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## **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

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24 May 2010

Reference: 2010-01- 490407

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

### **Immediate Report**

Nature of Event: Leumi Card – Financial Statements

Bank Leumi le-Israel B.M. (the "Bank") announces that a subsidiary of the Bank, Leumi Card Ltd., has published its financial statements for 31 March 2010.

See the attached Annex.

Date and time at which the corporation first became aware of the matter being the subject of the report: 24 May 2010 Time: 10:40.

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**Summarized Interim Consolidated Balance Sheet as at**

Reported amounts

	31 March 2010 (Unaudited) NIS millions	31 March 2009 (Unaudited) NIS millions	31 December 2009 (Audited) NIS millions
<b>Assets</b>			
Cash and bank deposits	68	27	22
Accounts receivable for credit card activity	7,296	6,497	6,976
Investments in companies included on the equity basis and others	9	9	9
Equipment	139	132	136
Other assets	30	28	25
			a
<b>Total Assets</b>	<u>7,542</u>	<u>6,693</u>	<u>7,168</u>
<b>Liabilities</b>			
Credit from banking corporations	1,058	813	977
Accounts payable for credit card activity	5,509	5,020	5,242
Other liabilities	107	132	115
<b>Total liabilities</b>	6,674	5,965	6,334
Contingent liabilities and special contractual relationships			
<b>Shareholders' equity</b>	<u>868</u>	<u>728</u>	<u>834</u>
<b>Total liabilities and capital</b>	<u>7,542</u>	<u>6,693</u>	<u>7,168</u>

**Baruch Lederman** – Chairman of the Board of Directors

**Dan Cohen** – CEO

**Hagai Heller** – Deputy CEO, Director of Financial Division

**Leah Schwartz-Ruth** – Chief Accountant

Date of approval of financial statements – 24 May 2010

**Summarized Interim Consolidated Profit and Loss Statements**

Reported amounts

	For the three month period ending on 31 March		For the year ending 31 December 2009
	2010	2009	
	(Unaudited)	(Unaudited)	(Audited)
	NIS millions	NIS millions	NIS millions
<b>Income</b>			
From credit card transactions	178	165**	695
Net interest income before provision for doubtful debts	29	30	118
Other	*	* **	7
<b>Total income</b>	<b>207</b>	<b>195</b>	<b>820</b>
<b>Expenses</b>			
Provision for doubtful debts	7	8	29
Operating	84	81	335
Sales and marketing	41	36	155
Management and general	9	8	36
Payments to banks	19	18	74
<b>Total expenses</b>	<b>160</b>	<b>151</b>	<b>629</b>
<b>Operating profit before taxes</b>	<b>47</b>	<b>44</b>	<b>191</b>
Provision for taxes on operating profit	13	12	53
<b>Operating profit after taxes</b>	<b>34</b>	<b>32</b>	<b>138</b>
Company's equity in after-tax operating profits of companies included on the equity basis	*	*	*
<b>Net profit</b>	<b>34</b>	<b>32</b>	<b>138</b>
<b>Earnings per ordinary share (in NIS):</b>			
Basic earnings:			
Net profit	1.36	1.28	5.52
	Thousands	Thousands	Thousands
Weighted average of the number of shares used for calculating profit per share	25,000	25,000	25,000

\* Amount is lower than NIS 1 million

\*\* Restated

**Summarized Interim Statements of Changes in Shareholders' Equity**

Reported amounts

	Fully Paid share capital	Premium on shares	Capital reserve from transac- tion with control- ling share- holder	Dividend declared after the balance sheet date	Retained earnings	Total share- holders' equity
	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions
<b>For the three-month period ending on 31 March 2010 (unaudited)</b>						
<b>Balance as of 1 January 2010 (audited)</b>	26	355	33	-	420	834
<b>Dividend declared after balance sheet date</b>	-	-	-	10	(10)	-
<b>Net profit for the period (unaudited)</b>	-	-	-	-	34	34
<b>Balance as of 31 March 2010 (unaudited)</b>	<u>26</u>	<u>355</u>	<u>33</u>	<u>10</u>	<u>444</u>	<u>868</u>

