

Bank Leumi le-Israel B.M. and subsidiaries

Condensed Consolidated Balance Sheet as at 31 March 2008 (NIS millions) Reported amounts

	31.3.2008	31.3.2007	31.12.2007
	(Unaudited)	(Unaudited)	(Audited)
ASSETS			
Cash and deposits with banks	36,580	45,281	42,329
Securities	44,641	47,211	47,169
Securities borrowed or purchased under agreement to resell	864	108	655
Credit to the public	200,174	185,848	198,557
Credit to governments	576	781	642
Investments in companies included on the equity basis	1,899	1,781	1,873
Buildings and equipment	3,331	3,120	3,276
Other assets	10,158	6,159	7,650
Total assets	<u>298,223</u>	<u>290,289</u>	<u>302,151</u>

	31.3.2008	31.3.2007	31.12.2007
	(Unaudited)	(Unaudited)	(Audited)
LIABILITIES AND EQUITY CAPITAL			
Deposits of the public	228,187	226,861	238,045
Deposits from banks	6,575	13,320	6,139
Deposits from governments	1,128	1,905	1,198
Securities loaned or sold under agreement to repurchase	385	116	231
Debentures, bonds and subordinated notes	21,985	15,803	19,248
Other liabilities	<u>20,121</u>	<u>13,633</u>	<u>17,636</u>
Total liabilities	278,381	271,638	282,497
Minority interest	109	152	105
Shareholders' equity	<u>19,733</u>	<u>18,499</u>	<u>19,549</u>
Total liabilities and equity capital	<u>298,223</u>	<u>290,289</u>	<u>302,151</u>

Condensed Consolidated Statement of Profit and Loss for the Period Ended 31 March 2008 (NIS millions)

Reported amounts

	For the Three Months Ended 31 March	For the Year Ended 31 December
	2008	2007
	(Unaudited)	(Unaudited)
Net interest income before provision for doubtful debts	1,960	1,793
Provision for doubtful debts	244	11
Net interest income after provision for doubtful debts	<u>1,716</u>	<u>1,782</u>
Operating and other income		
Operating commissions	852	827
Profits (losses) from investments in shares, net	(71)	82
Other income	70	81
Total operating and other income	<u>851</u>	<u>990</u>
Operating and other expenses		
Salaries and related expenses	1,131	1,027
Building and equipment maintenance and depreciation	323	296
Other expenses	340	309
Total operating and other expenses	<u>1,794</u>	<u>1,632</u>
Operating profit before taxes	<u>773</u>	<u>1,140</u>
Provision for taxes on operating profit	383	520
Operating profit after taxes	<u>390</u>	<u>620</u>
Equity in after-tax operating profit of companies included on equity basis	87	39
Minority interest in after-tax operating profits of subsidiaries	(5)	(1)
Net operating profit	<u>472</u>	<u>658</u>
After-tax profit (loss) from extraordinary items	(2)	259
Net profit for the period	<u>470</u>	<u>917</u>

Basic earnings per share

	(NIS)
Net operating profit	0.33
After-tax profit (loss) from extraordinary items	0.00
Total	<u>0.33</u>

Diluted earnings per share

	(NIS)
Net operating profit	0.32
After-tax profit (loss) from extraordinary items	0.00
Total	<u>0.32</u>

The complete quarterly report for the period ended 31 March 2008 including condensed financial statements, directors' report and management review is available for public inspection at all branches of the Bank.

A copy of the said report will be provided on request. The representative exchange rate against the dollar on 31 March 2008, according to which the financial statements have been prepared, was NIS 3.553.

Condensed Consolidated Statement of Changes in Shareholders' Equity for the Period Ended 31 March 2008 (NIS millions)

Reported amounts

	For the Three Months Ended 31 March (Unaudited)					
	2008			2007		
	Capital and capital reserves	Retained earnings	Total Shareholders' equity	Capital and capital reserves	Retained earnings	Total Shareholders' equity
Balance at the beginning of the period	7,610	11,939	19,549	7,405	10,086	17,491
Net profit for the period	—	470	470	—	917	917
Issue of shares	494	—	494	—	—	—
Proposed dividend	—	(270)	(270)	—	—	—
Benefit in respect of shares based payment transactions	(15)	—	(15)	18	—	18
Adjustments in respect of presentation of securities available for sale at fair value	—	(785)	(785)	—	63	63
Losses (profits) in respect of securities available for sale that were realized and classified to profit and loss	—	39	39	—	(13)	(13)
Related tax effect	—	251	251	—	(33)	(33)
Adjustments from translation in respect of companies included on the equity basis	—	(32)	(32)	—	(11)	(11)
Loans to employees for purchase of the Bank's shares	—	32	32	—	67	67
Balance at the end of the period	<u>8,089</u>	<u>11,644(A)</u>	<u>19,733</u>	<u>7,423</u>	<u>11,076(A)</u>	<u>18,499</u>

For the Year Ended 31 December 2007 (Audited)

	Capital and capital reserves	Retained earnings	Total Shareholders' equity
Balance as at 1 January 2007	7,405	10,086	17,491
Net profit for the year	—	3,357	3,357
Proposed dividend	—	(1,414)	(1,414)
Benefit in respect of shares based payment transactions	205	—	205
Adjustments in respect of presentation of securities available for sale at fair value	—	116	116
Profits in respect of securities available for sale that were realized and classified to profit and loss	—	(326)	(326)
Related tax effect	—	89	89
Adjustments from translation in respect of companies included on the equity basis	—	(42)	(42)
Loans to employees for purchase of the Bank's shares	—	73	73
Balance as at 31 December 2007	<u>7,610</u>	<u>11,939(A)</u>	<u>19,549</u>

(A) The retained earnings at the end of the period include:

- Adjustments from translation of the financial statements of autonomous foreign subsidiaries, amounting to NIS (477) millions (31 March 2007 - NIS (414) millions, 31 December 2007 - NIS (445) millions).
- Adjustments in respect of presentation of securities available for sale at fair value in a net amount of NIS 7 millions (31 March 2007 - NIS 640 millions, 31 December 2007 - NIS 502 millions).

28 May 2008

Eitan Raff
Chairman of the Board of Directors

Galia Maor
President and Chief Executive Officer

Zeev Nahari
Senior Deputy Chief Executive Officer
Head of Finance and Economics Division

