

Bank Leumi le-Israel B.M. and subsidiaries

Condensed Consolidated Balance Sheet as at 30 June 2009 (NIS millions)

Reported amounts

	30.6.2009 (Unaudited)	30.6.2008 (Unaudited)	31.12.2008 (Audited)
ASSETS			
Cash and deposits with banks	39,390	31,229	33,130
Securities	56,944	43,494	44,910
Securities borrowed or purchased under agreement to resell	1,081	742	201
Credit to the public	207,214	201,717	213,215
Credit to governments	452	531	520
Investments in companies included on the equity basis	1,862	1,895	1,842
Buildings and equipment	3,528	3,317	3,445
Other assets	8,875	9,077	13,529
Total assets	319,346	292,002	310,792
LIABILITIES AND EQUITY CAPITAL			
Deposits of the public	253,254	221,752	244,783
Deposits from banks	2,904	8,966	3,742
Deposits from governments	741	833	831
Securities loaned or sold under agreement to repurchase	1,174	372	549
Debentures, bonds and subordinated notes	22,917	21,920	20,636
Other liabilities	17,871	17,506	21,334
Total liabilities	298,861	271,349	291,875
Minority interest	263	225	245
Shareholders' equity	20,222	20,428	18,672
Total liabilities and equity capital	319,346	292,002	310,792

Condensed Consolidated Statement of Profit and Loss

for the Period Ended 30 June 2009 (NIS millions)

Reported amounts

	For the Three Months Ended 30 June		For the Six Months Ended 30 June		For the Year Ended 31 December
	2009 (Unaudited)	2008 (Unaudited)	2009 (Unaudited)	2008 (Unaudited)	2008 (Audited)
Net interest income before provision for doubtful debts	1,926	1,953	3,288	3,913	6,380
Provision for doubtful debts	339	316	693	560	2,145
Net interest income after provision for doubtful debts	1,587	1,637	2,595	3,353	4,235
Operating and other income					
Operating commissions	840	882 (A)	1,671	1,784 (A)	3,538 (A)
Profits (losses) from investments in shares, net	90	(44)	185	(115)	(912)
Other income	83	26 (A)	160	46 (A)	174 (A)
Total operating and other income	1,013	864	2,016	1,715	2,800
Operating and other expenses					
Salaries and related expenses	929	975	1,812	2,106	4,118
Building and equipment maintenance and depreciation	380	344	744	667	1,397
Other expenses	331	343	648	683	1,488
Total operating and other expenses	1,640	1,662	3,204	3,456	7,003
Operating profit before taxes	960	839	1,407	1,612	32
Provision for taxes on operating profit	409	400	451	783	421
Operating profit (loss) after taxes	551	439	956	829	(389)
Equity in after-tax operating profits (losses) of companies included on equity basis	(64)	193	(30)	280	249
Minority interest in after-tax operating losses (profits) of subsidiaries	(7)	7	(18)	2	(18)
Net operating profit (loss)	480	639	908	1,111	(158)
After-tax profit from extraordinary items	27	250	28	248	250
Net profit for the period	507	889	936	1,359	92

Basic earnings per share

(NIS)

Net operating profit (loss)	0.33	0.44	0.62	0.77	(0.11)
After-tax profit from extraordinary items	0.02	0.17	0.02	0.17	0.17
Total	0.35	0.61	0.64	0.94	0.06

Diluted earnings per share

(NIS)

Net operating profit (loss)	0.33	0.43	0.62	0.76	(0.11)
After-tax profit from extraordinary items	0.02	0.17	0.02	0.17	0.17
Total	0.35	0.60	0.64	0.93	0.06

(A) Reclassified.

The complete quarterly report for the period ended 30 June 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 30 June 2009, according to which the financial statements have been prepared, was NIS 3.919.

Condensed Consolidated Statement of Changes in Shareholders' Equity
For the Period Ended 30 June 2009 (NIS millions)
Reported amount

For the Three Months Ended 30 June 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	972	167	8,198	(1,078)	(337)	12,422	—	(369)	18,836
Net profit for the period	—	—	—	—	—	—	507	—	—	507
Other comprehensive income in companies included on the equity basis which was directly recorded to retained earnings	—	—	—	—	—	—	96	—	—	96
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	—	1,653	—	—	—	—	1,653
Profits in respect of securities available for sale that were realized and charged to profit and loss	—	—	—	—	(81)	—	—	—	—	(81)
Related tax effect	—	—	—	—	(564)	—	—	—	—	(564)
Adjustments from translation in respect of companies included on the equity basis	—	—	—	—	—	(221)	—	—	—	(221)
Loans to employees for purchase of the bank's shares	—	—	—	—	—	—	—	—	(4)	(4)
Balance at the end of the period	<u>7,059</u>	<u>972</u>	<u>167</u>	<u>8,198</u>	<u>(70)</u>	<u>(558)</u>	<u>13,025</u>	<u>—</u>	<u>(373)</u>	<u>20,222</u>

For the Three Months Ended 30 June 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	7,048	446	595	8,089	7	(477)	12,486	—	(372)	19,733
Net profit for the period	—	—	—	—	—	—	889	—	—	889
Issue of shares	297	74	(289)	82	—	—	—	—	—	82
Other comprehensive income in companies included on the equity basis which was directly recorded to retained earnings	—	—	—	—	—	—	(47)	—	—	(47)
Benefit in respect of shares based payment transaction	—	—	17	17	—	—	—	—	—	17
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 charged 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	<u>7,345</u>	<u>520</u>	<u>323</u>	<u>8,188</u>	<u>(85)</u>	<u>(630)</u>	<u>13,328</u>	<u>—</u>	<u>(373)</u>	<u>20,428</u>

For the Six Months Ended 30 June 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	—	—	—	—	—	—	936	—	—	936
Expiry of options	—	117	(117)	—	—	—	—	—	—	—
Other comprehensive income in companies included on the equity basis which was directly recorded to retained earnings	—	—	—	—	—	—	91	—	—	91
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	—	1,172	—	—	—	—	1,172
Profits in respect of securities available for sale that were realized and charged to profit and loss	—	—	—	—	(286)	—	—	—	—	(286)
Related tax effect	—	—	—	—	(308)	—	—	—	—	(308)
Adjustments from translation in respect of companies included on the equity basis	—	—	—	—	—	(56)	—	—	—	(56)
Loans to employees for purchase of the bank's shares	—	—	—	—	—	—	—	—	1	1
Balance at the end of the period	<u>7,059</u>	<u>972</u>	<u>167</u>	<u>8,198</u>	<u>(70)</u>	<u>(558)</u>	<u>13,025</u>	<u>—</u>	<u>(373)</u>	<u>20,222</u>

For the Six Months Ended 30 June 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	(455)	12,016	270	(404)	19,549
Net profit for the period	—	—	—	—	—	—	1,359	—	—	1,359
Issue of shares	345	520	(289)	576	—	—	—	—	—	576
Dividend paid	—	—	—	—	—	—	—	(270)	—	(270)
Benefit in respect of shares based payment transaction	—	—	2	2	—	—	—	—	—	2
Other comprehensive income in companies included on the equity basis which was directly recorded to 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 charged 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	<u>7,345</u>	<u>520</u>	<u>323</u>	<u>8,188</u>	<u>(85)</u>	<u>(630)</u>	<u>13,328</u>	<u>—</u>	<u>(373)</u>	<u>20,428</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 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 as at 31 December 2007	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

30 August 2009

