Bank Leumi (UK) plc

Annual Report
2013

לאומי
leumi
Bank Leumi (UK) plc

Bank Leumi (UK) plc Board of Directors

As at 31 December 2013

Yoel Mintz 4
Chairman

Lawrence M. Weiss 2 & 4
Chief Executive Officer

Robert Glatter 4*

Michael Green 3* & 4

Robert C.Hain 1 & 2 & 3

Colin I. Lehmann 1* & 2 & 3

Siegfried R. Ramseyer 2* & 4

Lesley J. Secretan 2

Eric H. Senat 3

Shaul Shneider 4

Jean M. Stevenson 1 & 2 & 3

Gidon S. Suesskind 2

1 *Member of the Audit & Remuneration Committee*
2 *Member of the Strategy Committee*
3 *Member of the Risk Committee*
4 *Member of the Credit Committee*
* *Committee Chairman*

Bank Leumi (UK) plc and subsidiaries

Executive Management

Lawrence M. Weiss
Chief Executive Officer

Lesley J. Secretan
Chief Operating Officer

Simon P. Rothberg
Chief Risk Officer

Senior Management

Jonathan Watson
Chief Corporate Finance Officer

Paul Carroll
Company Secretary and Head of Legal and Banking Documentation

Tanguy Cruysmans
Head of Markets and Wealth Management

Richard Guillaume
Managing Director Bank Leumi (Jersey) Limited and Leumi Overseas Trust Corporation Limited

Paul Hird
Chief Executive Leumi ABL Limited

Paul Minkoff
Financial Controller

Dalia Ophir
Chief Information Officer

Idan Shapira
Deputy Chief Corporate Finance Officer

Robert Sherr
Head of Credit Risk Management

Lin Walling
Head of Human Resources

www.bankleumi.com

Auditors: KPMG LLP,
15 Canada Square, London E14 5GL

Authorised by the Prudential Regulation Authority and Regulated by the Financial Conduct Authority and the Prudential Regulation Authority.
Bank Leumi (UK) plc registered in England. Registration No.640370.
Registered Office: 20 Stratford Place London W1C 1BG Telephone 020 7907 8000 Facsimile 020 7907 8001

Chairman's Statement

I am pleased to present the Annual Report for 2013 of the Bank Leumi (UK) Group.

2013 saw the beginning of a recovery in the UK after several years of recession. House prices started to improve and unemployment fell in successive months. However after a series of positive growth forecasts, economic recovery remains fragile and the government looks set on keeping to its long-term plan of using austerity measures to control growth.

The Bank increased its provision for impairment losses in the year by £33.7m, recognising continuing difficulties on a small number of large specific situations. The loans concerned are concentrated in the property sector and pre-date the 2008 financial crisis when we were in a very different economic environment. The impairment losses have had a significant impact on the Bank's results for the year, leading to a net loss of £5.4 million compared to a £4.6 million profit in 2012.

Notwithstanding the disappointing overall result, the Bank's underlying business performance was strong. Operating profit before provisions increased to £26.5 million compared with £23.5 million in 2012, an increase of 13%. This commendable result was driven by income growth of 7%, and expense growth pegged at a modest 1%.

The Bank's capital and liquidity ratios remained above regulatory limits throughout the year. Customer deposits increased £91 million to £1,327 million, an increase of 7%. Customer lending fell £54 million, in part because of the impact of impairment provisions.

We remain committed to growing our business across diversified income streams and focusing on our niche areas in which we believe we have a competitive edge over many larger banks.

In line with Financial Reporting requirements, the detailed results for the year and a full business, operating and financial review can be found in the Strategic Report.

Corporate Governance

Both the Board of Directors and Management continue to promote and maintain a sound system of corporate governance in compliance with applicable regulatory requirements, and annual reviews are conducted in all relevant areas.

Highlights of the Year Include:

- **Net loss of £5.4 million compared with a profit of £4.6 million in 2012.**
- **Impairment losses of £33.7 million compared with £17.6 million in 2012.**
- **Operating profit before provisions of £26.5 million compared with £23.5 million in 2012, an increase of 13%.**
- **Net interest income of £41.4 million, compared with £38.1 million in 2012, an increase of 9%.**
- **Administrative expenses of £27.1 million, a modest £0.3 million or 1% increase on 2012.**
- **Customer lending of £1,244 million, compared with £1,298 million in 2012, a reduction of 4%.**
- **Growth in customer deposits of £91 million or 7%.**
- **Bank Leumi (UK) plc received the "Boutique Bank of the Year" award by ACQ Magazine World Bank Awards 2013.**
- **Leumi ABL Limited, our asset-based lending subsidiary, received a number of industry awards including "M&A International Asset Based Lender of the Year – UK".**

Directors, Management and Staff

Walter Goldsmith retired from the Board of Directors on 11 June 2013, having served as a non-executive Director and chairman of the Audit and Remuneration Committee. After 27 years of dedicated service and commitment to the activities of the Bank, the Board thanks him for his significant contribution, and wishes him the very best for the future.

I would like to welcome Jean Stevenson who was appointed as a non-executive Director to the Board in March 2013.

I would like to thank my fellow Directors for their contribution over the past year. My special thanks are extended to Larry Weiss our CEO, for his leadership and enterprise, as well as to all the management and staff for their efforts and achievements despite the continuing challenging business environment which prevailed during 2013.

Yoel Mintz
Chairman of the Board of Directors

Strategic Report

Activities

Bank Leumi (UK) plc (BLUK) and its subsidiaries provide lending and related banking services to a wide range of commercial and corporate customers, and offer private clients a comprehensive Private Banking and Wealth Management capability.

The Bank was founded in 1959 and has its Head Office in London. The activity of the Leumi Group in England began in London in 1902.

On the Island of Jersey, BLUK has a banking subsidiary, Bank Leumi (Jersey) Limited and a trust company, Leumi Overseas Trust Corporation Limited, which is fully owned by Bank Leumi (Jersey) Limited.

A further subsidiary, Leumi ABL Limited, is based in Brighton, and provides asset based finance.

All areas of the Bank place the highest emphasis on first class customer service, putting true relationship banking at the core of all its offerings. This service ethos, combined with high quality solutions supported by specific product and market expertise, helps differentiate the Bank in a very competitive market.

BLUK, as one of the largest subsidiaries of the Bank Leumi Group, provides a wide range of financial services to UK and International clients. BLUK has an established reputation as a true relationship bank, offering a range of banking facilities to both corporate customers and private clients. We are proud to have been awarded the Boutique Bank of the Year award by ACQ Magazine World Bank Awards 2013.

Review of Business

Corporate Finance

In this area, the Bank's principal activities consist of financing property transactions; providing finance and related services to corporate customers engaged in international trade, including commodities; and financing film, television and music production.

Property Finance

As an established lender in the Property Sector, finance is provided for transactions in both the UK and Western Europe. Services for both UK and international borrowers include development and investment facilities, dealing in residential as well as commercial property. Within this sector we also specialise in funding hotel development and in the construction of care homes and student accommodation.

The UK residential property market performed well in 2013 with an increase in activity and in average house prices, an upturn in the UK economy lifting consumer confidence and an increase in the availability of mortgage finance.

London performed particularly well with the continued in-flow of international funds into both residential and commercial property ensuring demand continued to outpace supply. However, increases in average house prices in some prime central London locations slowed as the demand, mainly from UK buyers for properties below the £2 million 7% Stamp Duty threshold, led them to focus on more outlying London boroughs, which saw significant increases in house prices in 2013. This ripple effect, which now also extends to other locations in the South East of England within commuting distance of Central London, is expected to continue in 2014.

The demand for properties over £2 million is, however, expected to slow in the run up to the next general election in May 2015, as buyers wait to see if an incoming government introduces their new proposed 'Mansion Tax', which will have more impact in Central London given higher average property values, although demand and house prices across the South East are then expected to continue their upward trend from 2015 onwards.

The Property Team will continue its lending activities in 2014, focusing on providing the best possible solutions for both existing and new customers and ensuring the on-going and pro-active management of the current portfolio.

Commercial Finance and Trade Finance

The Commercial Finance Team were successful in developing relationships with new customers, particularly in conjunction with our asset based lending subsidiary, Leumi ABL Limited, where we were able to provide greater flexibility in our combined finance offering.

The Bank has a particular expertise in financing customers engaged in international trade, particularly UK importers, international commodity traders and Israeli related businesses active in the world economy.

In both our Commercial Finance and Trade Finance businesses we saw greater opportunities for the Bank to enhance a number of existing financing structures by providing primarily secured trade finance and working capital facilities to a wide range of companies. These services were supported by our offering treasury and cash management as part of an overall comprehensive banking package. The continued maintenance of our demanding criteria to lend and the provision of a high quality of service gives us a solid platform for development of these businesses going forward.

Media Finance

Our specialist Media Finance Team allows us to provide secured, senior, short and medium term finance in the fields of film production and distribution, television and videogames production and music publishing. We are involved in syndicated facilities, as well as structuring bespoke bilateral credit facilities for clients. Whilst some transactions involve companies that have a worldwide presence, BLUK is primarily active across the UK, the US, France and Germany.

The Media Finance Team operates in an environment marked by the continued growth and transformation of the industry, principally due to the acceleration in digitalisation of content. In 2014, we expect that the competition for finance in Europe will intensify as seen towards the end of 2013. We anticipate competition from North American lenders to continue growing as their home markets become more mature. It is also expected that, particularly in the UK, private equity will continue to compete not only on cost but also on structure. The Media Finance Team will continue to carefully select opportunities enabling it to maintain pricing and structure satisfactory to both the customer and to the Bank.

Commodity Finance

The Commodity Finance Team specialises in the provision of short term transactional finance to physical traders of metals, energy and soft commodities.

The Commodity Finance Team saw another year of development. Our policy of building close relationships with the premium quality trading companies with strong balance sheets and established operations allows us to maintain an acceptable risk profile. We saw greater confidence in our customers' markets, particularly in the latter part of the year, which presented more opportunities for the Bank to provide finance.

Israel Business

Through our Israeli heritage as a member of the Bank Leumi Group and our well established UK presence we provide a range of banking services for customers engaged in business opportunities connected with Israel. Our services include working capital finance, acquisition finance, syndicated facilities, guarantees and deposit taking.

Asset Based Lending, Factoring and Invoice Discounting

Our Brighton based subsidiary **Leumi ABL Limited** undertakes asset based lending via the provision of factoring and invoice discounting, together with stock, plant and machinery finance to a wide range of businesses enabling them to raise working capital against the value of their assets. Working closely with BLUK's Commercial Finance Team, Leumi ABL Limited provides a wide range of bespoke funding solutions.

Facilities secured against the assets of a business, in conjunction with very tight monitoring and control, a feature of the services that Leumi ABL Limited offer, can provide higher levels of funding than traditional bank lending whilst maintaining an attractive risk profile.

Leumi ABL Limited continues to build its reputation as a leading player within the UK asset based finance market. Strong relationships with regional deal-making communities together with the professional advisory and private equity communities have resulted in yet another year of UK award wins, including M&A International Asset Based Lender of the Year - UK.

Within Leumi ABL Limited, the Structured Finance division continues to grow with good revenues from a strong portfolio of performing clients. Furthermore Leumi Invoice Finance, the invoice discounting and factoring division aimed at providing facilities to the smaller business, is also growing its portfolio, broadening the scope of the company's offering and further building the Leumi brand.

Leumi ABL Limited looks set to continue to represent an increasingly significant proportion of our business as we move forward.

Private Banking and Wealth Management

We offer Investment Management and Fiduciary Services to individual, corporate and trust clients. Our services encompass advisory, execution only and safe custody solutions in London with execution only and safe custody services also available in Jersey. Our experienced team of investment managers provides high net worth clients with a comprehensive range of investment solutions: we offer traditional private banking services, investment accounts, foreign exchange, securities trading facilities and derivative instruments for hedging purposes. Together with our Treasury Department, we develop one-off deposit solutions for our clients; these deposits can be capital guaranteed or capital at risk and are linked to indices and currencies.

In the present low interest rate environment, we continue to provide competitive rates to both existing and new customers of the Bank. In addition, and through our dedicated credit team, we are able to offer secured lending facilities, specifically collateralised against investment portfolios.

