

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

Condensed Consolidated Balance Sheet as at 30 September 2014 (NIS millions)

	30.9.2014	30.9.2013	31.12.2013
	(Unaudited)	(Unaudited)	(Audited)
<b>ASSETS</b>			
Cash and deposits with banks	54,612	40,202	44,351
Securities	46,058	60,984	63,735
Securities borrowed or purchased under agreements to resell	2,019	1,098	1,360
Credit to the public	253,206	244,736	244,757
Allowance for credit losses	(3,725)	(3,844)	(3,883)
Credit to the public, net	249,481	240,892	240,874
Credit to governments	510	533	558
Investments in companies included on equity basis	2,062	1,944	1,689
Buildings and equipment	3,627	3,647	3,638
Intangible assets and goodwill	42	103	99
Assets in respect of derivative instruments	16,227	10,966	13,054
Other assets	5,315	5,053	5,002
<b>Total assets</b>	<b>379,953</b>	<b>365,422</b>	<b>374,360</b>

	30.9.2014	31.9.2013	31.12.2013
	(Unaudited)	(Unaudited)	(Audited)
<b>LIABILITIES AND EQUITY</b>			
Deposits of the public	286,632	279,839	286,003
Deposits from banks	4,781	3,805	4,310
Deposits from governments	391	437	397
Securities lent or sold under agreements to repurchase	1,172	404	624
Bonds, debentures and subordinated notes	23,932	25,596	25,441
Liabilities in respect of derivative instruments	15,702	12,078	13,487
Other liabilities	18,661	16,851	17,333
<b>Total liabilities</b>	<b>351,271</b>	<b>339,010</b>	<b>347,595</b>
Non-controlling interests	334	331	340
Equity attributable to shareholders of the banking corporation	28,348	26,081	26,425
<b>Total equity</b>	<b>28,682</b>	<b>26,412</b>	<b>26,765</b>
<b>Total liabilities and equity</b>	<b>379,953</b>	<b>365,422</b>	<b>374,360</b>

## Condensed Consolidated Statement of Profit and Loss for the period ended 30 September 2014 (NIS millions)

	For the three months ended 30 September		For the nine months ended 30 September		For the year ended 31 December
	2014	2013	2014	2013	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Interest income	2,665	3,466	7,678	9,520	12,134
Interest expenses	766	1,520	2,117	3,973	4,777
Net interest income	1,899	1,946	5,561	5,547	7,357
Expenses (income) in respect of credit losses	56	(44)	(11)	113	268
Net interest income, after expenses in respect of credit losses	1,843	1,990	5,572	5,434	7,089
<b>Non-interest income</b>					
Non-interest financing income	224	266	719	889	1,127
Commissions	1,033	1,050	3,113	3,104	4,188
Other income	71	66	120	104	202
<b>Total non-interest income</b>	<b>1,328</b>	<b>1,382</b>	<b>3,952</b>	<b>4,097</b>	<b>5,517</b>
<b>Operating and other expenses</b>					
Salaries and related expenses	1,239	1,338	3,739	3,835	5,174
Maintenance and depreciation of buildings and equipment	451	443	1,329	1,381	1,833
Amortization of intangible assets and goodwill	44	79	58	85	88
Other expenses	737	583	1,984	1,378	1,838
<b>Total operating and other expenses</b>	<b>2,471</b>	<b>2,443</b>	<b>7,110</b>	<b>6,679</b>	<b>8,933</b>
Profit before taxes	700	929	2,414	2,852	3,673
Provision for taxes on profit	357	345	1,111	1,092	1,391
Profit after taxes	343	584	1,303	1,760	2,282
Share of the banking corporation in profits (losses) after tax of companies included on equity basis (a)	345 (a)	(17)	294 (a)	(128)	(293)
<b>Net profit:</b>					
Before attribution to non-controlling interests	688	567	1,597	1,632	1,989
Attributable to non-controlling interests	(11)	(12)	(5)	(33)	(42)
Attributable to shareholders of the banking corporation	<b>677</b>	<b>555</b>	<b>1,592</b>	<b>1,599</b>	<b>1,947</b>
<b>Basic and diluted earnings per share (NIS)</b>					
Net profit attributable to shareholders of the banking corporation	<b>0.46</b>	<b>0.38</b>	<b>1.08</b>	<b>1.09</b>	<b>1.32</b>

(a) Does not include the effect of the results of the Israel Corporation for the three month period ended 30 September, 2014. The effect of significant events in the Israel Corporation, in respect of which Immediate Reports were published, that have quantitative effects were included in the results for the period ended 30 September, 2014.

**Condensed Consolidated Statement of Changes in Equity  
for the period ended 30 September 2014 (NIS millions)**

**For the three months ended 30 September 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 30 June 2014	7,059	1,129	33	8,221	(62)	19,186	(42)	27,303	323	27,626
Net profit for the period	-	-	-	-	-	677	-	677	11	688
Adjustments in respect of companies included on equity basis, net	-	-	-	-	-	(10)	-	(10)	-	(10)
Other comprehensive profit, net after the effect of taxes	-	-	-	-	378	-	-	378	-	378
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-
Balance at the end of the period	<u>7,059</u>	<u>1,129</u>	<u>33</u>	<u>8,221</u>	<u>316</u>	<u>19,853</u>	<u>(42)</u>	<u>28,348</u>	<u>334</u>	<u>28,682</u>

