporation in other comprehensive income (loss) of companies included on equity basis	(20)	11	(108)
Other comprehensive income (loss), before taxes:	(1,240)	262	(945)
Relevant tax effect	376	(161)	447
Other comprehensive income (loss) before attribution to non-controlling interests, after taxes	(864)	101	(498)
Less other comprehensive income (loss) attributed to non-controlling interests	-	-	-
Other comprehensive income (loss) attributed to shareholders of the banking corporation, after taxes	(864)	101	(498)
Comprehensive income before attribution to non-controlling interests	1,964	2,967	927
Comprehensive income (loss) attributed to non-controlling interests	37	31	12
Comprehensive income attributed to shareholders of the Bank	1,927	2,936	915

- (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) 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.

Condensed Consolidated Statement of Profit and Loss for the year ended 31 December 2016 (NIS millions)

	2016	2015	2014
Interest income	9,552	8,784	10,012
Interest expenses	2,026	1,666	2,649
Interest income, net	7,526	7,118	7,363
Expenses (incomes) in respect of credit losses	(125)	199	472
Net interest income after expenses in respect of credit losses	7,651	6,919	6,891
Non-interest income			
Non-interest financing income	1,282	1,610	795
Commissions	3,967	4,092	4,167
Other income	159	595	179
Total non-interest income	5,408	6,297	5,141
Operating and other expenses			
Salaries and related expenses	5,422	(a)5,544	(a)5,253
Buildings and equipment maintenance and depreciation	1,697	(a)1,678	(a)1,631
Amortization of intangible assets and goodwill	-	5	58
Other expenses	1,461	(a)1,609	(a)2,429
Total operating and other expenses	8,580	8,836	9,371
Profit before taxes	4,479	4,380	2,661
Provision for taxes on profit	1,717	1,691	1,278
Profit after taxes	2,762	2,689	1,383
Share of the banking corporation in profits (losses) of companies included on equity basis, after tax	66	177	42
Net profit			
Before attributed to non-controlling interests	2,828	2,866	1,425
Attributed to non-controlling interests	(37)	(31)	(12)
Attributed to shareholders of the banking corporation	2,791	2,835	1,413
Basic and diluted earnings per share:			
Net profit attributed to shareholders of the banking corporation (in NIS)	1.85	1.92	0.96

(a) Reclassified.

Condensed Consolidated Statement of Changes in Shareholders' Equity for the year ended 31 December 2016 (NIS millions)

	Capital reserves					Retained earnings (b)	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)	Total share capital and capital reserves	Accumulated other comprehensive profit (loss)					
Balance at January 1, 2014 after first-time implementation of the new rules	7,059	1,129	33	8,221	(1,051)	17,680	(43)	24,807	340	25,147
Net profit	-	-	-	-	-	1,413	-	1,413	12	1,425
Adjustments in respect of companies included on equity basis, net	-	-	-	-	-	75	-	75	-	75
Other comprehensive loss, net after the effect of tax	-	-	-	-	(498)	-	-	(498)	-	(498)
Loans to Employees for purchase of the bank's shares	-	-	-	-	-	-	1	1	-	1
Dividend paid by consolidated companies	-	-	-	-	-	-	-	-	(10)	(10)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(2)	(2)
Balance as at 31 December 2014	7,059	1,129	33	8,221	(1,549)	19,168	(42)	25,798	340	26,138
Net profit	-	-	-	-	-	2,835	-	2,835	31	2,866
Adjustments in respect of companies included on equity basis, net	-	-	-	-	-	(19)	-	(19)	-	(19)
Employee benefit from share based payment transactions	-	-	10	10	-	-	-	10	-	10
Other comprehensive income, net after the effect of tax	-	-	-	-	101	-	-	101	-	101
Loans to Employees for purchase of the bank's shares	-	-	-	-	-	-	42	42	-	42
Dividend paid by consolidated companies	-	-	-	-	-	-	-	-	(10)	(10)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(21)	(21)
Balance as at 31 December 2015	7,059	1,129	43	8,231	(1,448)	21,984	-	28,767	340	29,107
Net profit	-	-	-	-	-	2,791	-	2,791	37	2,828
Adjustments in respect of companies included on equity basis, net	-	-	-	-	-	17	-	17	-	17
Other comprehensive loss, net after the effect of tax	-	-	-	-	(864)	-	-	(864)	-	(864)
Income of shares	50	593	(7)	636	-	-	-	636	-	636
Dividend paid by consolidated companies	-	-	-	-	-	-	-	-	(10)	(10)
Balance as at 31 December 2016	7,109	1,722	36	8,867	(2,312)	24,792	-	31,347	367	31,714

- (a) Including NIS 10 million of other capital reserves.
(b) Including NIS 2,389 million not available for distribution as a dividend (31 December 2015 - NIS 1,849 million, 31 December 2014 - NIS 2,257 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.



David Brodet
Chairman of the
Board of Directors

Omer Ziv
Executive Vice President
Head of Finance Division

Rakefet Russak-Aminoach
President and
Chief Executive Officer

Shlomo Goldfarb
Executive Vice President
Chief Accounting Officer
Head of Accounting Division

Date of approval of the financial statements: 29 March 2017