During 2013, we broadened both the products we offer and services we provide. We are continually reviewing our solutions in light of market conditions and in conjunction with our clients' needs. 2014 will again prove to be a challenging year with the on-going uncertainty in the global markets affecting our client base.

Jersey Subsidiaries

Our wholly owned subsidiary, **Bank Leumi (Jersey) Limited**, offers a specialist range of banking services to both personal and corporate clients including deposit accounts in all major currencies, foreign exchange services, execution of securities trades and lending facilities.

Our services in Jersey are further complemented by **Leumi Overseas Trust Corporation Limited**, which offers a comprehensive range of trust and company services for structures established and administered in a wide number of recognised jurisdictions.

Executive Mortgages

Our innovative Executive Mortgage product is designed to meet the specific needs of high–earning individuals seeking to buy a home in the UK. Mortgages are interest only and typically for a 5 year term. The mortgage may be domiciled in Jersey or London. We also offer the ability to switch borrowings between various currencies.

Treasury, Foreign Exchange and Money Markets

Our Dealing Room offers services in relation to foreign exchange, money market and derivative products which can be used to hedge against market movements.

For further details of any of our products and services, please visit: www.bankleumi.co.uk

Risks and Uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the Group's long-term performance and could cause actual results to differ materially from expected and historical results.

The Bank has established an integrated risk management structure that clearly assigns ownership and management of specific risks to Executive and Senior Management. The Board approves the Group's risk appetite which is set out in detailed policy documentation. Independent Risk Control and Credit Risk Management Departments monitor that risk exposures are maintained within approved parameters and appetites.

The Risk Management Committee takes a strategic overview of risk and the risk management process and formulates and agrees the processes for the control of risk. It also takes responsibility for regulatory risk issues. The Bank has three other risk management committees which formulate the relevant strategies and policies for risks emanating from their areas of responsibility.

The three committees are:

Credit Risk Management Committee – responsible for all credit risk matters.

Market Risk Management Committee – responsible for all trading and market related risks and for the interest rate and liquidity risks of the Bank.

Operational Risk Management Committee – responsible for all operational related risks.

The Bank has a Board Risk Committee which is responsible for overseeing regulatory issues raised in these risk committees and for ensuring that all risk issues have considered debate and challenge.

Credit risk is managed by detailed policies and procedures which call for individual assessment of the credit quality of all counterparties, and a separate assessment of the quality of collateral held to mitigate the exposure. A credit grading system has been implemented and each individual rating is independently assessed before being agreed. This system has recently been upgraded to ensure that objective measures of risk are more focused. Concentration risk is carefully monitored by borrower concentration, industry sector and country. Limits sanctioned by the Board are applied to each of these areas.

Market risk is carefully monitored on a daily and weekly basis. Detailed policies have been established and agreed by the Board which set out the parameters of the Bank's proprietary positions and trades and these positions are reported weekly to the Market Risk Management Committee. Interest rate risk is controlled by way of a set of mismatch limits and loss limits for the impact of interest rate changes. Liquidity is monitored and reported daily using a number of metrics and ratios each measured against limits set by the PRA or by the Market Risk Management Committee. Trading Room activity is monitored independently by the Risk Control Department.

Operational exposures are monitored by way of a loss event reporting process which considers actual and potential losses arising from any operational event. These are regularly reported to the Operational Risk Management Committee. This committee also considers, approves and carefully monitors key operational system developments. A quarterly report is submitted to the Board Risk Committee.

Management information in relation to risk is submitted via the risk management committees with summaries being provided to the Board or its specific delegated sub-committees.

Results

In line with the UK's generally accepted accounting principles, the balance sheet and profit and loss account have been presented in accordance with standards issued by the Accounting Standards Board.

Profit and Loss Account

The net loss for the financial year 2013 amounted to £5.4 million compared to a profit of £4.6 million in 2012.

The Group loss is attributable to impairment losses which increased significantly in 2013 to £33.7 million, compared with £17.6 million in 2012. Approximately £30 million of the losses stem from legacy property customers where developments in 2013 have required the Bank to revise its estimated recovery on a number of specific situations. The Bank also increased its collective impairment provision by £2.2 million.

Underlying business performance was strong, with operating profit before provisions of £26.5 million in 2013 compared to £23.5 million in 2012, an increase of 13%.

Operating income in 2013 amounted to £55.2 million compared to £51.8 million in 2012, an increase of 7%.

Net interest income had another strong year with income of £41.4 million in 2013 compared with £38.1 million in 2012, an increase of 9%. This growth reflects the success of increasing the Bank's customer deposit base which has reduced the Bank's overall cost of funds, whilst also enabling it to be less dependent on the parent company for funding. The Bank also increased interest earned on excess cash through higher placements in the Bank of England Reserve Account, used as part of the Bank's liquidity buffer.

Fees and commissions income of £11.7 million compared with £11.0 million in 2012, an increase of £0.7 million. Growth was driven by higher levels of lending fees and invoice discounting fees.

Dealing profits of £1.9 million compared with £2.5 million in 2012, with the decrease attributable to lower levels of foreign exchange and derivatives income.

Administrative expenses of £27.1 million increased only £0.3 million or 1% compared with £26.8 million in 2012. The modest growth reflects a significant reduction in employee bonuses, due to the disappointing results. In other respects increases to staff costs reflected the full year impact of senior staff hired part way through 2012 and continued growth in the Bank's subsidiary Leumi ABL Limited.

Legal costs were higher due to costs incurred in connection with debt recovery, whilst overall growth in other administrative costs was flat in 2013.

The Bank's Jersey subsidiary, **Bank Leumi (Jersey) Limited**, performed strongly. Excluding the impact of dividends, net profit was £1.4 million, an increase of 33%. Income grew by 16% due to higher interest margins on mortgage lending. Bank Leumi (Jersey) Limited's subsidiary **Leumi Overseas Trust Corporation Limited** reported trust income 14% ahead of 2012 levels. In February 2013 a dividend of £1 million was paid by Leumi Overseas Trust Corporation Limited to its parent Bank Leumi (Jersey) Limited and a dividend of £4 million was paid by Bank Leumi (Jersey) Limited to its parent Bank Leumi (UK) Limited.

The asset based lending subsidiary, **Leumi ABL Limited**, performed well with net profits of £2.1 million, an increase of 3%. Income grew 18% in 2013, driven by higher net interest income, as average lending grew 29% year on year. Expenses grew 20% due to recruitment of additional staff to support business growth and higher legal costs in connection with debt recovery. Strong portfolio management maintained impairment levels at acceptable levels.

Efficiency Ratio

An important measure of efficiency is the level of total expenditure compared to the level of total income. This efficiency ratio is calculated as total expenses divided by total income and expressed as a percentage.

The Group's efficiency ratio for 2013 was 52%, compared with 55% in 2012. This excellent improvement reflects the year on year growth in income of 7% combined with continued focus on costs and efficiency savings which restricted growth in costs to only 1%.

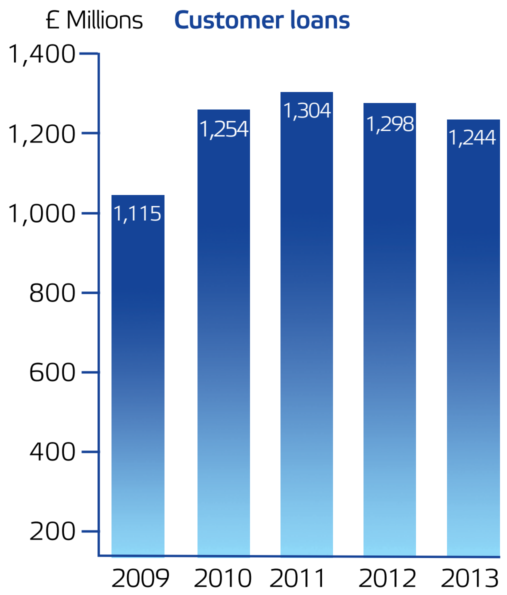
Balance Sheet

Total consolidated assets of Bank Leumi (UK) plc amounted to £1,614 million at the end of 2013, the same as at the end of 2012.

Balance sheet – Customer Business

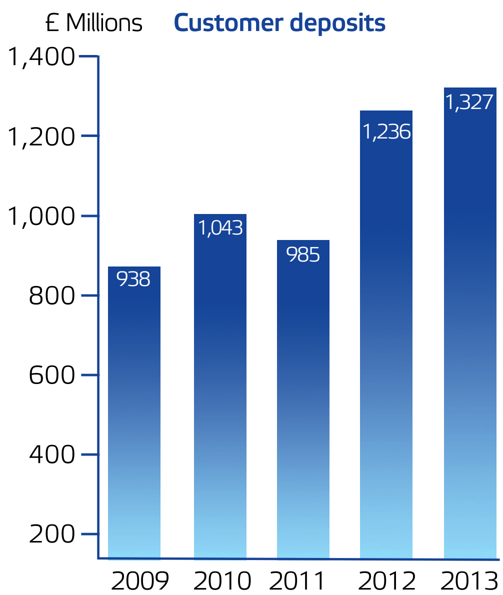
Customer lending decreased to £1,244 million compared with £1,298 million the previous year.

The trend in customer lending over the last five years is reflected in the graph below.



Customer deposits increased to £1,327 million compared with £1,236 million the previous year, an increase of £91 million or 7%. The increase includes higher levels of deposits both in Private Banking and Corporate Finance, the latter largely from relationships within our Israel Business sector.

The trend in customer deposits over the last five years is reflected in the graph below.



Debt Securities

The Bank holds debt securities as part of its liquidity portfolio and also to generate increased interest margins on its excess deposits. The overall portfolio decreased £37 million during 2013 to £65 million as the Bank decreased its holding of government securities. The majority of the portfolio is now invested in UK Treasury Bills which are included in the Bank's liquidity buffer. The decrease was more than compensated by an increase of £185 million in cash placements in the Bank of England Reserve Account (£235 million held at end of 2013) which is also included in the liquidity buffer.

Liquidity

During 2013 the liquidity position of the Bank remained strong as we benefitted from increased inflows from customer deposits through competitive pricing and the development of new relationships. As a result, the Bank's loan to deposit ratio improved from 105% to 94% during the year.

Capital

Both Bank Leumi (UK) plc and Bank Leumi (Jersey) Limited continue to monitor their capital adequacy ratios under Basel II rules on a regular basis to ensure that capital held is always adequate to support the business transacted. For both entities the level of capital held remained significantly in excess of regulatory limits throughout the year. As at 31 December 2013 the Bank's consolidated tier 1 capital ratio was 9.7%, and its total capital ratio was 16.4%.

1 January 2014 saw the introduction of Basel III measures in the EU through a new Regulation and Directive, known collectively as CRD IV. The rule changes introduce a revised definition of regulatory capital, primarily focused on common equity tier 1 capital. There are also increased capital deductions and new regulatory adjustments affecting this higher tier of capital. The Bank has considered these new rules in the formulation of its business growth plans to ensure that it will continue to maintain strong levels of regulatory capital.

Looking Ahead

We will continue to build on our strengths as a nimble player in the banking world, building the Leumi brand in a selected way and identifying new areas for development of our niche business sectors. Diversification of lending assets remains an important part of our philosophy, and we will continue to exercise prudent risk management techniques in assessing new lending opportunities. Following the large impairment losses we have seen in the last couple of years we strongly believe that we can now look forward with renewed optimism to more profitable years ahead.

In the Private Banking arena the Bank will continue to focus on its 'boutique' bank approach with particular emphasis on growing the deposit base in the UK and through our subsidiary Bank Leumi (Jersey) Limited, and investment in new systems to provide an enhanced service to our customers.

By Order of the Board
Paul Carroll, Company Secretary
4 March 2014
20, Stratford Place
London W1C 1BG

Report of the Directors

The Directors present their Report and the Accounts of Bank Leumi (UK) plc and subsidiaries for the year ended 31 December 2013.

Board of Directors

The Directors as at 31 December 2013 are listed inside the front cover.

Mr W Goldsmith retired as a non-executive Director of the Bank on 11 June 2013.

On 7 March 2013 the Board appointed Mrs J Stevenson as a non-executive Director of the Bank. Accordingly, Mrs J Stevenson will retire in accordance with the Company's articles of association at the next annual general meeting and, being eligible, will offer herself for re-appointment.

