

Bank Leumi le-Israel B.M. and subsidiaries

Condensed Consolidated Balance Sheet as at 31 March 2011 (NIS millions)

Reported amounts

	31.3.2011	31.3.2010	31.12.2010
	(Unaudited)	(Unaudited)	(Audited)
ASSETS			
Cash and deposits with banks	36,802	41,664	30,052
Securities	47,090	52,526	55,791
Securities borrowed or purchased under agreement to resell	2,068	638	1,190
Credit to the public (a) (b)	230,017	217,994	234,255
Allowance for credit losses (a) (b)	(4,946)	(10,381)	(10,274)
Net credit to the public	225,071	207,613	223,981
Credit to governments	357	407	379
Investments in companies included on equity basis	2,032	2,196	1,924
Buildings and equipment	3,665	3,543	3,638
Goodwill (a)	45	121	45
Assets in respect of derivative instruments (a)	8,419	6,019	8,716
Other assets (a)	2,957	2,904	2,454
Total assets	328,506	317,631	328,170
LIABILITIES AND EQUITY CAPITAL			
Deposits of the public	248,258	244,579	249,584
Deposits from banks	3,814	3,160	2,691
Deposits from governments	721	678	660
Securities loaned or sold under agreement to repurchase	1,533	175	1,006
Debentures, bonds and subordinated notes	26,985	26,812	26,939
Liabilities in respect of derivative instruments (a)	10,170	7,277	9,985
Other liabilities (a)	13,827	11,969	13,320
Total liabilities	305,308	294,650	304,185
Non-controlling interest	314	285	318
Shareholders' equity attributed to the shareholders of the banking corporation	22,884	22,696	23,667
Total shareholders' equity	23,198	22,981	23,985
Total shareholders' equity and liabilities	328,506	317,631	328,170

Condensed Consolidated Statement of Profit and Loss for the Period Ended 31 March 2011 (NIS millions)

Reported amounts

	For the Three Months Ended 31 March		For the Year Ended 31 December
	2011	2010	2010
	(Unaudited)	(Unaudited)	(Audited)
Net interest income before provision in respect of credit losses	1,939	1,807	7,433
Provision in respect of credit losses	(102)	130	584
Net interest income after provision in respect of credit losses	2,041	1,677	6,849
Operating and other income			
Operating commissions	975	904	3,710
Profits from investments in shares, net	30	74	216
Other income	18	21	185
Total operating and other income	1,023	999	4,111
Operating and other expenses			
Salaries and related expenses	1,319	1,136	4,615
Building and equipment maintenance and depreciation	408	380	1,591
Depreciation of goodwill (a)	—	4	80
Other expenses (a)	327	313	1,604
Total operating and other expenses	2,054	1,833	7,890
Operating profit before taxes	1,010	843	3,070
Provision for taxes on operating profit	382	333	1,256
Operating profit after taxes	628	510	1,814
Equity in after-tax operating profit (loss) of companies included on equity basis	(42)	85	420
Net operating profit			
Before attribution to holders of non-controlling interest	586	595	2,234
Attributed to holders of non-controlling interest	(10)	(3)	(39)
Attributed to shareholders' of the banking corporation	576	592	2,195
Profit net, from extraordinary items after-tax before attribution to holders of non-controlling interest	1	4	183
Net profit for the period			
Before attribution to holders of non-controlling interest	587	599	2,417
Attributed to holders of non-controlling interest	(10)	(3)	(39)
Attributed to shareholders' of the banking corporation	577	596	2,378
Basic and diluted earnings per share			
	(NIS)		
Net operating profit attributed to shareholders' of the banking corporation	0.39	0.40	1.49
After-tax profit from extraordinary items attributed to shareholders' of the banking corporation	—	—	0.12
Total	0.39	0.40	1.61

(a) Comparative figures have been reclassified for adaptation to the method of presentation in the current period.

(b) Comparative figures in respect of credit to the public and allowance for credit losses have not been restated pursuant to implementation of the new directives, and are not comparable with current data.

The complete quarterly report for the period ended 31 March 2011 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 2011, according to which the financial statements have been prepared, was NIS 3.481.

