

Bank Leumi le-Israel B.M. and subsidiaries

Condensed Consolidated Balance Sheet as at 30 June 2008 (NIS millions)

Reported amounts

	30.6.2008 (Unaudited)	30.6.2007 (Unaudited)	31.12.2007 (Audited)
ASSETS			
Cash and deposits with banks	31,229	45,282	42,329
Securities	43,494	45,323	47,169
Securities borrowed or purchased under agreement to resell	742	320	655
Credit to the public	201,717	193,944	198,557
Credit to governments	531	750	642
Investments in companies included on the equity basis	1,895	1,765	1,873
Buildings and equipment	3,317	3,163	3,276
Other assets	9,077	6,432	7,650
Total assets	292,002	296,979	302,151

	30.6.2008 (Unaudited)	30.6.2007 (Unaudited)	31.12.2007 (Audited)
LIABILITIES AND EQUITY CAPITAL			
Deposits of the public	221,752	236,521	238,045
Deposits from banks	8,966	8,462	6,139
Deposits from governments	833	1,519	1,198
Securities loaned or sold under agreement to repurchase	372	64	231
Debentures, bonds and subordinated notes	21,920	16,618	19,248
Other liabilities	17,506	14,031	17,636
Total liabilities	271,349	277,215	282,497
Minority interest	225	416	105
Shareholders' equity	20,428	19,648	19,549
Total liabilities and equity capital	292,002	296,979	302,151

Condensed Consolidated Statement of Profit and Loss for the Periods Ended 30 June 2008 (NIS millions)

Reported amounts

	For the Three Months Ended 30 June		For the Six Months Ended 30 June		For the Year Ended 31 December
	2008 (Unaudited)	2007 (Unaudited)	2008 (Unaudited)	2007 (Unaudited)	2007 (Audited)
Net interest income before provision for doubtful debts	1,953	1,809	3,913	3,602	7,648
Provision for doubtful debts	316	38	560	49	407
Net interest income after provision for doubtful debts	1,637	1,771	3,353	3,553	7,241
Operating and other income	832	826	1,684	1,653	3,350
Operating commissions	(44)	143	(115)	225	461
Profits (losses) from investments in shares, net	76	162	146	243	411
Other income	864	1,131	1,715	2,121	4,222
Total operating and other income	975	1,004	2,106	2,031	4,218
Operating and other expenses	344	307	667	603	1,274
Salaries and related expenses	343	345	683	654	1,445
Building and equipment maintenance and depreciation	1,662	1,656	3,456	3,288	6,937
Operating profit before taxes	839	1,246	1,612	2,386	4,526
Provision for taxes on operating profit	400	376	783	896	1,722
Operating profit after taxes	439	870	829	1,490	2,804
Equity in after-tax operating profit of companies included on equity basis	193	45	280	84	184
Minority interest in after-tax operating losses (profits) of subsidiaries	7	(2)	2	(3)	(4)
Net operating profit	639	913	1,111	1,571	2,984
After-tax profit from extraordinary items	250	—	248	259	373
Net profit for the period	889	913	1,359	1,830	3,357

	(NIS)				
Basic earnings per share					
Net operating profit	0.44	0.65	0.77	1.11	2.11
After-tax profit from extraordinary items	0.17	—	0.17	0.18	0.26
Total	0.61	0.65	0.94	1.29	2.37

	(NIS)				
Diluted earnings per share					
Net operating profit	0.43	0.65	0.76	1.11	2.08
After-tax profit from extraordinary items	0.17	—	0.17	0.18	0.26
Total	0.60	0.65	0.93	1.29	2.34

The complete quarterly report for the period ended 30 June 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 30 June 2008, according to which the financial statements have been prepared, was NIS 3.352.

(a) Including NIS 10 million of other capital reserves.
(b) Adjustments arising from translation of the financial statements of autonomous subsidiaries.