The Directors retiring by rotation in accordance with the Company's articles of association at the next annual general meeting are Mr C Lehmann, Mr E Senat, Mr Y Mintz and Mr G Suesskind, each of whom being eligible, will offer themselves for re-appointment.

During the year the Bank provided cover for its Directors and Officers under Directors' and Officers' liability insurance policies.

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period.

In preparing each of the Group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going-concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Bank's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of Information to Auditors

The Directors who held office at the date of the approval of the Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Bank's auditors are unaware, and each of the Directors has taken all steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Bank's auditors are aware of the information.

Share Ownership

As at 31 December 2013 Bank Leumi le-Israel B.M. Group held 99.81% of the issued share capital.

Employees

The average number of persons employed by the Group (including contract staff) in each week during the year was 213 (2012: 206) and the aggregate remuneration paid to all such persons amounted to £13,093,000 (2012: £13,682,000).

Social Responsibility

The Bank Leumi Group considers its corporate social responsibility to be a fundamental part of its overall activities. BLUK, as one of its largest subsidiaries, shares this commitment and has been a longstanding supporter of many charitable causes.

The Bank's commitment is perhaps best portrayed by its annual Charity Bike Ride which successfully completed its 4th challenge and was one of the highlights of 2013. Following months of preparations and fundraising efforts, Team Leumi, consisting of twenty seven employees and led by CEO Larry Weiss cycled from Cherbourg to St. Malo over the course of three days. After crossing to Jersey the team then completed a full circuit of the island before joining the reception to celebrate Leumi Jersey's 20th anniversary of its presence in Jersey. All members of Team Leumi completed the 300km journey, raising over £50,000 for Leket Israel and the Royal Marines Charitable Trust Fund (BLUK), Headway (Leumi Jersey) and Martlet's Hospice (Leumi ABL).

Commenting on the ride, Larry Weiss said "Corporate social responsibility and charitable giving are in the DNA of the Leumi Group. I am very proud of all the members of Team Leumi, who exemplified team spirit, perseverance and excellence in overcoming the various challenges of the ride. I would also like to thank everyone who sponsored us and I am confident that their contributions will go a very long way".

The Bank has also supported the vital and diverse work of many charitable organisations at both a corporate level and by encouraging employees' fundraising initiatives. The Bank has also maintained its involvement in the community through granting various sponsorships, taking part in community events and via charitable giving to community projects.

For 2014, the Bank plans to continue its social endeavours, making every effort to ensure that corporate social responsibility remains a priority both now and in the future.

Auditors

KPMG Audit Plc resigned as auditor on 5 November 2013 pursuant to section 516 of the Companies Act 2006. The Directors appointed KPMG LLP as auditor of the company to fill the casual vacancy as auditor under section 489(3)(c) of the Companies Act 2006. KPMG LLP has indicated its willingness to continue in office and a resolution to reappoint it as auditor will be proposed at the next annual general meeting.

By Order of the Board
Paul Carroll, Company Secretary
4 March 2014
20, Stratford Place
London W1C 1BG

Independent auditor's report to the members of Bank Leumi (UK) plc

We have audited the financial statements of Bank Leumi (UK) plc for the year ended 31 December 2013 as set out on pages 8 to 35. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2013 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Matthew Davies (Senior Statutory Auditor)
For and on behalf KPMG LLP, Statutory Auditor
Chartered Accountants
London
4 March 2014

Consolidated Profit and Loss Account

for the year ended 31 December 2013

	Notes	2013 £000's	2012 £000's
Interest receivable		57,519	55,467
Less: interest payable		(16,108)	(17,327)
Net interest income	3	41,411	38,140
Fees and commission receivable	4	11,674	10,995
Dealing profits		1,936	2,521
Net profit from other financial instruments carried at fair value	5	147	100
Operating income		55,168	51,756
Administrative expenses	6	(27,051)	(26,800)
Depreciation of fixed assets	19	(1,512)	(1,435)
Amortisation of goodwill	11	(77)	(56)
Operating profit before provisions		26,528	23,465
Net impairment losses	16	(33,710)	(17,555)
(Loss)/Profit on ordinary activities before Taxation	2	(7,182)	5,910
Taxation on ordinary activities	9	1,752	(1,287)
(Loss)/Profit for the financial year	10	(5,430)	4,623

All items dealt with in arriving at operating loss for 2013 and profit for 2012 relate to continuing operations.
The notes on pages 11 to 35 form an integral part of the accounts.

Bank Leumi (UK) plc registered in England. Registration No. 640370

Balance Sheet

for the year ended 31 December 2013

		Group		Bank	
Assets	Notes	2013 £000's	2012 £000's	2013 £000's	2012 £000's
Cash and balances at central banks		234,991	50,010	234,991	50,010
Loans and advances to banks	14	54,638	151,072	54,224	149,048
Loans and advances to customers	15	1,243,888	1,298,235	1,115,976	1,164,301
Debt securities	17	64,491	101,678	60,941	98,037
Shares in group undertakings	18	-	-	18,973	18,973
Intangible fixed assets	11	75	152	-	-
Tangible fixed assets	19	5,864	5,541	5,396	5,038
Financial derivatives	31	4,013	2,968	4,066	3,102
Other assets	20	3,307	1,690	2,947	914
Prepayments and accrued income		2,041	2,008	1,608	1,488
Pension asset – net of deferred tax	30	910	349	910	349
Total assets	13	1,614,218	1,613,703	1,500,032	1,491,260
Liabilities					
Deposits by banks	21	55,642	149,981	55,642	149,946
Customer deposits	22	1,326,927	1,235,570	1,230,087	1,130,257
Financial derivatives	31	12,115	3,568	12,162	3,962
Other liabilities	23	2,990	3,060	2,108	1,220
Accruals and deferred income		3,985	4,091	2,036	3,300
Subordinated liabilities:					
Undated loan capital	24	83,675	83,675	83,675	83,675
Called up share capital	25	11,967	11,967	11,967	11,967
Share premium account	26	36,093	36,093	36,093	36,093
Available for sale reserve	26	34	126	7	93
Profit and loss account	26	80,790	85,572	66,255	70,747
Equity shareholders' funds	26	128,884	133,758	114,322	118,900
Total liabilities and shareholders' funds	13	1,614,218	1,613,703	1,500,032	1,491,260

The notes on pages 11 to 35 form an integral part of the accounts.

The accounts have been approved and signed on behalf of the Board by:

Yoel Mintz, Chairman.

Colin I.Lehmann, Director and Chairman of the Audit and Remuneration Committee.

Lawrence M.Weiss, Chief Executive Officer.

4 March 2014

Memorandum Items

	Notes	Group 2013 £000's	Group 2012 £000's	Bank 2013 £000's	Bank 2012 £000's
Contingent liabilities					
Acceptances and endorsements		2,602	1,968	2,602	1,968
Guarantees		28,667	77,645	26,803	68,577
Other contingent liabilities		26,064	28,544	26,064	28,544
	27	57,333	108,157	55,469	99,089
Commitments					
Lending commitments	27	330,440	342,126	365,447	382,576

Statement of Total Recognised Gains and Losses

	Notes	Group 2013 £000's	Group 2012 £000's	Bank 2013 £000's	Bank 2012 £000's
(Loss)/Profit for the financial year		(5,430)	4,623	(5,140)	1,368
Actuarial profit/(loss) recognised in the Pension scheme	30	723	(714)	723	(714)
Deferred tax arising on losses in the Pension scheme	20	(133)	188	(133)	188
Available for sale investments					
-Valuation (loss)/profit taken to equity		(43)	1,165	(36)	809
-Tax on items taken directly to equity		9	(234)	8	(198)
Total recognised (loss)/gains Recognised since 31 December 2012/2011		(4,874)	5,028	(4,578)	1,453

The notes on pages 11 to 35 form an integral part of the accounts.

Notes to the Accounts

1. Accounting Policies

a. Basis of Accounting

The accounts have been prepared in accordance with UK Generally Accepted Accounting Practice.

The accounts are prepared on a going concern basis. This reflects the underlying strength of the Bank and its subsidiary undertakings, with capital and liquidity ratios significantly in excess of minimum regulatory limits. It also reflects the strong capital base of the Bank's parent company, Bank Leumi le-Israel B.M.

As a consequence of this and the robust risk management framework the Bank has in place, the Directors believe that the Bank is well placed to manage its business risks successfully and reasonably expect it to continue in operational existence for the foreseeable future.

The principal accounting policies applied in the preparation of these consolidated statements are set out below. These policies have been consistently applied for all the years presented unless otherwise stated.

b. Basis of Consolidation

The consolidated accounts include the accounts of the Bank and its subsidiary undertakings made up to 31 December 2013. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

c. Foreign Currency Translation

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Trading profits from dealings in foreign currency securities are recorded in Sterling at the exchange rate prevailing at the end of the month in which they arise and any gains and losses arising are reflected in the profit and loss account.

d. Financial Instruments

Financial assets and financial liabilities are recognised in the balance sheet of the Group and the Bank when the Group and the Bank become a party to the contractual provisions of the instrument.

Loans and advances

Loans and advances are initially recognised at fair value, and are subsequently measured at amortised cost using the effective interest rate method. This is considered to be a reasonable approximation of fair value.

Impairment allowances

Appropriate allowances for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired. The Bank considers evidence of impairment at both a specific and collective level.

The principal factors influencing whether an asset is considered impaired include adverse loan grading, breaches of formal covenants, adverse movement in the value of collateral, failure to maintain agreed collateral margins and non-receipt of financial information requested. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Loans subject to forbearance arrangements are included in the Bank's 'watch-list' and are therefore regularly assessed for impairment in the same way as all loans which are subject to increased credit monitoring.

All assets found not to require a specific provision are then collectively assessed for any impairment that may have been incurred but not yet identified. In assessing collective impairment the Bank uses historical trends of the losses incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than the historical trends suggest.

Financial Liabilities and Equity

Financial liabilities are initially recognised at fair value, and are subsequently measured at amortised cost using the effective interest rate method. This is considered to be a reasonable approximation of fair value.

Equity instruments issued by the Bank are recorded as the proceeds received, net of direct issue costs.

Investments

Investments in debt securities and equity shares are recognised and derecognised on a trade date where a purchase or sale of an investment is under contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost including transaction costs.

At subsequent reporting dates, debt securities that the Bank has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in profit and loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Investments classified as either held-for-trading or available-for-sale are measured at subsequent reporting dates at fair value by reference to published price quotations. Where securities are held-for-trading purposes, gains and losses arising from changes in fair value are included in net profit or loss for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period. For available-for-sale investments designated as fair value through profit and loss, gains and losses arising from changes in fair value are included in net profit or loss for the period. Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Derivative Financial Instruments

The Bank's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and equity prices. The Bank uses foreign exchange forward contracts, interest rate swap contracts, cross-currency swaps, foreign exchange options and similar instruments to hedge these exposures.

Notes to the Accounts *continued*

In order to reduce the risk of derivative instruments sold to customers, the Bank's policy is to cover all open positions by purchasing matching derivatives in the market. The positive fair values of the purchased derivatives represent a counterparty risk which is monitored regularly and added to the counterparty total exposure.

Derivative financial instruments are initially recognised at fair value and are measured to fair value at subsequent reporting dates by reference to latest market prices. Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise as the Bank does not apply hedge accounting.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value, with gains or losses reported in profit or loss.

e. Fixed Assets

Fixed assets are stated in the balance sheet at cost, less depreciation and impairment. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Short leasehold buildings	unexpired period
Computers	3-6 years
Fixtures, fittings and furnishings	5 years

f. Investment in Subsidiary Undertakings

The Bank's investments in subsidiaries are stated at cost less impairment losses.

g. Operating Leases

Rentals payable and receivable under operating leases are accounted for on the straight-line basis over the periods of the leases and are included in Administrative expenses.

h. Pensions

The Bank has 2 sections to its pension provision for employees; (1) A defined benefit scheme, which was closed to new entrants from 1 June 2000, and (2) A defined contribution scheme which was set up for new employees; there is also a separate continuing defined contribution scheme operating within the Jersey subsidiaries.

The invoice discounting subsidiary, Leumi ABL Limited, offers eligible employees pension benefits on a defined contribution basis through its participation in the Bank's scheme. The assets of the scheme are held separately from the Bank in an independently administered fund.