Condensed Consolidated Statement of Changes in Shareholders' Equity
For the Period Ended 31 March 2011 (NIS millions)

Reported amount

For the Three Months Ended 31 March 2011 (Unaudited)

	Capital reserves			Accumulated other comprehensive income (expenses)					Loans to employees for purchase of the Bank's shares	Total	Non-controlling Interest	Total shareholders' equity
	Share capital	Premium	Share-based payment transaction and others (a)	Total share capital and capital reserves	Adjustments in respect of presentation of securities available for sale at fair value	Translation adjustments	Capital reserve in respect of companies included on equity basis	Retained earnings				
Balance at the beginning of the period	7,059	1,129	10	8,198	468	(460)	25	15,437	(1)	23,667	318	23,985
Adjustment of opening balance in respect of change to impaired debts and IFRS (b) (c)	—	—	—	—	—	381	—	(1,090)	—	(709)	(14)	(723)
Net profit for the period	—	—	—	—	—	—	—	577	—	577	10	587
Proposed dividend	—	—	—	—	—	—	—	(400)	—	(400)	—	(400)
Adjustments in respect of companies included on equity basis, net	—	—	—	—	—	(53)	16	2	—	(35)	—	(35)
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	—	(240)	—	—	—	—	(240)	—	(240)
Profits in respect of securities available for sale that were realized and charged to profit and loss	—	—	—	—	(84)	—	—	—	—	(84)	—	(84)
Related tax effect	—	—	—	—	108	—	—	—	—	108	—	108
Balance at the end of the period	<u>7,059</u>	<u>1,129</u>	<u>10</u>	<u>8,198</u>	<u>252</u>	<u>(132)</u>	<u>41</u>	<u>14,526</u>	<u>(1)</u>	<u>22,884</u>	<u>314</u>	<u>23,198</u>

For the Three Months Ended 31 March 2010 (Unaudited)

	Capital reserves			Accumulated other comprehensive income (expenses)					Loans to employees for purchase of the bank's shares	Total shareholders' equity
	Share capital	Premium	Share-based payment transaction and others (a)	Total share capital and capital reserves	Adjustments in respect of presentation of securities available for sale at fair value	Translation adjustments (b)	Retained earnings			
Balance at the beginning of the period	7,059	972	197	8,228	309	(474)	14,176	(377)	21,862	
Net profit for the period	—	—	—	—	—	—	596	—	596	
Other comprehensive expenses in companies included on equity basis which was directly recorded to retained earnings	—	—	—	—	—	—	(66)	—	(66)	
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	—	536	—	—	—	536	
Profits in respect of securities available for sale that were realized and charged to profit and loss	—	—	—	—	(63)	—	—	—	(63)	
Related tax effect	—	—	—	—	(145)	—	—	—	(145)	
Adjustments from translation in respect of companies included on equity basis	—	—	—	—	—	(30)	—	—	(30)	
Loans to employees for purchase of the Bank's shares	—	—	—	—	—	—	—	6	6	
Balance at the end of the period	<u>7,059</u>	<u>972</u>	<u>197</u>	<u>8,228</u>	<u>637</u>	<u>(504)</u>	<u>14,706</u>	<u>(371)</u>	<u>22,696</u>	

For the Year Ended 31 December 2010 (Audited)

	Capital reserves			Accumulated other comprehensive income (expenses)					Total shareholders' equity	
	Share capital	Premium	Share-based payment transaction and others (a)	Total share capital and capital reserves	Adjustments in respect of presentation of securities available for sale at fair value	Translation adjustments (b)	Capital reserve in respect of companies included on equity basis	Retained earnings		Loans to employees for purchase of the bank's shares
Balance as at 1 January 2010	7,059	972	197	8,228	309	(474)	—	14,176	(377)	21,862
Net profit for the period	—	—	—	—	—	—	—	2,378	—	2,378
Expiration of options	—	157	(157)	—	—	—	—	—	—	—
Employee benefit - tax effect	—	—	(30)	(30)	—	—	—	—	—	(30)
Dividend paid	—	—	—	—	—	—	—	(500)	—	(500)
Proposed dividend	—	—	—	—	—	—	—	(500)	—	(500)
Adjustments in respect of companies included on equity basis, net	—	—	—	—	—	14	25	(117)	—	(78)
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	—	538	—	—	—	—	538
Profits in respect of securities available for sale that were realized and charged to profit and loss	—	—	—	—	(303)	—	—	—	—	(303)
Related tax effect	—	—	—	—	(76)	—	—	—	—	(76)
Loans to employees for purchase of the Bank's shares	—	—	—	—	—	—	—	—	376	376
Balance as at 31 December 2010	<u>7,059</u>	<u>1,129</u>	<u>10</u>	<u>8,198</u>	<u>468</u>	<u>(460)</u>	<u>25</u>	<u>15,437</u>	<u>(1)</u>	<u>23,667</u>

(a) Including NIS10 million of other capital reserves.

(b) Adjustments arising from translation of the financial statements of foreign subsidiaries, whose functional currency is different from the functional currency of the Bank, were moved to retained earnings that were accumulated due to the change to reporting according to IAS21, in the sum of NIS 381 million.

(c) Including NIS 721 million in respect of change implementation of impaired debts directives (NIS 1,319 million gross).

David Brodet
Chairman of the Board of Directors

Galia Maor
President and Chief Executive Officer

Zeev Nahari
Senior Deputy Chief Executive Officer
Chief Financial Officer, Head of Finance,
Accounting and Capital Markets

31 May 2011

