

# Bank Leumi le-Israel B.M. and subsidiaries

Condensed Consolidated Balance Sheet as at 31 March 2009 (NIS millions)

Reported amounts

ASSETS	31.3.2009 (Unaudited)	31.3.2008 (Unaudited)	31.12.2008 (Audited)
Cash and deposits with banks	38,712	36,580	33,130
Securities	47,677	44,641	44,910
Securities borrowed or purchased under agreement to resell	229	864	201
Credit to the public	212,878	200,174	213,215
Credit to governments	500	576	520
Investments in companies included on the equity basis	2,048	1,899	1,842
Buildings and equipment	3,513	3,331	3,445
Other assets	12,495	10,158	13,529
Total assets	<u>318,052</u>	<u>298,223</u>	<u>310,792</u>
LIABILITIES AND EQUITY CAPITAL	31.3.2009 (Unaudited)	31.3.2008 (Unaudited)	31.12.2008 (Audited)
Deposits of the public	254,565	228,187	244,783
Deposits from banks	3,181	6,575	3,742
Deposits from governments	852	1,128	831
Securities loaned or sold under agreement to repurchase	193	385	549
Debentures, bonds and subordinated notes	20,567	21,985	20,636
Other liabilities	19,603	20,121	21,334
Total liabilities	298,961	278,381	291,875
Minority interest	255	109	245
Shareholders' equity	18,836	19,733	18,672
Total liabilities and equity capital	<u>318,052</u>	<u>298,223</u>	<u>310,792</u>

## Condensed Consolidated Statement of Profit and Loss for the Period Ended 31 March 2009 (NIS millions) Reported amounts

	For the Three Months Ended 31 March	For the Year Ended 31 December
	2009 (Unaudited)	2008 (Unaudited)
	2008 (Audited)	
Net interest income before provision for doubtful debts	1,362	1,960
Provision for doubtful debts	354	244
Net interest income after provision for doubtful debts	1,008	1,716
<b>Operating and other income</b>		
Operating commissions	831	902(A)
Profits (losses) from investments in shares, net	95	(71)
Other income	77	20(A)
Total operating and other income	1,003	851
<b>Operating and other expenses</b>		
Salaries and related expenses	883	1,131
Building and equipment maintenance and depreciation	364	323
Other expenses	317	340
Total operating and other expenses	1,564	1,794
Operating profit before taxes	447	773
Provision for taxes on operating profit	42	383
Operating profit (loss) after taxes	405	390
Equity in after-tax operating profit of companies included on equity basis	34	87
Minority interest in after-tax operating profits of subsidiaries	(11)	(5)
Net operating profit (loss)	428	472
After-tax profit (loss) from extraordinary items	1	(2)
Net profit for the period	429	470
<b>Basic earnings per share</b>		(NIS)
Net operating profit (loss)	0.29	0.33
After-tax profit from extraordinary items	—	0.17
Total	0.29	0.33
<b>Diluted earnings per share</b>		(NIS)
Net operating profit (loss)	0.29	0.32
After-tax profit from extraordinary items	—	0.17
Total	0.29	0.32

(A) Reclassified.

The complete quarterly report for the period ended 31 March 2009 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 2009, according to which the financial statements have been prepared, was NIS 4.188.

**Condensed Consolidated Statement of Changes in Shareholders' Equity**  
**For the Period Ended 31 March 2009 (NIS millions)**  
**Reported amount**

For the Three Months Ended 31 March 2009 (Unaudited)

	Other comprehensive income									
	Share capital	Premium	Capital reserves in respect of share-based payment transaction and others (a)	Total share capital and capital reserves	Adjustments in respect of presentation of securities available for sale at fair value	Translation adjustments (b)	Retained earnings	Dividend declared after balance sheet date	Loans to employees for purchase of the bank's shares	Total shareholders' equity
Balance at the beginning of the period	7,059	855	284	8,198	(648)	(502)	11,998	—	(374)	18,672
Net profit for the period	—	—	—	—	—	—	429	—	—	429
Expiry of options	—	117	(117)	—	—	—	—	—	—	—
Other comprehensive income in companies included on the equity basis which was directly recorded to retained earnings	—	—	—	—	—	—	(5)	—	—	(5)
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	—	(481)	—	—	—	—	(481)
Profits in respect of securities available for sale that were realized and charged to profit and loss	—	—	—	—	(205)	—	—	—	—	(205)
Related tax effect	—	—	—	—	256	—	—	—	—	256
Adjustments from translation in respect of companies included on the equity basis	—	—	—	—	—	165	—	—	—	165
Loans to employees for purchase of the bank's shares	—	—	—	—	—	—	—	—	5	5
Balance at the end of the period	<u>7,059</u>	<u>972</u>	<u>167</u>	<u>8,198</u>	<u>(1,078)</u>	<u>(337)</u>	<u>12,422</u>	<u>—</u>	<u>(369)</u>	<u>18,836</u>