(1) Defined Benefit Scheme

The assets of the defined benefit scheme are measured by third party investment managers and are held separately in trust.

Valuations are prepared by an independent professionally qualified actuary at least triennially. These determine the level of contributions required to fund the benefits set out in the rules of the scheme and allow for the periodic increase of pensions in payment. The regular service cost of providing retirement benefits to employees during the period, together with the cost of any benefits relating to past service, is charged to operating profit in the period. Liabilities arising from discretionary pension increases are charged to operating profit in the period that the increases are given. Gains or losses arising on a settlement or curtailment not allowed for in the actuarial assumptions are recognised in operating profit.

A credit representing the expected return on the assets of the retirement benefit pension scheme during the period is included within interest income. This is based on the market value of the assets of the scheme at the start of the financial period. A charge is included within interest income representing the expected increase in the liabilities of the retirement benefit pension scheme during the period. This arises from the liabilities of the scheme being one year closer to payment.

The difference between the market value of the assets and the present value of the accrued pension liabilities is shown as an asset or liability in the balance sheet net of deferred tax. Payments made to the scheme reduce the liability or increase the surplus.

Differences between actual and expected returns on assets during the period are recognised in the statement of total recognised gains and losses in the period, together with differences arising from changes in assumptions.

(2) Defined Contribution Scheme

For the defined contribution scheme the amount charged to operating profit in respect of pension costs is the Group's contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

i. Taxation

The charge for taxation is based on the profit or loss for the year, amended for permanent differences between the treatment of certain items for tax and accounting purposes.

Deferred tax is fully provided (in accordance with FRS 19) on timing differences using tax rates which are expected to apply on crystallisation of the timing differences. Deferred tax assets are recognised to the extent that recovery is probable.

j. Income Recognition

(1) Interest Income

Interest income on financial assets measured at amortised cost or available for sale is calculated using the effective interest rate, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(2) Rendering of Services and Commissions

(i) Fees that are an integral part of the effective interest rate are deferred and recognised in the effective interest rate. When the financial instrument is measured at fair value, with the change in fair value recognised in profit or loss, the fees are recognised as revenue when the instrument is initially recognised.

(ii) Fees earned as services are provided are recognised as revenue when services of value are provided with reference to the stage of completion.

(iii) Fees earned on the execution of a significant act are recognised as revenue when the significant act is completed.

(3) Dividend Income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

k. Goodwill

On the acquisition of a business, fair values are attributed to the net assets acquired. Goodwill arises where the fair value of the consideration given for a business exceeds the fair value of such net assets. Goodwill is capitalised and amortised on a straight line basis through the profit and loss account over its estimated useful life. Goodwill is reviewed for impairment when there are indications that the carrying value may not be recoverable.

l. Cash flow

Under FRS1 the Bank is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Bank in its own published consolidated accounts.

2. Loss on Ordinary Activities before Taxation

	Group	
	2013 £000's	2012 £000's
(Loss)/Profit on ordinary activities before tax is stated after		
(i) Crediting:		
Income from listed investments	357	689
(ii) Charging :		
Interest incurred with respect to subordinated liabilities	2,038	2,320
Hire of computers and equipment	69	63
Depreciation	1,512	1,435
Rentals paid on premises under operating leases,* net of rental income of £100,000 (2012: £100,000)	854	833
Amortisation of goodwill	77	56
(Losses)/Profits on disposal of investment securities	(10)	169

*The prior year number has been restated for consistency with current year treatment.

	Group	
Auditor's remuneration:	2013 £000's	2012 £000's
Audit of these accounts	175	170
Fees payable to the Company's auditor and its associates for other services:		
Audit of accounts of the Company's subsidiaries, pursuant to legislation	53	52
Audit-related Assurance Services	58	50
Tax Compliance	33	35
Tax Advisory Services	6	8
Other Assurance Services	16	21
Audit fees in respect of the Pension Scheme	6	4
Amounts receivable by un-associated auditors in respect of:		
Audit of accounts of the Company's subsidiaries, pursuant to legislation	31	31
Other services	17	2

3. Net Interest Income

	Group		Bank	
Interest Receivable:	2013 £000's	2012 £000's	2013 £000's	2012 £000's
Loans and Advances to Banks	1,173	427	1,173	427
Loans and Advances to Customers	54,764	53,384	46,851	46,963
Debt Securities	356	689	290	585
Other Interest Earning Financial Assets	1,226	967	1,226	967
Total Interest Receivable	57,519	55,467	49,540	48,942
Interest Payable:				
Deposits by Banks	616	2,928	616	2,928
Customer Deposits	11,987	11,417	11,712	10,939
Subordinated Liabilities	2,038	2,320	2,038	2,320
Other Interest Bearing Financial Liabilities	1,467	662	1,467	662
Total Interest Payable	16,108	17,327	15,833	16,849
Net Interest Income	41,411	38,140	33,707	32,093

4. Fees And Commission Receivable

	Group		Bank	
Fees and Commissions:	2013 £000's	2012 £000's	2013 £000's	2012 £000's
Banking Fees	9,328	8,936	4,267	4,183
Fund Management Fees	1,150	1,011	1,057	897
Trust Income	1,196	1,048	-	-
Total Fees and Commissions	11,674	10,995	5,324	5,080

5. Net profit from other financial instruments carried at fair value

	Group		Bank	
	2013 £000's	2012 £000's	2013 £000's	2012 £000's
Derivatives	147	100	56	32
Net profit	147	100	56	32

6. Administrative Expenses

	Group		Bank	
	2013 £000's	2012 £000's	2013 £000's	2012 £000's
Wages and salaries	13,093	13,682	8,375	9,515
Social security costs	1,516	1,541	1,012	1,164
Pension costs	1,222	1,084	991	884
Other administrative expenses	11,220	10,493	7,663	7,508
	27,051	26,800	18,041	19,071

Included in wages and salaries for the Group is £Nil (2012: £492,000) in respect of share-based payments relating to the subsidiary Leumi ABL Limited. The expense relates to the purchase in 2010 by Bank Leumi (UK) plc of shares in Leumi ABL Limited held by the directors of Leumi ABL Limited. The transaction has been accounted for in accordance with FRS 20 share-based payment transactions and is recognised on a straight line basis over the estimated vesting period.

7. Directors' Emoluments and Loans

	2013 £	2012 £
The aggregate emoluments of the Directors of the Bank were:	1,091,627	1,221,819
Of which:		
Sums paid to Bank Leumi le-Israel B.M. in respect of Directors' fees	74,802	39,193
The highest paid Director	417,542	350,119

The highest paid Director received the above sum in salary and benefits. The Bank paid pension contributions of £Nil in respect of the highest paid Director (2012: £Nil). Pension contributions of £23,100 were paid by the Bank in respect of other Directors (2012: £24,500).

7. Directors' Emoluments and Loans *continued*

The table below sets out particulars of transactions, arrangements and agreements entered into by the Bank with Directors and their connected persons. Transactions were made in the ordinary course of business on normal commercial terms.

	2013		2012	
	Number of persons	£000's	Number of persons	£000's
Loans	2	2,472	2	2,963

8. Employees

The average number of persons employed by the Group and Bank during the year was made up as follows:

	Group		Bank	
	2013	2012	2013	2012
Managers	68	66	50	50
Clerical Staff	144	139	103	100
Others	1	1	1	1
	213	206	154	151

9. Taxation

(a) Analysis of charge in year	2013 £000's	2012 £000's
UK Corporation Tax on profits of the year	-	1,175
Foreign Tax	172	93
Adjustment for prior year tax	(653)	-
Total Current Tax	(481)	1,268
Deferred Tax (note 20)		
Timing differences	(1,262)	9
Related to Pension Surplus	(9)	10
Tax on (loss)/profit on ordinary activities	(1,752)	1,287

(b) Factors affecting tax charge for the period

The tax assessed for the period is higher (2012: lower) than the average rate of Corporation Tax for the year of 23.25% (2012: 24.5%).

The differences are explained below;	2013 £000's	2012 £000's
(Loss)/Profit on ordinary activities before tax	(7,182)	5,910
Corporation Tax in the UK at average rate of 23.25% (2012: 24.5%)	(1,670)	1,448
Effects of:		
Foreign Tax	(242)	(201)
Depreciation in excess of capital allowances	40	99
Expenses not deductible for tax	56	23
Adjustment for prior year tax	83	-
Relief for implementation of FRS 26	(97)	(101)
Effect of carry forward of tax losses	1,349	-
Current Tax for period	(481)	1,268

(c) Factors that may affect future tax charges

The Group expects to claim Capital Allowances higher than the depreciation charge, which will reduce the tax charge.

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the Group's future current tax charge accordingly. The deferred tax asset at 31 December 2013 has been calculated based on the rates of 20% and 21% substantively enacted at the balance sheet date.

10. Group Loss dealt with in the Accounts of Bank Leumi (UK) plc

As permitted by Part 15 Chapter 4 408 (3) of the Companies Act 2006 the profit and loss account for Bank Leumi (UK) plc has not been presented separately and the loss after tax dealt with in the accounts is £5,140,000 compared to a profit of £1,368,000 in 2012.

11. Intangible Fixed Assets

Goodwill	Acquisition of Subsidiary £000's
Cost at 1 January 2013	768
Cost at 31 December 2013	768
Amortisation at 1 January 2013	(616)
Amortisation charged in period	(77)
Amortisation at 31 December 2013	(693)
Net Book Value at 31 December 2013	75
Net Book Value at 31 December 2012	152

The Directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises.

Goodwill outstanding relates to the acquisition of Riggs Bank & Trust Company (Channel Islands) Limited in 2005 and is amortised over a period of 10 years.

12. Related Party Transactions

The Bank is 99.81% owned by the parent company, Bank Leumi le-Israel B.M. which is listed on the Israeli stock exchange and whose consolidated accounts are therefore publicly available. Balances with other entities of the worldwide Leumi Group are shown within the respective notes in the accounts. Profit and loss derived from other entities of the worldwide Leumi Group comprises a net interest expense of £2,813,000 primarily in respect of transactions with Bank Leumi le-Israel B.M. (2012: £5,202,000), other income £123,000 (2012: £206,000) and administrative expenses of £75,000 (2012: £39,000).

13. Currency Analysis of Assets and Liabilities

	Group		**Bank**	
	2013 £000's	2012 £000's	2013 £000's	2012 £000's
Assets				
Denominated in sterling	1,081,361	913,333	1,008,185	840,829
Denominated in currencies other than sterling	532,857	700,370	491,847	650,431
Total Assets	1,614,218	1,613,703	1,500,032	1,491,260
Liabilities				
Denominated in sterling	821,999	850,731	748,958	779,256
Denominated in currencies other than sterling	792,219	762,972	751,074	712,004
Total Liabilities	1,614,218	1,613,703	1,500,032	1,491,260

14. Loans and Advances to Banks

	Group		Bank	
	2013 £000's	2012 £000's	2013 £000's	2012 £000's
Repayable on demand	26,009	23,311	25,595	21,287
Remaining maturity of other loans and advances				
● 1 year or less but over 3 months	-	132	-	132
● 3 months or less	28,629	127,629	28,629	127,629
	54,638	151,072	54,224	149,048

Includes intra-group loans and advances of £1,818,000 (2012: £3,302,000).