**For the three months ended 30 September 2013 (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 30 June 2013	7,059	1,129	23	8,211	49	17,360	(43)	25,577	318	25,895
Net profit for the period	-	-	-	-	-	555	-	555	12	567
Adjustments in respect of companies included on equity basis	-	-	-	-	-	7	-	7	-	7
Other comprehensive loss, net after the effect of taxes	-	-	-	-	(58)	-	-	(58)	1	(57)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-
Balance at the end of the period	<u>7,059</u>	<u>1,129</u>	<u>23</u>	<u>8,211</u>	<u>(9)</u>	<u>17,922</u>	<u>(43)</u>	<u>26,081</u>	<u>331</u>	<u>26,412</u>

**For the nine months ended 30 September 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 December 2013 (Audited)	7,059	1,129	33	8,221	(31)	18,278	(43)	26,425	340	26,765
Net profit for the period	-	-	-	-	-	1,592	-	1,592	5	1,597
Dividend paid by consolidated companies	-	-	-	-	-	-	-	-	(10)	(10)
Adjustments in respect of companies included on equity basis, net	-	-	-	-	-	(17)	-	(17)	-	(17)
Other comprehensive profit, net, after effect of taxes	-	-	-	-	347	-	-	347	-	347
Changes in non-controlling interests	-	-	-	-	-	-	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>316</u>	<u>19,853</u>	<u>(42)</u>	<u>28,348</u>	<u>334</u>	<u>28,682</u>

**For the nine months ended 30 September 2013 (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 2012 (Audited)	7,059	1,129	23	8,211	458	16,296	(44)	24,921	307	25,228
Net profit for the period	-	-	-	-	-	1,599	-	1,599	33	1,632
Dividend paid by consolidated companies	-	-	-	-	-	-	-	-	(6)	(6)
Adjustments in respect of companies included on equity basis, net	-	-	-	-	-	23	-	23	-	23
Other comprehensive loss net, after the effect of taxes	-	-	-	-	(467)	-	-	(467)	(3)	(470)
Changes in non-controlling interests	-	-	-	-	-	4	1	5	-	5
Balance as the end of the period	<u>7,059</u>	<u>1,129</u>	<u>23</u>	<u>8,211</u>	<u>(9)</u>	<u>17,922</u>	<u>(43)</u>	<u>26,081</u>	<u>331</u>	<u>26,412</u>

For the year ended 31 December 2013 (Audited)

	Capital reserves									
	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	Total	Non-controlling interests	Total capital
Balance at 31 December 2012 (Audited)	7,059	1,129	23	8,211	458	16,296	(44)	24,921	307	25,228
Net profit for the period	-	-	-	-	-	1,947	-	1,947	42	1,989
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	-	-	-	-	(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 (Audited)	<u>7,059</u>	<u>1,129</u>	<u>33</u>	<u>8,221</u>	<u>(31)</u>	<u>18,278</u>	<u>(43)</u>	<u>26,425</u>	<u>340</u>	<u>26,765</u>

The complete report for the period ended 30 September 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 30 September 2014, according to which the financial statements have been prepared, was NIS 3.695

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

Consolidated Statement of Comprehensive Income  
For the period ended 30 September 2014

	(NIS millions)				
	For the three months Ended 30 September		For the nine months ended 30 September		For the year ended 31 December
	2014 (Unaudited)	2013 (Unaudited)	2014 (Unaudited)	2013 (Unaudited)	2013 (Audited)
Net profit before attribution to non-controlling interests	688	567	1,597	1,632	1,989
Less net profit (loss) attributed to non-controlling interests	11	12	5	33	42
Net profit attributed to shareholders of the Bank	<u>677</u>	<u>555</u>	<u>1,592</u>	<u>1,599</u>	<u>1,947</u>
<b>Other comprehensive income (loss), before taxes:</b>					
Adjustments for showing securities available for sale at fair value, net	424	(83)	479	(535)	(518)
Adjustments for translation of financial statements, net (a), after hedges (b)	16	(42)	8	(92)	(115)
Share of the banking corporation in other comprehensive income (loss) of companies included on equity basis	(2) (c)	37	(5) (c)	11	11
<b>Other comprehensive income (loss), before taxes</b>	<u>438</u>	<u>(88)</u>	<u>482</u>	<u>(616)</u>	<u>(622)</u>
Relevant tax effect	(60)	31	(135)	146	130
<b>Other comprehensive income (loss) before attribution to non-controlling interests, after taxes</b>	<u>378</u>	<u>(57)</u>	<u>347</u>	<u>(470)</u>	<u>(492)</u>
Less other comprehensive income (loss) attributed to non-controlling interests	-	1	-	(3)	(3)
Other comprehensive income (loss) attributed to shareholders of the banking corporation, after taxes	<u>378</u>	<u>(58)</u>	<u>347</u>	<u>(467)</u>	<u>(489)</u>
Comprehensive income before attribution to non-controlling interests	<u>1,066</u>	<u>510</u>	<u>1,944</u>	<u>1,162</u>	<u>1,497</u>
Less comprehensive income (loss) attributed to non-controlling interests	11	13	5	30	39
<b>Comprehensive income attributed to shareholders of the Bank</b>	<u>1,055</u>	<u>497</u>	<u>1,939</u>	<u>1,132</u>	<u>1,458</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) Does not include the effect of the business results of the Israel Corporation for the three months period ended 30 September 2014.

The effect of significant events in the Israel Corporation, in respect of which Immediate Reports were published, that have quantitative effects were included in the results for the period ended 30 September, 2014.

David Brodet  
Chairman of the Board of Directors

Rakefet Russak-Aminoach  
President and Chief Executive Officer

Ron Fainaro  
Executive Vice President,  
Head of Economics and  
Finance Division

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

23 November 2014

לאומי  
leumi