For the Three Months Ended 31 March 2008 (Unaudited)

	Other comprehensive income									
	Share capital	Premium	Capital reserves in respect of share-based payment transaction and others (a)	Total share capital and capital reserves	Adjustments in respect of presentation of securities available for sale at fair value	Translation adjustments (b)	Retained earnings	Dividend declared after balance sheet date	Loans to employees for purchase of the bank's shares	Total shareholders' equity
Balance at the beginning of the period	7,000	—	610	7,610	502	(445)	12,016	270	(404)	19,549
Net profit for the period	—	—	—	—	—	—	470	—	—	470
Issue of shares	48	446	—	494	—	—	—	—	—	494
Dividend paid	—	—	—	—	—	—	—	(270)	—	(270)
Benefit in respect of shares based payment transaction	—	—	(15)	(15)	—	—	—	—	—	(15)
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	—	(785)	—	—	—	—	(785)
Losses in respect of securities available for sale that were realized and charged to profit and loss	—	—	—	—	39	—	—	—	—	39
Related tax effect	—	—	—	—	251	—	—	—	—	251
Adjustments from translation in respect of companies included on the equity basis	—	—	—	—	—	(32)	—	—	—	(32)
Loans to employees for purchase of the bank's shares	—	—	—	—	—	—	—	—	32	32
Balance at the end of the period	<u>7,048</u>	<u>446</u>	<u>595</u>	<u>8,089</u>	<u>7</u>	<u>(477)</u>	<u>12,486</u>	<u>—</u>	<u>(372)</u>	<u>19,733</u>

For the Year Ended 31 December 2008 (Audited)

Other comprehensive income

	Share capital	Premium	Capital reserves in respect of share-based payment transaction and others (a)	Total share capital and capital reserves	Adjustments in respect of securities available for sale at fair value	Translation adjustments (b)	Retained earnings	Dividend declared after balance sheet date	Loans to employees for purchase of the bank's shares	Total shareholders' equity
Balance as at 1 January 2008	7,000	—	610	7,610	502	(445)	12,016	270	(404)	19,549
Net profit for the period	—	—	—	—	—	—	92	—	—	92
Issue of shares	59	855	(300)	614	—	—	—	—	—	614
Dividend paid	—	—	—	—	—	—	—	(270)	—	(270)
Benefit in respect of shares based payment transaction	—	—	(26)	(26)	—	—	—	—	—	(26)
Other comprehensive income in companies included on the equity basis which was directly recorded to retained earnings	—	—	—	—	—	—	(110)	—	—	(110)
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	—	(3,636)	—	—	—	—	(3,636)
Losses in respect of securities available for sale that were realized and charged to profit and loss	—	—	—	—	1,852	—	—	—	—	1,852
Related tax effect	—	—	—	—	634	—	—	—	—	634
Adjustments from translation in respect of companies included on the equity basis	—	—	—	—	—	(57)	—	—	—	(57)
Loans to employees for purchase of the bank's shares	—	—	—	—	—	—	—	—	30	30
Balance as at 31 December 2008	<u>7,059</u>	<u>855</u>	<u>284</u>	<u>8,198</u>	<u>(648)</u>	<u>(502)</u>	<u>11,998</u>	<u>—</u>	<u>(374)</u>	<u>18,672</u>

(a) Including NIS10 million of other capital reserves.

(b) Adjustments arising from translation of the financial statements of foreign subsidiaries, which operating currency is different from reporting currency.

Eitan Raff  
Chairman of the Board of Directors

Galia Maor  
President and Chief Executive Officer

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

31 May 2009