15. Loans and Advances to Customers

	Group		Bank	
Analysed by remaining maturity:	2013 £000's	2012 £000's	2013 £000's	2012 £000's
● Over 5 years	-	5,004	-	5,004
● 5 years or less but over 1 year	356,135	437,180	244,371	323,005
● 1 year or less but over 3 months	267,356	287,344	246,433	264,566
● 3 months or less excluding repayable on demand	293,983	274,607	441,750	384,804
● Repayable on demand	390,650	329,534	246,919	221,960
● Impairment allowances (note 16)	(64,236)	(35,433)	(63,497)	(35,038)
	1,243,888	1,298,235	1,115,976	1,164,301
Amounts include:				
Due from subsidiary undertakings			169,198	132,695

	Group		Bank	
Analysed by industrial sector	2013 £000's	2012 £000's	2013 £000's	2012 £000's
(net of specific impairment)				
Property	392,552	396,804	290,355	297,370
Commerce	342,556	366,147	277,151	317,216
Industry	55,501	76,379	32,425	33,575
Other services	188,591	186,447	274,051	271,196
Hotels	176,749	164,787	176,749	164,787
Other	94,152	111,699	71,458	84,185
	1,250,101	1,302,263	1,122,189	1,168,329
Less collective impairment (note 16)	(6,213)	(4,028)	(6,213)	(4,028)
	1,243,888	1,298,235	1,115,976	1,164,301

16. Net impairment losses

	2013 Individual £000's	2013 Collective £000's	2013 Total £000's	2012 Individual £000's	2012 Collective £000's	2012 Total £000's
Group						
At 1 January	31,405	4,028	35,433	19,297	3,758	23,055
Charge against profits (net of recoveries)	31,525	2,185	33,710	17,285	270	17,555
Recoveries	546	-	546	407	-	407
Amount written off	(5,360)	-	(5,360)	(5,388)	-	(5,388)
FX Difference	(93)	-	(93)	(196)	-	(196)
At 31 December	58,023	6,213	64,236	31,405	4,028	35,433

	2013 Individual £000's	2013 Collective £000's	2013 Total £000's	2012 Individual £000's	2012 Collective £000's	2012 Total £000's
Bank						
At 1 January	31,010	4,028	35,038	18,998	3,758	22,756
Charge against profits (net of recoveries)	30,987	2,185	33,172	17,082	270	17,352
Recoveries	546	-	546	407	-	407
Amount written off	(5,166)	-	(5,166)	(5,288)	-	(5,288)
FX Difference	(93)	-	(93)	(189)	-	(189)
At 31 December	57,284	6,213	63,497	31,010	4,028	35,038

17. Debt Securities

	Group 2013 £000's	Group 2012 £000's	Bank 2013 £000's	Bank 2012 £000's
Debt securities				
Issued by:				
Government	56,903	89,620	56,903	89,620
Banks & Building Societies	7,588	12,058	4,038	8,417
Total debt securities	64,491	101,678	60,941	98,037
Debt securities				
Due within one year	58,652	93,977	56,903	93,977
Due one year and over	5,839	7,701	4,038	4,060
Total debt securities	64,491	101,678	60,941	98,037

Includes intra-group debt securities for both Bank and Group of £Nil (2012: £Nil).

The following table presents an analysis by rating agency designation of debt securities based on Moody's ratings or their equivalent.

	Group 2013 £000's	Group 2012 £000's	Bank 2013 £000's	Bank 2012 £000's
Aaa to Aa3	56,903	89,620	56,903	89,620
A1 to A3	5,787	8,927	4,038	5,286
Baa1 to Baa3	1,801	3,131	-	3,131
Total	64,491	101,678	60,941	98,037

18. Shares in Group Undertakings

The group undertakings below, all operate in Great Britain and are registered in England (unless otherwise shown).

Name	Activity		% Held
AIB Nominees Limited	Nominee		100%
AIB Trustees Limited	Trustee for the Retirement Benefit Scheme		100%
Leumi ABL Limited	Factoring and Invoice Discounting	++	100%
Bank Leumi (Jersey) Limited (Resident and registered in Jersey)	Banking Services	++	100%
Leumi Overseas Trust Corporation Limited (LOTC) (Resident and registered in Jersey)	Trust and Company Administration	*	100%
Stanhope Gate Nominees Limited. (Resident and registered in Jersey)	Corporate Nominee	+++	100%
27 Hill Street Nominees Limited (Resident and registered in Jersey)	Corporate Nominee	+++	100%

* Bank Leumi (Jersey) Limited holds 100% of the share capital of Leumi Overseas Trust Corporation Limited.

++ Book value of the investment in Leumi ABL Limited and Bank Leumi (Jersey) Limited are £2,763,519 and £16,209,288 respectively.

+++ Leumi Overseas Trust Corporation Limited holds 100% of the share capital of Stanhope Gate Nominees Limited and 27 Hill Street Nominees Limited.

19. Tangible Fixed Assets

	Leases of less than 50 years unexpired £000's	Computer and other equipment £000's	Total £000's
Group:			
Cost			
At 1 January 2013	4,480	13,963	18,443
Additions	3	1,832	1,835
Disposals	-	(22)	(22)
At 31 December 2013	**4,483**	**15,773**	**20,256**
Accumulated depreciation			
At 1 January 2013	2,053	10,849	12,902
Charge for year	329	1,183	1,512
Disposals	-	(22)	(22)
At 31 December 2013	**2,382**	**12,010**	**14,392**
Net book value at 31 December 2013	**2,101**	**3,763**	**5,864**
Net book value at 31 December 2012	2,427	3,114	5,541

The above leasehold properties are occupied by Bank Leumi (UK) plc and its subsidiaries for their operations.

Bank:			
Cost			
At 1 January 2013	4,251	12,752	17,003
Additions	3	1,722	1,725
At 31 December 2013	**4,254**	**14,474**	**18,728**
Accumulated depreciation			
At 1 January 2013	2,010	9,955	11,965
Charge for the year	313	1,054	1,367
At 31 December 2013	**2,323**	**11,009**	**13,332**
Net book value at 31 December 2013	**1,931**	**3,465**	**5,396**
Net book value at 31 December 2012	2,241	2,797	5,038

20. Other Assets

	Group		Bank	
	2013 £000's	2012 £000's	2013 £000's	2012 £000's
Assets awaiting settlement	1,926	1,571	1,555	790
Deferred Taxation*	1,381	119	1,392	124
	3,307	1,690	2,947	914
***Deferred Taxation**				
Timing Differences				
At 1 January brought forward				
Capital Allowances	(165)	(327)	(161)	(327)
Collective Provision	207	300	207	300
Effective Interest Rate	86	124	86	124
Available for sale	(1)	(4)	(8)	(12)
Deferred tax arising on consolidation	(8)	35	-	-
Deferred Tax Asset brought forward	119	128	124	85
Credit/(Charge) to profit and loss (Note 9)	1,262	(9)	1,268	39
Deferred Tax Asset carried forward	1,381	119	1,392	124

	Group		Bank	
	2013 £000's	2012 £000's	2013 £000's	2012 £000's
Timing Differences				
At 31 December carried forward				
Capital Allowances	(120)	(165)	(119)	(161)
Collective Provision	125	207	125	207
Effective Interest Rate	52	86	52	86
Available for sale	1	(1)	(5)	(8)
Losses carried forward	1,281	-	1,281	-
Deferred Tax arising on consolidation	(16)	(8)	-	-
Other Timing Differences	58	-	58	-
Deferred Tax Asset carried forward	1,381	119	1,392	124
Deferred Tax Liability on Pension Surplus				
At 1 January brought forward	(104)	(282)	(104)	(282)
(Debit)/Credit to Statement of Recognised Gains & Losses	(133)	188	(133)	188
Credit/(Charge) to profit and loss (Note 9)	9	(10)	9	(10)
At 31 December carried forward (Note 30)	(228)	(104)	(228)	(104)

21. Deposits by Banks

	Group		Bank	
	2013 £000's	2012 £000's	2013 £000's	2012 £000's
Repayable on demand	6,341	6,035	6,341	6,000
With agreed maturity dates or periods of notice, by remaining maturity:				
• 5 years or less but over 1 year	187	188	187	188
• 1 year or less but over 3 months	48,464	108,081	48,464	108,081
• 3 months or less	650	35,677	650	35,677
	55,642	149,981	55,642	149,946

Includes intra-group deposits for both Bank and Group of £52,593,000 (2012: £147,268,000).

22. Customer Deposits

	Group		Bank	
	2013 £000's	2012 £000's	2013 £000's	2012 £000's
Repayable on demand	455,524	327,624	401,435	278,836
With agreed maturity dates or periods of notice, by remaining maturity:				
• 5 years or less but over 1 year	45,581	63,206	45,590	61,659
• 1 year or less but over 3 months	338,351	429,705	344,501	417,453
• 3 months or less	487,471	415,035	438,561	372,309
	1,326,927	1,235,570	1,230,087	1,130,257
Amounts include:				
Due to subsidiary undertakings			236,310	211,424

Includes intra-group customer deposits for the Bank of £10,976,000 and the Group of £19,703,000 (2012: Bank £11,197,000 and Group £21,083,000).

23. Other Liabilities

	Group		Bank	
	2013 £000's	2012 £000's	2013 £000's	2012 £000's
Other Liabilities				
Taxation	253	552	75	75
Social Security payments	837	467	403	341
Liabilities awaiting settlement	1,900	2,041	1,630	804
	2,990	3,060	2,108	1,220

24. Subordinated Liabilities – Group and Bank

	Interest Fixing	2013 £000's	Rate of Interest	2012 £000's	Rate of Interest
Loan note 1 Notice	3 monthly	3,580	1.275%	3,580	1.269%
Loan note 2 Notice	3 monthly	1,250	1.150%	1,250	1.144%
Loan note 3 Notice	3 monthly	30,653	1.025%	30,652	1.019%
Loan note 4 Notice	3 monthly	7,512	1.025%	7,512	1.027%
Loan note 5 Notice	3 monthly	2,518	3.517%	2,518	3.534%
Loan note 6 Dated	3 monthly	11,070	4.020%	11,073	4.028%
Loan note 7 Perpetual	3 monthly	17,034	4.525%	17,032	4.519%
Loan note 8 Perpetual	3 monthly	5,047	4.517%	5,047	4.534%
Loan note 9 Perpetual	3 monthly	5,011	1.423%	5,011	1.428%
		83,675		83,675	

The notice subordinated loan notes are callable with a notice period of five years and one day given by either the Bank or the parent company. They can be called at the next interest payment date and after notice is given the redemption will take place following the expiration of five years and one day.

The dated subordinated loan is for a seven year fixed period maturing on 2 February 2019 and any repayment of capital at the option of the Bank can be made after giving advance notification of one month to the lender and the Prudential Regulation Authority.

The perpetual subordinated loan notes have an indefinite maturity period, and any repayment of capital at the option of the Bank can be made at the earliest on the fifth anniversary of the date of drawdown of the loan. Advance notification of one month is required to be given to the Prudential Regulation Authority before commencing repayments.

All subordinated loan notes are issued to the parent company.

The rights of the subordinated loan holders are subordinated to the claims of all other creditors of the Bank.

25. Share Capital

	Group		Bank	
	2013 £000's	2012 £000's	2013 £000's	2012 £000's
Equity Share Capital				
Issued share capital: Ord. shares £1 fully paid	11,967	11,967	11,967	11,967

The Issued share capital of Bank Leumi (UK) plc as at 31 December 2013 was £11,967,000 (2012: £11,967,000). All Ordinary shares confer identical rights in respect of capital, dividends, voting and otherwise to holders.

As at 31 December 2013, the Group was subject to minimum capital requirements imposed by the Prudential Regulation Authority (PRA), following guidelines developed by the Basel Committee on Banking Supervision and implemented in the UK via European Union Directives. The framework includes a risk-sensitive methodology for the allocation of regulatory capital for Credit Risk and includes a capital adequacy requirement for Operational Risk.

Under Basel II, effective from 1 January 2008, the Group has elected to adopt a standardised approach for credit and market risk, and the Basic Indicator Approach for Operational Risk. Minimum requirements under the PRA's Basel II rules are expressed as a ratio of capital resources to Pillar 1 minimum capital requirements (Solvency Ratio).

Pillar 1 minimum capital requirements are risk weighted assets multiplied by 8%, the internationally agreed minimum ratio. Risk weighted assets are a function of risk weights applied to the Bank's assets using calculations developed by the Basel Committee on Banking Supervision. Under Pillar 2, the Group is subject to an overall regulatory capital requirement based on individual capital guidance (ICG) received from the PRA. The ICG imposes additional capital requirements in excess of Pillar 1 minimum capital requirements.

The Finance Department calculates on a monthly basis the Bank's Solvency Ratio and compares it against the ICG. An internal limit is also incorporated to ensure that a comfortable margin is maintained at all times to meet growth and sudden variations. The Solvency Ratio remained above the ICG at all times during the year.

The following table is an analysis of those items which comprise the regulatory capital base for the purposes of reporting to the PRA. Disclosure is given for the Solo level and Group, in line with how the Bank reports to the PRA, where the Solo level is the aggregation of the Bank and its subsidiary Leumi ABL Limited.