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

Condensed Consolidated Statement of Changes in Shareholders' Equity for the Periods Ended 30 June 2008 (NIS millions)

Reported amounts

For the Three Months Ended 30 June 2008 (Unaudited)

				Other comprehensive income				
	Share capital	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	Loans to employees for purchase of the bank's shares	Total Shareholders' equity
Balance at the beginning of the period	7,745	344	8,089	7	(477)	12,486	(372)	19,733
Net profit for the period	—	—	—	—	—	889	—	889
Issue of shares	120	(38)	82	—	—	—	—	82
Benefit in respect of shares based payment transactions	—	17	17	—	—	—	—	17
Other comprehensive income in companies included on the equity basis which was directly recorded in retained earnings	—	—	—	—	—	(47)	—	(47)
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	(263)	—	—	—	(263)
Losses in respect of securities available for sale that were realized and classified to profit and loss	—	—	—	107	—	—	—	107
Related tax effect	—	—	—	64	—	—	—	64
Adjustments from translation in respect of companies included on the equity basis	—	—	—	—	(153)	—	—	(153)
Loans to employees for purchase of the Bank's shares	—	—	—	—	—	—	(1)	(1)
Balance at the end of the period	7,865	323	8,188	(85)	(630)	13,328	(373)	20,428

For the Three Months Ended 30 June 2007 (Unaudited)

	Other comprehensive income							
	Share capital	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	Loans to employees for purchase of the bank's shares	Total Shareholders' equity
Balance at the beginning of the period	7,000	423	7,423	640	(414)	11,260	(410)	18,499
Net profit for the period	—	70	70	—	—	913	—	913
Benefit in respect of shares based payment transactions	—	—	—	—	—	—	—	—
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	404	—	—	—	404
Profits in respect of securities available for sale that were realized and classified to profit and loss	—	—	—	(143)	—	—	—	(143)
Related tax effect	—	—	—	(83)	—	—	—	(83)
Adjustments from translation in respect of companies included on the equity basis	—	—	—	—	(17)	—	—	(17)
Loans to employees for purchase of the Bank's shares	—	—	—	—	—	—	5	5
Balance at the end of the period	7,000	493	7,493	818	(431)	12,173	(405)	19,648

For the Six Months Ended 30 June 2008 (Unaudited)

	Other comprehensive income								
	Share capital	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 (Audited)	7,000	610	7,610	502	(445)	12,016	270	(404)	19,549
Net profit for the period	865	(289)	576	—	—	1,359	—	—	1,359
Issue of shares	—	—	—	—	—	—	—	—	576
Dividend paid	—	2	2	—	—	—	(270)	—	(270)
Benefit in respect of shares based payment transactions	—	—	—	—	—	—	—	—	2
Other comprehensive income in companies included on the equity basis which was directly recorded in retained earnings	—	—	—	—	—	(47)	—	—	(47)
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	(1,049)	—	—	—	—	(1,049)
Losses in respect of securities available for sale that were realized and classified to profit and loss	—	—	—	146	—	—	—	—	146
Related tax effect	—	—	—	316	—	—	—	—	316
Adjustments from translation in respect of companies included on the equity basis	—	—	—	—	(185)	—	—	—	(185)
Loans to employees for purchase of the Bank's shares	—	—	—	—	—	—	—	31	31
Balance at the end of the period	7,865	323	8,188	(85)	(630)	13,328	—	(373)	20,428

For the Six Months Ended 30 June 2007 (Unaudited)

	Other comprehensive income								
	Share capital	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	Loans to employees for purchase of the bank's shares	Total Shareholders' equity	
Balance at the beginning of the period (Audited)	7,000	405	7,405	623	(403)	10,343	(477)	17,491	
Net profit for the period	—	88	88	—	—	1,830	—	1,830	
Benefit in respect of shares based payment transactions	—	—	—	—	—	—	—	88	
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	467	—	—	—	467	
Profits in respect of securities available for sale that were realized and classified to profit and loss	—	—	—	(156)	—	—	—	(156)	
Related tax effect	—	—	—	(116)	—	—	—	(116)	
Adjustments from translation in respect of companies included on the equity basis	—	—	—	—	(28)	—	—	(28)	
Loans to employees for purchase of the Bank's shares	—	—	—	—	—	—	72	72	
Balance at the end of the period	7,000	493	7,493	818	(431)	12,173	(405)	19,648	

For the Year Ended 31 December 2007 (Audited)

	Other comprehensive income								
	Share capital	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	405	7,405	623	(403)	10,343	—	(477)	17,491
Net profit for the period	—	—	—	—	—	3,357	—	—	3,357
Proposed dividend	—	—	—	—	—	(1,414)	—	—	(1,414)
Dividend declared after balance sheet date	—	—	—	—	—	(270)	270	—	—
Benefit in respect of shares based payment transactions	—	205	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 at the end of the period	7,000	610	7,610	502	(445)	12,016	270	(404)	19,549

27 August 2008