**Summarized Interim Statements of Changes in Shareholders' Equity**

Reported amounts	Fully Paid share capital	Premium on shares	Capital fund from transaction with controlling shareholder	Retained earnings	Total shareholders' equity
	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions
<b>For the three-month period ending on 31 March 2009 (unaudited)</b>					
Balance as of 1 January 2009 (audited)	26	355	33	282	696
Net profit for the period (unaudited)	-	-	-	32	32
Balance as of 31 March 2009 (unaudited)	<u>26</u>	<u>355</u>	<u>33</u>	<u>314</u>	<u>728</u>
	Fully Paid share capital	Premium on shares	Capital fund from transaction with controlling shareholder	Retained earnings	Total shareholders' equity
	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions
<b>For the year ending on 31 December 2009 (audited)</b>					
Balance as of 1 January 2009	26	355	33	282	696
Net profit for the accounting year	-	-	-	138	138
Balance as of 31 December 2009	<u>26</u>	<u>355</u>	<u>33</u>	<u>420</u>	<u>834</u>

**Summarized Consolidated Interim Cash Flow Statements**

Reported amounts	For the three month period ending 31 March 2010	For the three month period ending 31 March 2009	For the year ending 31 December 2009
	(Unaudited)	(Unaudited)	(Audited)
	NIS millions	NIS millions	NIS millions
<b>Cash flows generated by operating activities</b>			
Net profit for the period	34	32	138
Adjustments required to present cash flows generated by operating activities:			
Company's equity in undistributed profits of companies included on the equity basis	*	* **	*
Depreciation of equipment	13	12	55
Provision for doubtful debts	7	8	29
Deferred taxes, net	*	(1)	(1)
Severance pay – increase in surplus of the reserve over the fund	1	-	*
Other	(5)	(3)	*
Net cash generated by operating activities	50	48	221
<b>Cash flows generated by activities in assets</b>			
Credit granted to cardholders and businesses, net	(65)	4	10
Increase in other accounts receivable for credit card activities, net	(262)	(53)	(559)
Increase (decrease) in other liabilities	(16)	(22)	(69)
Net cash used for activities in assets	(343)	(71)	(618)
<b>Cash flows generated by activities in liabilities and capital</b>			
Short-term credit from banking corporations, net	81	(40)	124
Increase in accounts payable for credit card activities, net	267	43	265
Increase (decrease) in other liabilities	(9)	16	(1)
Net cash generated by activities in liabilities	339	19	388
<b>Increase (decrease) in cash and cash equivalents</b>	46	(4)	(9)
<b>Balance of cash and cash equivalents at the beginning of the period</b>	22	31	31
<b>Balance of cash and cash equivalents at the end of the period</b>	68	27	22

\* Amount is lower than NIS 1 million

\*\* Restated

### **Distribution of a dividend**

On 24 May 2010, the company's Board of Directors approved a dividend distribution policy document, according to which a dividend would be distributed to the shareholders in an amount equal to 30% of the Company's current net profit. Accordingly, it was resolved to distribute a dividend to the company's shareholders in a total amount of NIS 10 million, out of the Company's profit for the first quarter of 2010.

The distribution of the dividend complies with the Supervisor of Banks' directives including, *inter alia*, the capital adequacy limitations that are required by virtue of the Basel II provisions, and is allowed subject to the provisions of the Companies Law, 1999, which provides, *inter alia*, that the company may make a distribution out of its profit, provided that there is no reasonable concern that the distribution will deny the company the ability to meet its current and expected liabilities, upon their coming into existence.

The declaration of the above-mentioned dividend distribution policy does not constitute any commitment to any third party (including regarding the dates for the payment of the dividend or regarding the rate of future dividend distribution).

The record date for the distribution of the dividend is 24 May 2010.

The date for the distribution of the dividend has been set for 1 June 2010.