	Group		Solo Level	
	2013 £000's	2012 £000's	2013 £000's	2012 £000's
Balance sheet:				
Share Capital	11,967	11,967	11,967	11,967
Share Premium	36,093	36,093	36,093	36,093
Profit & Loss Reserve	80,790	85,572	72,965	75,311
Less: goodwill recognised	(75)	(152)	-	-
Total Tier 1 Capital	128,775	133,480	121,025	123,371
Collective Provision	6,213	4,028	6,213	4,028
Undated subordinated debt	27,000	27,000	27,000	27,000
Total Upper Tier 2 Capital	33,213	31,028	33,213	31,028
Lower Tier 2 Capital – Dated subordinated debt	56,466	56,466	56,466	56,466
Total Tier 2 Capital	89,679	87,494	89,679	87,494
Less: investment in subsidiaries	-	-	(16,209)	(16,209)
Total regulatory capital	218,454	220,974	194,495	194,656

The amounts stated in respect of subordinated debt exclude accrued interest and so differ from those included in Note 24.

26. Reconciliation of Movements in Shareholders' Funds

Group 2013	Share Capital 2013 £000's	Share Premium Account 2013 £000's	Profit and Loss Account 2013 £000's	Available for Sale Reserve 2013 £000's	Total 2013 £000's
As at 1 January 2013	11,967	36,093	85,572	126	133,758
Loss for the year	-	-	(5,430)	-	(5,430)
Actuarial gain for the year	-	-	723	-	723
Deferred tax relating to pension asset	-	-	(133)	-	(133)
Fair value adjustment	-	-	-	(34)	(34)
Other adjustments	-	-	58	(58)	-
At the end of the year	11,967	36,093	80,790	34	128,884

Bank 2013	Share Capital 2013 £000's	Share Premium Account 2013 £000's	Profit and Loss Account 2013 £000's	Available for Sale Reserve 2013 £000's	Total 2013 £000's
As at 1 January 2013	11,967	36,093	70,747	93	118,900
Loss for the year	-	-	(5,140)	-	(5,140)
Actuarial gain for the year	-	-	723	-	723
Deferred tax relating to pension asset	-	-	(133)	-	(133)
Fair value adjustment	-	-	-	(28)	(28)
Other adjustments	-	-	58	(58)	-
At the end of the year	11,967	36,093	66,255	7	114,322

Group 2012	Share Capital 2012 £000's	Share Premium Account 2012 £000's	Profit and Loss Account 2012 £000's	Available for Sale Reserve 2012 £000's	Total 2012 £000's
As at 1 January 2012	10,960	27,100	81,475	(805)	118,730
Issued Share Capital and Premium	1,007	8,993	-	-	10,000
Profit for the year	-	-	4,623	-	4,623
Actuarial loss for the year	-	-	(714)	-	(714)
Deferred tax relating to pension asset	-	-	188	-	188
Fair value adjustment	-	-	-	931	931
At the end of the year	11,967	36,093	85,572	126	133,758

Bank 2012	Share Capital 2012 £000's	Share Premium Account 2012 £000's	Profit and Loss Account 2012 £000's	Available for Sale Reserve 2012 £000's	Total 2012 £000's
As at 1 January 2012	10,960	27,100	69,905	(518)	107,447
Issued Share Capital and Premium	1,007	8,993	-	-	10,000
Profit for the year	-	-	1,368	-	1,368
Actuarial loss for the year	-	-	(714)	-	(714)
Deferred tax relating to pension asset	-	-	188	-	188
Fair value adjustment	-	-	-	611	611
At the end of the year	11,967	36,093	70,747	93	118,900

27. Memorandum Items

The table below gives, for the Group, the notional principal amounts, credit equivalent amounts and risk weight of off-balance sheet transactions. The notional principal amounts indicate the volume of business outstanding at the balance sheet date and do not represent amounts at risk or future liquidity requirements. All amounts can contractually be drawn on demand, although in the case of contingent liabilities the Bank expects the majority of facilities to expire unused, and for lending commitments most loans are provided under facilities which are contractually repayable on demand. The credit equivalent and risk weighted amounts have been calculated in accordance with the Prudential Regulation Authority's guidelines implementing the EC Solvency Directive.

Group	2013				2012			
	Notional Principal £000's	Credit equivalent amount £000's	Risk weight %	Risk weighted amount £000's	Notional Principal £000's	Credit equivalent amount £000's	Risk weight %	Risk weighted amount £000's
Contingent Liabilities								
Acceptances	2,602	2,270	100%	2,270	1,968	1,452	100%	1,452
Credit Guarantees	12,691	11,130	100%	11,130	29,509	21,985	100%	21,985
Other Guarantees	15,976	11,637	50%	5,818	48,136	42,073	50%	21,036
Documentary credits & short term trade related transactions	26,064	21,542	20%	4,308	28,544	23,766	20%	4,753
	57,333	46,579		23,526	108,157	89,276		49,226
Commitments								
Credit Lines and other commitments to lend	330,440	-		-	342,126	-		-

Includes intra-group contingent liabilities of £6,004,000 (2012:£7,003,000).

Bank	2013				2012			
	Notional Principal £000's	Credit equivalent amount £000's	Risk weight %	Risk weighted amount £000's	Notional Principal £000's	Credit equivalent amount £000's	Risk weight %	Risk weighted amount £000's
Contingent Liabilities								
Acceptances	2,602	2,270	100%	2,270	1,968	1,452	100%	1,452
Credit Guarantees	12,670	11,130	100%	11,130	23,108	21,985	100%	21,985
Other Guarantees	14,133	11,637	50%	5,818	45,469	42,073	50%	21,036
Documentary credits & short term trade related transactions	26,064	21,542	20%	4,308	28,544	23,766	20%	4,753
	55,469	46,579		23,526	99,089	89,276		49,226
Commitments								
Credit Lines and other commitments to lend	365,447	-		-	382,576	-		-

Includes intra-group contingent liabilities of £6,004,000 (2012:£7,003,000).

28. Other Commitments

	2013 £000's	2012 £000's
Capital expenditure contracted for:		
By the Group and Bank	200	45

Lease Commitments

At year end, annual commitments under non-cancellable operating leases were:

	Group		Bank	
	2013 £000's	2012 £000's	2013 £000's	2012 £000's
Operating leases which expire				
● within 1 year	26	18	16	16
● 1 to 5 years	2	-	-	-
● over 5 years	981	981	745	745
	1,009	999	761	761

29. Segmental Analysis

In the opinion of the Directors there is only one class of business and this is conducted entirely from the United Kingdom and Channel Islands.

30. Pension

Pension benefits based on final pensionable salaries are available to the members of Bank Leumi (UK) Retirement Benefits Scheme, which is a defined benefit scheme with assets controlled by a Trustee and held separately from those of the Bank.

With effect from 1 June 2000 the defined benefit scheme was closed to new entrants and a defined contribution section of the scheme was established for all new employees. The pension cost charged to profits and paid was £354,218 (2012: £320,205) which was equivalent to 10% of members' pensionable salaries for the defined contribution section. There were no prepaid contributions as at 31 December 2013.

With regard to the defined benefit scheme, formal actuarial valuations of the scheme, using the attained age method, are carried out triennially (or more frequently) by a professionally qualified actuary independent of the Bank, the latest being carried out as at 1 January 2011. The Bank's on going contribution rate is 15.0%.

For the purposes of FRS17 a qualified independent actuary updated the results of the valuation to 31 December 2013 using the Projected Unit Valuation Method to obtain the figures in this disclosure note.

The overall return on assets is expected to increase from an assumption of 5.46% per year to a revised return of 6.10%. Over the year the Fund reviewed its investment strategy and switched a portion of its bond holdings and some of its equity holdings into diversified growth funds. The 6.10% assumption includes an allowance for the returns on diversified growth funds which are expected to have higher returns than bonds in the long term. Equities are expected to yield largely the same level of returns as assumed last year whereas returns on bonds and index linked gilts are expected to increase as yields on both corporate bonds and index-linked gilts have increased over the year.

30. Pension *continued*

	At 31 December 2013 £000's	Expected long term return	At 31 December 2012 £000's	Expected long term return
Equities	16,433	7.00%	15,100	7.00%
Bonds	6,061	4.40%	11,265	4.00%
Index-Linked Gilts	1,693	3.60%	2,532	2.75%
Diversified Growth Funds	7,605	6.00%	-	-
Other (cash)	(38)	3.50%	(93)	3.50%
Total market value of assets	31,754		28,804	
Present value of scheme's liabilities	(30,616)		(28,351)	
Surplus in the scheme	1,138		453	
Related deferred tax liability @ 20% (note 20)	(228)		(104)	
Net Pension asset	910		349	

	At 31 December 2013 £000's	At 31 December 2012 £000's	At 31 December 2011 £000's	At 31 December 2010 £000's
Total market value of assets	31,754	28,804	26,349	26,360
Present value of scheme's liabilities	(30,616)	(28,351)	(25,223)	(23,103)
Surplus in the scheme	1,138	453	1,126	3,257
Actuarial gains/(losses)				
Scheme's assets	1,953	1,714	(1,232)	1,736
Scheme's liabilities	(1,230)	(2,428)	(1,009)	615
	723	(714)	(2,241)	2,351

The value of the scheme's liabilities has been determined by a qualified actuary based on the results of an actuarial valuation as at 31 December 2013 using the following assumptions:

	At 31 December 2013	At 31 December 2012
Discount rate	4.60%	4.60%
Expected return on scheme assets	6.10%	5.46%
Inflation (RPI)	3.50%	2.75%
Inflation (CPI)	2.70%	2.25%
Rate of increase in salaries	2.50%	2.50%
Rate of revaluation of pensions in deferment	2.70%	2.25%
Increases on pensions in payment in respect of service:		
Before April 1997	n/a	n/a
From April 1997 – June 2005	3.35%	2.75%
From July 2005	2.30%	2.20%
Assumed life expectancy on retirement age 65:		
Retiring today		
Males	22.8 years	22.7 years
Females	25.5 years	25.4 years
Retiring in 20 years		
Males	24.3 years	24.2 years
Females	27.1 years	27.0 years

30. Pension *continued*

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Increasing/decreasing the discount rate by 0.1% decreases/increases the scheme liabilities by £0.6 million.

Increasing/decreasing the inflation rate by 0.1% increases the scheme liabilities by £0.3 million.

Decreasing the salary increase rate by 0.1% (increases are capped at the current assumption of 2.5%) decreases the scheme liabilities by £0.1 million.

Increasing life expectancy by allowing for a 75% weighting to the base table and a minimum improvement in mortality rates of 1.25% per annum increases the scheme liabilities by £0.9 million.

Movement in the present value of the scheme's liabilities	Year ended 31 December 2013 £000's	Year ended 31 December 2012 £000's
Liability at 1 January	28,351	25,223
Current service cost	588	586
Member contributions	106	113
Interest costs	1,298	1,272
Benefits paid by the plan	(732)	(1,082)
Expenses paid by the plan	(225)	(189)
Actuarial losses	1,230	2,428
Liability at 31 December	30,616	28,351
Movement in plan assets		
Fair value of assets at 1 January	28,804	26,349
Expected return on plan assets	1,558	1,532
Employer contributions	290	367
Member contributions	106	113
Benefit paid	(732)	(1,082)
Expenses paid	(225)	(189)
Actuarial gains	1,953	1,714
Fair value of assets at 31 December	31,754	28,804
Amount charged to Operating Profit		
Current Service Cost	588	586
Total Operating Charge to Administrative Expenses	588	586
Amount charged returned to interest income		
Expected return on assets	1,558	1,532
Interest on scheme liabilities	(1,298)	(1,272)
Net credit to interest income	260	260
Amount recognised in statement of total recognised gains and losses		
Actual less expected return on assets	1,953	1,714
Effect of change in assumptions on liabilities	(1,230)	(2,428)
Actuarial gain/(loss) recognised in statement of total recognised gains and (losses)	723	(714)

31. Financial Instruments

Classes of Financial Instruments

The Bank's main activities are:

Banking Lending, deposit taking and issuing of guarantees to third parties and activities in trade finance.

Investments Purchasing of debt securities.

Trading in derivatives.

Financial instruments, which comprise loans and deposits, debt securities, spot foreign exchange contracts and derivatives are used to reduce risks arising from the Bank's main activities.

Derivatives with customers are traded on a matching basis with banking counterparties to cover all open positions and eliminate market risk. In addition, the Bank sells forward foreign exchange contracts covered by expected future foreign currency income flow.

