

**Translation of Immediate Report**

**Bank Leumi le-Israel B.M.**

Registration No. 520018078  
Securities of the Corporation are listed on The Tel Aviv Stock Exchange  
Abbreviated Name: Leumi  
Leumi House, 34 Yehuda Halevi Street, Tel Aviv 65546  
Phone: + 972 3 5148111, + 972 3 5149419; Facsimile: + 972 3 5149732  
Electronic Mail: Yaelru@bll.co.il

4 March 2013  
Reference: 2013-01-052836

To: Israel Securities Authority (www.isa.gov.il)  
The Tel Aviv Stock Exchange (www.tase.co.il)

**Immediate Report**

Nature of the Event: Leumi Mortgage Bank – Financial Statements

Bank Leumi le-Israel B.M. announces that the Bank's Board of Directors approved the financial statements of the Bank's Leumi Mortgage Bank Ltd., which merged with the Bank on 31 December 2012. See the Immediate Report dated 1 January 2013, regarding the registration of the merger at the Companies Register.

The full financial statements will be published on the company's website, at:  
<http://www.blms.co.il/mashcanta/14179>

See the attached Annex.

Date and time at which the corporation first became aware of the matter being the subject of the report: 3 March 2013 Time: 15:30.

The report was signed on behalf of the corporation, in accordance with regulation 5 of the Securities (Periodic and Immediate Reports) Regulations, 1970, by Mr. S. Borstein, former CEO of Leumi Mortgage Bank.

Reference numbers of previous documents in this regard (does not constitute incorporation by reference): 2013-01-000378

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Name of Electronic Reporter: Yael Rudnicki, Position: Group Secretary  
POB 2 Tel Aviv 61000, Phone: + 972 3 5149419, Facsimile: + 972 3 5149732,  
Electronic Mail: [Yaelru@bll.co.il](mailto:Yaelru@bll.co.il)

**Leumi Mortgage Bank Ltd.**

**Consolidated Balance Sheet**

For the period ending on 31 December  
Reported amounts

Reported amounts

	<u>Note</u>	<u>31 December 2012</u> NIS millions	<u>31 December 2011</u> NIS millions
<b>Assets</b>			
Cash and bank deposits	2	10	10
Credit to the public	4	62,878	56,808
Provision for credit losses	4	(454)	(511)
Credit to the public, net		62,424	56,297
Buildings and equipment	6	78	76
Other assets	7	147	149
<b>Total Assets</b>		<b>62,659</b>	<b>56,532</b>
<b>Liabilities and equity</b>			
Deposits from the public	8	3,940	4,756
Deposits from banks	8a	52,959	43,825
Government deposits	8	-	24
Debentures	9	6	11
Subordinated notes	9	2,284	4,757
Liabilities due to derivative instruments		1	-
Other liabilities	10	396	389
<b>Total liabilities</b>		<b>59,586</b>	<b>53,762</b>
<b>Shareholders' equity</b>	<b>11a</b>	<b>3,073</b>	<b>2,770</b>
<b>Total liabilities and equity</b>		<b>62,659</b>	<b>56,532</b>

David Bar Lev<sup>(1)</sup>

Rakefet Russak- Aminoach  
CEO  
Bank Leumi Le-Israel B.M.

Yehoshua Burstein<sup>(2)</sup>

Menachem Schwartz  
First Executive Vice President  
Chief Accounting Officer  
Head of Accounting Division  
Bank Leumi Le-Israel B.M.

Orna Gorka<sup>(3)</sup>

<sup>(1)</sup> Served as Chairman of the Board of Directors of Leumi Mortgage Bank until the merger was completed.

<sup>(2)</sup> Served as CEO of Leumi Mortgage Bank until the merger was completed.

<sup>(3)</sup> Served as Chief Accountant of Leumi Mortgage Bank until the merger was completed.

Date of approval of financial statements – 3 March 2013

The notes to the summary financial statements constitute an integral part thereof.

**Consolidated Profit and Loss Statement**

For the period ending on 31 December <sup>(1)</sup>

Reported amounts

		2012	2011	2010
	Note	NIS millions		
Interest income	17	2,637	2,840	2,361
Interest expenses	17	2,007	2,367	1,956
Net interest income		630	473	405
Income from provisions for credit losses	4	(10)	(16)	(42)
Net interest income after income from provisions for credit losses		640	489	447
<b>Non-interest income</b>				
Non-interest finance income (expenses)	18	1	(2)	1
Commissions	19	110	113	127
Other income	20	2	1	2
Total non-interest income		113	112	130
<b>Operating and other expenses</b>				
Salaries and related expenses	21	132	149	132
Maintenance and depreciation of buildings and equipment		36	32	28
Other expenses	22	120	123	130
Total operating and other expenses		288	304	290
Profit before taxes		465	297	287
Provision for taxes on profit	23	162	94	111
<b>Net profit</b>		<b>303</b>	<b>203</b>	<b>176</b>
Basic and diluted earnings per ordinary share (in NIS) <sup>(2)</sup>		294.99	197.63	171.35
Number of ordinary shares of NIS 1 nominal value (weighted average)		1,027, 156	1,027, 156	1,027, 156

(1) On 1 January 2012, the Bank adopted, for the first time, the provisions of the Supervisor of Banks' Directive regarding the Profit and Loss Statement Format for Banking Corporations, including the new definition of interest, as established in the Supervisor of Banks' Circular on the Profit and Loss Statement Format for Banking Corporations and Adoption of United States Banks' Accounting Rules Regarding Measurement of Interest Income. The rules were adopted retroactively. In light of this, the data included in the profit and loss statement for 2011 and for 2010 were restated in order to conform to the new definition, and to the captions and manner of presentation used in the current report. For details, see note 1.b.6.

(2) The basic earnings per share are equal to the diluted earnings per share.

The notes to the summary financial statements constitute an integral part thereof.

**Consolidated Statement of Changes in Shareholders' Equity for the Year Ending 31 December**  
Reported amounts

	Share capital	Premium	Capital fund from benefit received from controlling shareholder	Retained earnings	Total share-holders' equity
NIS millions					
Balance as of 1 January 2010	<b>458</b>	<b>697</b>	<b>14</b>	<b>1,297</b>	<b>2,466</b>
Net profit for the accounting year	-	-	-	<b>176</b>	<b>176</b>
Balance as of 31 December 2010	<b>458</b>	<b>697</b>	<b>14</b>	<b>1,473</b>	<b>2,642</b>
Adjustment of opening balances for transition to impaired debts	-	-	-	(75)	(75)
Net profit for the accounting year	-	-	-	203	203
Balances as of 31 December 2011	458	697	14	1,601	2,770
<b>Net profit for the accounting year</b>	-	-	-	<b>303</b>	<b>303</b>
<b>Balances as of 31 December 2012</b>	<b>458</b>	<b>697</b>	<b>14</b>	<b>1,904</b>	<b>3,073</b>

The notes to the summary financial statements constitute an integral part thereof.