

Financial statements for 31.3.2011:

Net Profit of NIS 577 million (\$165.8 million) in the first quarter of 2011

May 31, 2011

- ▶ Net operating profit amounted to NIS 576 million (\$165.5 million)
- ▶ Net return on equity: 10.4% (on an annual basis)
- ▶ Net interest income increased in the first quarter of 2011 by 7.3% and amounted to NIS 1,939 million (\$557.0 million)
- ▶ Operating income increased by 2.4% and amounted to NIS 1,023 million (\$293.9 million)
- ▶ Net credit to the public increased by 0.5% compared with the end of 2010, amounting to NIS 225.1 billion (\$64.7 billion)
- ▶ The Group's share in profits of companies included on the equity basis decreased by NIS 127 million (\$36.5 million)
- ▶ The capital adequacy ratio reached 14.1%, of which the core capital ratio was 8.25%.

Net profit of the Group in the first quarter of 2011 amounted to NIS 577 million (\$165.8 million)

Additional data from the financial statements:

The Leumi Group today published its financial statements for the first quarter of 2011:

Net profit of the Group in the first quarter of 2011 amounted to NIS 577 million (\$165.8 million), compared with NIS 596 million (\$171.2 million) in the first quarter last year.

Net operating profit in the first quarter of 2011 amounted to NIS 576 million (\$165.5 million), compared with NIS 592 million (\$170.1 million) in the same quarter last year.

Net return on equity in the first quarter of 2011 was 10.4% (on an annual basis), compared with 11.2% in the first quarter last year.

- ▶ **Total assets of the Leumi Group** on March 31, 2011 amounted to NIS 328.5 billion (\$94.4 billion), compared with NIS 317.6 billion (\$91.2 billion) on March 31, 2010 (an increase of 3.4%), and with NIS 328.2 billion (\$94.3 billion) on December 31, 2010 (an increase of 0.1%).
- ▶ **Net Credit to the public** on March 31, 2011 amounted to NIS 225.1 billion (\$64.7 billion), compared with NIS 207.6 billion (\$59.6 billion) on March 31, 2010 (an increase of 8.4%) and with NIS 224.0 billion (\$64.3 billion) on December 31, 2010 (an increase of 0.5%).
- ▶ **Deposits of the public** on March 31, 2011 amounted to NIS 248.3 billion (\$71.3 billion), compared with NIS 244.6 billion (\$70.3 billion) on March 31, 2010 (an increase of 1.5%) and with NIS 249.6 billion (\$71.7 billion) on December 31, 2010 (a decrease of 0.5%).
- ▶ **Shareholders' equity** of the Group on March 31, 2011 amounted to NIS 22.9 billion (\$6.6 billion), compared with NIS 22.7 billion (\$6.5 billion) on March 31, 2010 (an increase of 0.8%) and with NIS 23.7 billion (\$6.8 billion) on December 31, 2010 (a decrease of 3.3%)

The decrease in the Group's net profit in the first quarter of 2011, compared with the corresponding period last year, is explained primarily by the following factors:

- An increase in operating and other expenses (including salary expenses), of NIS 221 million (\$63.5 million), before the effect of tax.
- A decrease in the Group's share of profits of companies included on the equity basis of NIS 127 million (\$36.5 million), net.

On the other hand, the following factors partially offset the decrease in net profit (before the effect of tax):

- A decrease in expenses for credit losses of NIS 232 million (\$66.6 million).
- An increase in net interest income before expenses for credit losses of NIS 132 million (\$37.9 million).
- An increase in operating and other income of NIS 24 million (\$6.9 million).

Measurement and disclosure of impaired debts:

On January 1, 2011 the directive of the Supervisor of Banks on the Measurement and Disclosure of Impaired Debts, Credit Risk, and the Allowance for Credit Losses came into effect. This directive adopts comparable directives in the US.

LEUMI GROUP – PRINCIPAL DATA FROM THE FINANCIAL STATEMENTS

Profit and Profitability (in NIS millions)			
	For the three months ending		% Change
	31.3.11	31.3.10	
Net interest income before expenses for credit losses	1,939	1,807	7.3
Expenses for credit losses	(102)	130	-
Operating and other income	1,023	999	2.4
Operating and other expenses	2,054	1,833	12.1
Net operating profit attributable to shareholders of the banking corporation	576	592	(2.7)
Net profit for the period attributable to shareholders of the banking corporation	577	596	(3.2)
Return on net profit	10.4%	11.2%	
Return on net operating profit	10.4%	11.2%	

Development of balance sheet items (in NIS billions)					
	As at 31.3.11	As at 31.3.10	As at 31.12.10	% Change compared with 31.3.10	% Change compared with 31.12.10
Total assets	328.5	317.6	328.2	3.4	0.1
Credit to the public, net	225.1	207.6	224.0	8.4	0.5
Deposits of the public	248.3	244.6	249.6	1.5	(0.5)
Shareholders' equity	22.9	22.7	23.7	0.8	(3.3)

Principal financial ratios (%)			
	31.3.11	31.3.10	31.12.10
Credit to the public to total assets	68.5	65.4	68.3
Deposits of the public to total assets	75.6	77.0	76.1
Total shareholders' equity to risk assets (capital adequacy ratio)	14.10	14.87	15.10
Tier I capital to risk assets	8.25	8.43	8.57
Expenses for credit losses to credit to the public	(0.18)	0.25	0.26
Financial margin	1.26	1.27	1.22
Operating expenses to total income (efficiency ratio)	69.3	65.3	68.3

The data in this Press Release has been converted into US dollars solely for convenience, at the representative rate of exchange published by the Bank of Israel prevailing on March 31, 2011, NIS 3.481.