Debt securities are used to enhance the Bank's liquidity position, and include the Bank's Liquid Assets Buffer of high quality sovereign debt held to meet liquidity risk management requirements set by the Prudential Regulation Authority. In addition, debt securities are held as collateral against lending.

Short term debtors and creditors are included in the disclosure in this note.

Financial asset and financial liabilities are measured on an on-going basis either at fair value or at amortised cost. The accounting policies note describes how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the balance sheet by the class of financial instrument to which they are assigned, and by the measurement basis. The amounts disclosed are in respect of the Group only on the basis that the Bank represents a significant proportion of the Group's balance sheet.

2013

Assets	Loans & receivables £000's	Available for sale £000's	Financial liabilities at amortised cost £000's	Derivatives £000's	Total £000's
Cash and balances at central banks	234,991	-	-	-	234,991
Loans and advances to banks	54,638	-	-	-	54,638
Loans and advances to customers	1,243,888	-	-	-	1,243,888
Debt securities – other	-	64,491	-	-	64,491
Financial derivatives	-	-	-	4,013	4,013
Total financial assets	1,533,517	64,491	-	4,013	**1,602,021**
Total non-financial assets					12,197
Total assets					**1,614,218**
Liabilities					
Deposits by banks	-	-	55,642	-	55,642
Customers deposits	-	-	1,326,927	-	1,326,927
Financial derivatives	-	-	-	12,115	12,115
Subordinated liabilities	-	-	83,675	-	83,675
Total financial liabilities	-	-	1,466,244	12,115	**1,478,359**
Total non-financial liabilities					6,975
Total liabilities					**1,485,334**
Equity shareholders' funds					128,884
Total liabilities and equity					**1,614,218**

31. Financial Instruments *continued*

2012

Assets	Loans & receivables £000's	Available for sale £000's	Financial liabilities at amortised cost £000's	Derivatives £000's	Total £000's
Cash and balances at central banks	50,010	-	-	-	50,010
Loans and advances to banks	151,072	-	-	-	151,072
Loans and advances to customers	1,298,235	-	-	-	1,298,235
Debt securities – other	-	101,678	-	-	101,678
Financial derivatives	-	-	-	2,968	2,968
Total financial assets	1,499,317	101,678	-	2,968	1,603,963
Total non-financial assets					9,740
Total assets					1,613,703
Liabilities					
Deposits by banks	-	-	149,981	-	149,981
Customers deposits	-	-	1,235,570	-	1,235,570
Financial derivatives	-	-	-	3,568	3,568
Subordinated liabilities	-	-	83,675	-	83,675
Total financial liabilities	-	-	1,469,226	3,568	1,472,794
Total non-financial liabilities					7,151
Total liabilities					1,479,945
Equity shareholders' funds					133,758
Total liabilities and equity					1,613,703

Risk Management

The Bank has an integrated Risk Management structure with risk independently monitored by Risk Control and Credit Risk Management Departments. Outside of regulatory risk, the Bank faces three main risk areas; Credit Risk, Operational Risk and Market Risk.

Under the Risk Management structure, committees have been established for each risk area which have the responsibility for recommending risk appetite and policy for approval by the Board and for ensuring that the Bank's aggregate risk remains within the risk appetite set by the Board. Risk arising out of the Bank's business is monitored daily, and the risk appetites are reviewed at regular intervals in light of prevailing market conditions.

(i) Credit Risk – This is one of the primary risks inherent in bank lending.

Credit risk can be defined as the risk that a borrower will not meet its obligations in relation to interest payments and loan repayments. Impairment allowances are provided for losses that have been incurred at the balance sheet date.

Significant changes in the economy, or in the health of a particular industry segment that represents a concentration in the Bank's portfolio, could result in losses that are different from those provided for at the balance sheet date. Management therefore carefully manages its exposure to credit risk, through an independent Credit Risk Management Department (CRMD).

The Bank's general policy is to mitigate credit risk by evaluating in every case the credit quality of the borrower and separately to evaluate the quality of the collateral. The Credit Risk Management Committee (CRMC) is responsible for credit risk. The responsibility for the day to day management of credit risk lies with the Management and Relationship Managers within the Private Banking and Corporate Finance Sectors.

Notes to the Accounts *continued*

31. Financial Instruments *continued*

The Bank uses internal credit ratings and credit grades to evaluate credit risk. It maintains a grading against all of its loans and advances according to the underlying credit quality. None of the loans and advances to banks are past due or impaired.
A summary of the grading for loans to customers is as follows:

	Group		Bank	
	2013 £000's	2012 £000's	2013 £000's	2012 £000's
Neither past due nor impaired	1,161,625	1,228,029	1,035,269	1,096,215
Past due but not impaired	32,539	13,504	32,539	13,504
Impaired (net of specific provisions)	49,724	56,702	48,168	54,582
Total loans and advances	1,243,888	1,298,235	1,115,976	1,164,301

The internal grading for loans and advances that were neither past due nor impaired is as follows:

	Group		Bank	
	2013 £000's	2012 £000's	2013 £000's	2012 £000's
Satisfactory credit quality	1,102,215	1,197,377	980,420	1,076,136
Weak credit quality	33,782	19,431	29,221	8,858
Highly weak credit quality	25,628	11,221	25,628	11,221
Total loans that were neither past due nor impaired	1,161,625	1,228,029	1,035,269	1,096,215

Loans are generally considered past due when a customer is in an on-going breach of covenants for 90 days or longer, or is unable to pay interest or capital or otherwise in regular breach of the terms of the facility. The past due category can also include loans where there is no concern over the creditworthiness of the counterparty but where there is a technical reason for inclusion such as a delay in documentation. Problem loans where the Bank holds sufficient collateral against its exposures will generally be classified as past due rather than impaired.

An analysis of loans classified as past due but not impaired is as follows:

	Group		Bank	
	2013 £000's	2012 £000's	2013 £000's	2012 £000's
Past due 90-180 days	27,515	-	27,515	-
Past due over 180 days but less than 1 year	-	2,836	-	2,836
Past due over 1 year	5,024	10,668	5,024	10,668
Total loans that were past due but not impaired	32,539	13,504	32,539	13,504

Loans are classified as impaired when the customer has ceased payment of interest and capital and it appears unlikely that the situation will improve or where an event of insolvency has occurred. It is reasonable to assume that some loss will be made.

Non-performing loans are an aggregation of past due and impaired loans, and these are analysed as follows:

	Group		Bank	
	2013 %	2012 %	2013 %	2012 %
Non performing loans as a percentage of total loans and advances to customers	6.61	5.41	7.23	5.85
Specific provisions as a percentage of total non performing loans and advances to customers	41.36	30.91	41.51	31.29

31. Financial Instruments *continued*

The Bank may employ a range of forbearance strategies in order to improve the management of customer relationships, maximise collection opportunities and, where relevant, avoid loan default. Such loans are included in the Bank's 'watch-list' and are therefore already subject to increased scrutiny for possible impairment. During the year the Bank has reviewed its procedure for recognition of loans subject to forbearance. In accordance with the new procedure the value of loans subject to forbearance at the end of 2012 and 2013, including associated specific and collective provisions, is as follows:

	Group		Bank	
	2013 £000's	2012 £000's	2013 £000's	2012 £000's
Loans subject to forbearance				
Gross value of loans	58,518	62,542	58,518	62,542
Of which past due or impaired	40,161	51,328	40,161	51,328
Specific provision	(11,509)	(16,687)	(11,509)	(16,687)
Collective provision	(477)	-	(477)	-
Net value of loans	46,532	45,855	46,532	45,855

(a) Derivatives

The Bank maintains strict limits on net open derivative positions. At any one time, the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Bank, which in relation to derivatives is only a small fraction of the notional values of the contract. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements.

(b) Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer in order that it can meet its commitments. Guarantees and standby letters of credit, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Bank on behalf of a customer authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipment of goods to which they relate and therefore carry less risk than a direct borrowing.

With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss for an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards.

The maximum exposure to credit risk on the financial assets at the balance sheet date was £1,794 million (2012: £1,857 million). This amount excludes any collateral which the Bank holds to mitigate its exposure. Collateral is held in the form of cash, debt and equity securities, security over property and bank guarantees. The table below shows on a Group basis, the value of the various types of eligible collateral held (according to Prudential Regulation Authority (PRA) criteria) in order to mitigate the Bank's credit risk and consequently reduce the Bank's capital requirement on its credit risk exposures:

	2013 £000's	2012 £000's
Cash	42,179	29,563
Bank guarantees	15,866	29,114
Securities	35,263	16,254
	93,308	74,931

Further details of our risk exposures are available in our Pillar 3 Disclosures on our website at:
www.bankleumi.co.uk/FullArticles/Regulatory_Disclosures/6599

(ii) Operational Risk - Operational risk can be defined as the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events.

The Operational Risk Management Committee (ORMC) is responsible for operational risk, and assesses the implications of all operational issues and operational volumes. Responsibility for the day to day management of operational risk lies with the management of the Bank's operational departments.

Risk Control Department and Finance Department monitor certain transactions on a daily basis and Internal Audit conduct regular reviews of the Bank's systems of control. The Bank has implemented an operational loss event reporting procedure to identify actual and potential operational loss events.

31. Financial Instruments *continued*

(iii) Market Risk - relates to those risks inherent in the treasury operations of the Bank and those arising from the use of financial instruments.

The Market Risk Management Committee (MRMC) is responsible for market risk. The Head of Markets and Wealth Management is responsible for the day to day management of market risk which includes liquidity risk, interest rate risk and foreign exchange rate risk.

Liquidity Risk - Liquidity risk can be defined as the risk that a bank could have difficulty in realising assets or raising funds in order to meet cash demands which will force the Bank to sell assets at a loss.

The Bank's general policies related to liquidity risk are to hold sufficient cash and marketable assets to match future cash flows from maturing assets and to have a diversified deposit base in terms of maturities and counterparties.

The PRA liquidity rules require the Bank to maintain a Liquid Assets Buffer comprising high quality Government securities and reserves in the form of sight deposits with a central bank. The size of the buffer required is determined by reference to the Bank's Individual Liquidity Guidance (ILG) as set by the PRA which represents a percentage of specified liquidity stresses over a forward-looking three month horizon. The Bank increased its Liquid Assets Buffer by £152 million during 2013 and the level currently stands at £292 million, invested in UK Treasury Bills and sight deposits with the Bank of England. This level was higher than the amount prescribed by the Bank's ILG by £107 million as at 31 December 2013.

The level of Liquid Asset Buffer required is also verified with reference to the results of the Bank's liquidity stress testing. Stress testing is performed weekly using a model which estimates the effect of different types of stresses on the Bank's cash inflows and outflows. This model is used to inform management on the impact of stresses in the market as well as stresses specific to our firm. The model is regularly updated and is documented as part of the Bank's Individual Liquidity Adequacy Assessment (ILAA).

The Bank also employs a number of additional measures to monitor liquidity risk. These are mostly included in the PRA's 'Liquidity Metric Monitor' such as liquidity buffer requirements, structural funding ratios, survival days and contractual cash-flow mis-matches by time band. The Bank also focuses on several internal metrics where targets and limits are set by the MRMC in order to ensure that Treasury manage the Bank's liquidity in an effective way. These metrics include the ratio of short term cash resources to total deposits, the proportion of funding from within the Bank Leumi Group and the proportion of deposits from retail customers.

The Bank maintains sufficient liquidity capacity by maintaining an adequately diversified deposit base in terms of maturity, range of counterparties and concentration. The sources of funding available to the Bank comprise customer deposits and money market placements from our parent company. We emphasise the importance of core customer deposits as a source of funds to finance lending to customers and discourage reliance on short-term funding. This is managed by internal categorisation of customer deposits into core and non-core, based on our expectation of the behaviour of these deposits during a liquidity stress. The Bank also ensures an appropriately matched future profile of cash flows from maturing assets.

Interest Rate Risk - Interest rate risk can be defined as the risk that arises from re-pricing mismatches in the Bank's books in an unstable interest rate period.

The Bank's general policy in relation to interest rate risk is to impose strict limits on re-pricing mismatches which will reduce possible losses.

Finance Department monitors the interest rate sensitivity gap on a regular basis, calculating the net exposure by major currency and by re-pricing band, categorised by the earlier of contractual re-pricing or maturity dates. The net exposure is determined as the Bank's position in money market placements, loans and deposits, foreign exchange positions and securities, and after setting off the impact of interest rate swaps which hedge against specific positions. The net exposures are compared to limits imposed by the MRMC. These limits are reviewed periodically by MRMC and, in conjunction with our Treasury department, revised limits may be adopted which are more representative of our current interest rate risk strategy in the current economic environment.

Finance Department use the present value of the above assets and liabilities to calculate the possible loss of the Bank's economic value in the event of a 1% movement in interest rates. The possible loss is monitored compared to a limit of 1.5% of the Bank's capital. At 31 December 2013 the possible loss was £0.3 million (2012: £0.6 million) compared with a limit of £1.7 million (2012: £1.8 million). In addition, Finance Department calculate the impact on the Group's earnings, including its subsidiaries, in the event of a 1% movement in interest rates, and this is compared with an internal limit of 3.5% of the Group's capital. As at 31 December 2013 the impact on earnings was 2.25% of the Group's capital (2012: 0.78%).

31. Financial Instruments *continued*

Maturities of Financial Liabilities

The table below shows the undiscounted cash flows on the Group's financial liabilities on the basis of their earliest possible contractual maturity.

For financial derivatives, the amounts included reflect the fair values at the balance sheet date as this is considered a good approximation of the liquidity risk exposure arising from these positions. In practice foreign exchange option positions can close out earlier than contractual maturity but as these are matched positions there would be no net impact on the Bank's cash flows.

At 31 December 2013	Demand £000's	Up to 3 months £000's	3-12 months £000's	1-5 years £000's	Over 5 years £000's	Group Total £000's
Liabilities						
Deposits by banks	6,341	650	48,464	187	-	55,642
Customers deposits	455,524	487,471	338,351	45,581	-	1,326,927
Financial derivatives	-	8,946	3,133	36	-	12,115
Subordinated liabilities	-	-	-	-	83,675	83,675
Total financial liabilities	461,865	497,067	389,948	45,804	83,675	1,478,359

At 31 December 2012	Demand £000's	Up to 3 months £000's	3-12 months £000's	1-5 years £000's	Over 5 years £000's	Group Total £000's
Liabilities						
Deposits by banks	6,035	35,677	108,081	188	-	149,981
Customers deposits	327,624	415,035	429,705	63,206	-	1,235,570
Financial derivatives	-	2,389	1,005	174	-	3,568
Subordinated liabilities	-	-	-	-	83,675	83,675
Total financial liabilities	333,659	453,101	538,791	63,568	83,675	1,472,794

Foreign Exchange Risk – Foreign exchange risk can be defined as the risk affecting open currency positions by fluctuations in exchange rates.

The Bank's general policy in relation to foreign exchange risk is to match all positions and limit the total net overnight open position to £6 million (2012: £6 million).

Overall responsibility to manage foreign exchange risk lies with the Head of Markets and Wealth Management. Risk Control Department monitor foreign exchange positions daily and the end of day positions are reported by Finance Department to Executive Management.

Overall foreign exchange open positions are very low and represent minimal risk.

As at 31 December 2013 the total open positions were £0.6 million (2012: £0.2 million) of which £0.7 million (2012: £0.2 million) was a long position and £0.1 million (2012: £Nil) was a short position giving a net long open position of £0.6 million (2012: £0.2 million).

Fair Values of Financial Assets and Liabilities

Floating rate loans and deposits fair value approximates to amortised cost carrying value. Fixed rate loans and deposits fair value is calculated based on discounting expected cash flows using current market interest rates and approximates to amortised cost carrying value.

31. Financial Instruments *continued*

Valuation of Financial Instruments

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (as prices) or indirectly (derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Fair value measurements using inputs that are not based on observable market data.

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	2013 Level 1 £000's	2013 Level 2 £000's	2013 Total £000's	2012 Level 1 £000's	2012 Level 2 £000's	2012 Total £000's
Assets						
Debt securities	64,491	-	64,491	101,678	-	101,678
Financial derivatives	-	4,013	4,013	-	2,968	2,968
	64,491	4,013	68,504	101,678	2,968	104,646
Liabilities						
Financial derivatives	-	12,115	12,115	-	3,568	3,568

Note: There are no financial instruments measured according to Level 3 (2012: nil).

Derivative Financial Instruments and Trading Liabilities

The Bank holds derivatives for both hedging and non-hedging purposes. The derivatives held for hedging purposes are economic hedges including Interest Rate Swaps and Forward Rate Agreements, and ensure that the Bank keeps within its internal interest rate risk limits. These hedges do not meet the requirements for hedge accounting.

Foreign currency forwards represent commitments to purchase foreign and domestic currency.

Forward rate agreements are individually negotiated interest rate futures that call for a cash settlement at a future date for the difference between a contracted rate of interest and the current market rate, based on a notional principal amount.

Currency and interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies, or interest rates or a combination of both of these. No exchange of principal takes place, except for certain currency swaps. The Bank's credit risk represents the potential cost to replace the swap contracts if counterparties fail to perform their obligation. The risk is monitored on an on-going basis with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market.

Foreign currency and other options are contractual agreements under which the seller grants the purchaser the right, but not the obligation, either to buy or sell at or by a set date or during a set period, a specific amount of a foreign currency or a financial instrument at a predetermined price. Options may be either exchange-traded or negotiated between the Bank and a customer. The Bank is exposed to credit risk on purchased options only, and only to the extent of their carrying amount, which is their fair value.

The fair value of a derivative contract represents the amount at which that contract could be exchanged in an arm's length transaction, calculated at market rates at the balance sheet date. This equates to a replacement cost.

31. Financial Instruments *continued*

Structured deposits are contractual agreements offered to customers providing the opportunity to gain enhanced returns compared to market rates via exposure to selected financial markets. The Bank matches the risk on these deposits through the purchase or sale of options in those financial markets.

At 31 December 2013 the notional principal amounts and fair values of derivative instruments entered into with third parties were as follows:

	Notional principal 2013 £000's	Year end positive fair values 2013 £000's	Year end negative fair values 2013 £000's
Exchange Rate Contracts			
FX forwards	665,380	3,959	12,058
FX options	2,994	4	4
Total Exchange Rate Contracts	**668,374**	**3,963**	**12,062**
Total Interest Rate Contracts	**8,468**	**30**	**33**
Total Exchange Traded Equity Contracts	**6,959**	**20**	**20**
Total Derivative Contracts	**683,801**	**4,013**	**12,115**

Includes notional amounts of intra-group derivative instruments for both bank and Group of £88,208,000 (2012: £64,594,000).

At 31 December 2012 the notional principal amounts and fair values of derivative instruments entered into with third parties were as follows:

	Notional principal 2012 £000's	Year end positive fair values 2012 £000's	Year end negative fair values 2012 £000's
Exchange Rate Contracts			
FX forwards	483,277	2,912	3,370
Total Exchange Rate Contracts	483,277	2,912	3,370
Total Interest Rate Contracts	4,477	1	143
Total Exchange Traded Equity Contracts	2,100	55	55
Total Derivative Contracts	489,854	2,968	3,568

32. Ultimate Parent Company

The Bank is a subsidiary undertaking of Bank Leumi le-Israel B.M., which is incorporated in Israel.

The largest and smallest group in which they are consolidated is that headed by Bank Leumi le-Israel B.M. The consolidated accounts of this group are available to the public and may be obtained from the Head Office in Israel at P.O. Box 2, 24-32 Yehuda Halevi Street, Tel Aviv 65546, Israel.

33. Post Balance Sheet Events

There have been no material post-balance sheet events which would require adjustment to the 31 December 2013 accounts.

For further information on Bank Leumi (UK) plc Banking and Financial Services

please contact:

Corporate Finance

Chief Corporate Finance Officer
Jonathan Watson
020 7907 8067

Deputy Chief Corporate Finance Officer
Idan Shapira
020 7907 8182

Property Finance
Alasdair Houghton
020 7907 8092

Israeli Business
Vered Itzkovitch
020 7907 8166

Commodity Finance
Tatiana Epshteyn
020 7907 8137

Commercial Finance
Nicola South
020 7907 8195

Media Finance
Guillaume de Chalendar
020 7907 8150

Northern Business
Steve Cooper
01132 878487
07771 522907

Leumi ABL Limited

Chief Executive
Paul Hird
01273 716201

Managing Director
Phil Woodward
01273 716202

Operations Director
Alan Couzins
01273 716203

Private Banking

Markets & Wealth Management
Tanguy Cruysmans
020 7907 8118

Israeli Related Business
Lihi Pinto-Fryman
020 7907 8186

International & UK Business
William Foster
020 7907 8178

Premier Banking
Simon Yeshooa
020 7907 8100

Executive Mortgages
Rosalind Collins
020 7907 8113

International Private Banking Centre (Jersey, Channel Islands)

Bank Leumi (Jersey) Limited

Managing Director
Richard Guillaume
01534 702574

Director Banking Services
David Cooper
01534 702575

Leumi Overseas Trust Corporation Limited

Director Trust Services
John Germain
01534 702530

Director Trust Services
Darren Toudic
01534 702501

The Bank Leumi le-Israel Group International Addresses

ISRAEL

Bank Leumi le-Israel B.M.
24-32 Yehuda Halevi Street, Tel Aviv 65546
Telephone 972 76 885 8111
Facsimile 972 76 885 7793

Bank Leumi le-Israel has 270 branches in Israel

Leumi Private Banking Division
35 Yehuda Halevi Street
Tel Aviv 65546
Telephone 972 76 885 8282
Facsimile 972 76 885 8718

Subsidiary banking companies

Leumi Partners Limited
5 Azrieli Centre (Square Tower) 36th floor
Tel Aviv 67025
Telephone 972 3 514 1212
Facsimile 972 3 514 1275

Bank Leumi le-Israel Trust Company Limited
8 Rothschild Boulevard
Tel Aviv 66881
Telephone 972 3 517 0777
Facsimile 972 3 517 0770

EUROPE

UNITED KINGDOM

Bank Leumi (UK) plc
20 Stratford Place, London W1C 1BG
Telephone 44 (0) 20 7907 8000
Facsimile 44 (0) 20 7907 8001
www.bankleumi.co.uk

Leumi ABL Limited
Pacific House
126 Dyke Road
Brighton BN1 3TE
Telephone 44 (0) 01273 716 200
Facsimile 44 (0) 01273 716 210

CHANNEL ISLANDS

Bank Leumi (Jersey) Limited
PO Box 510, 2 Hill Street, St Helier
Jersey JE4 5TR
Telephone 44 (0) 1534 702 525
Facsimile 44 (0) 1534 617 446

Leumi Overseas Trust Corporation Limited
PO Box 510, 2 Hill Street, St. Helier
Jersey JE4 5TR
Telephone 44 (0) 1534 702 500
Facsimile 44 (0) 1534 702 570

SWITZERLAND

Leumi Private Bank Limited
Zurich Head Office
Dianastrasse 5, CH-8022, Zurich
Telephone 41 58 207 9111
Facsimile 41 58 207 9100
www.leumi.ch

Geneva
1, rue de la Tour-de-l'Ile, CH-1211 Geneva
Telephone 41 58 207 3555
Facsimile 41 58 207 3318

LUXEMBOURG

Bank Leumi (Luxembourg) S.A.
6D, Route de Treves
L-2633 Senningerberg, Luxembourg
Telephone 35 2 346 390
Facsimile 35 2 346 396
www.bankleumi.lu

USA

Bank Leumi USA
579 Fifth Avenue, New York, NY 10017
Telephone 1 917 542 2343

www.leumiusa.com
3 branches in New York City

California
Beverly Hills
8383 Wilshire Boulevard, Suite 400,
Beverly Hills, CA 90211
Telephone 1 323 966 4700

Additional branches in Los Angeles, Encino & Palo Alto

Illinois
Chicago
1 North LaSalle Street, Suite 200, Chicago, IL 60602
Telephone 1 312 419 4040

Florida
Aventura
One Turnberry Place, 19495 Biscayne Boulevard, Suite 500,
Aventura FL 33180
Telephone 1 305 918 6960

Bank Leumi Group has branches and representative offices in Canada, China, Mexico, Romania, and Uruguay.

Bank Leumi (UK) plc