

Bank Leumi le-Israel B.M. and subsidiaries

Condensed Consolidated Balance Sheet as at 30 June 2010 (NIS millions) Reported amounts

ASSETS	30.6.2010 (Unaudited)	30.6.2009 (Unaudited)	31.12.2009 (Audited)
Cash and deposits with banks	47,180	39,390	42,933
Securities	51,211	56,944	57,505
Securities borrowed or purchased under agreement to resell	725	1,081	744
Credit to the public	212,453	207,214	204,669
Credit to governments	396	452	407
Investments in companies included on the equity basis	1,720	1,862	2,178
Buildings and equipment	3,564	3,528	3,553
Other assets	11,032	8,875	9,786
Total assets	328,281	319,346	321,775

LIABILITIES AND EQUITY CAPITAL	30.6.2010 (Unaudited)	30.6.2009 (Unaudited)	31.12.2009 (Audited)
Deposits of the public	251,677	253,254	250,418
Deposits from banks	3,288	2,904	3,785
Deposits from governments	909	741	712
Securities loaned or sold under agreement to repurchase	740	1,174	273
Debentures, bonds and subordinated notes	26,846	22,917	25,261
Other liabilities	21,039	17,871	19,182
Total liabilities	304,499	298,861	299,631
Minority interest	292	263	282
Shareholders' equity	23,490	20,222	21,862
Total liabilities and equity capital	328,281	319,346	321,775

Condensed Consolidated Statement of Profit and Loss for the Period Ended 30 June 2010 (NIS millions) Reported amounts

	For the Three Months Ended 30 June		For the Six Months Ended 30 June		For the Year Ended 31 December
	2010 (Unaudited)	2009 (Unaudited)	2010 (Unaudited)	2009 (Unaudited)	2009 (Audited)
Net interest income before provision for doubtful debts	1,639	1,926	3,446	3,288	7,023
Provision for doubtful debts	196	339	326	693	1,517
Net interest income after provision for doubtful debts	1,443	1,587	3,120	2,595	5,506
Operating and other income	917	840	1,821	1,671	3,511
Operating commissions	100	90	174	185	707
Profits from investments in shares, net	22	83	43	160	345
Other income	1039	1013	2038	2016	4563
Operating and other expenses	1,239	929	2,375	1,812	4,052
Salaries and related expenses	391	380	771	744	1,514
Building and equipment maintenance and depreciation	354	331	671	648	1,371
Other expenses	1,984	1,640	3,817	3,204	6,937
Total operating and other expenses	498	960	1,341	1,407	3,132
Operating profit before taxes	125	409	458	451	1,191
Provision for taxes on operating profit	373	551	883	956	1,941
Operating profit after taxes	117	(64)	202	(30)	81
Equity in after-tax operating profits (losses) of companies included on equity basis	(12)	(7)	(15)	(18)	(36)
Minority interest in after-tax operating profits of subsidiaries	478	480	1,070	908	1,986
Net operating profit	182	27	186	28	28
After-tax profit from extraordinary items	660	507	1,256	936	2,014
Net profit for the period	660	507	1,256	936	2,014
Basic and diluted earnings per share	(NIS)				
Net operating profit	0.32	0.33	0.73	0.62	1.35
After-tax profit from extraordinary items	0.12	0.02	0.13	0.02	0.02
Total	0.44	0.35	0.86	0.64	1.37

The complete quarterly report for the period ended 30 June 2010 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 2010, according to which the financial statements have been prepared, was NIS 3.875.

Condensed Consolidated Statement of Changes in Shareholders' Equity
For the Period Ended 30 June 2010 (NIS millions)
Reported amount

For the Three Months Ended 30 June 2010 (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	197	8,228	637	(504)	14,706	—	(371)	22,696
Net profit for the period	—	—	—	—	—	—	660	—	—	660
Dividend declared after balance sheet date	—	—	—	—	—	—	(500)	500	—	—
Employee benefit - tax effect	—	—	(30)	(30)	—	—	—	—	—	(30)
Release of shares	—	157	(157)	—	—	—	—	—	—	—
Other comprehensive income in companies included on the equity basis which was directly recorded to retained earnings	—	—	—	—	—	—	—	—	—	—
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	—	(248)	—	—	—	—	(248)
Profits in respect of securities available for sale that were realized and charged to profit and loss	—	—	—	—	(65)	—	—	—	—	(65)
Related tax effect	—	—	—	—	64	—	—	—	—	64
Adjustments from translation in respect of companies included on the equity basis	—	—	—	—	—	44	—	—	—	44
Loans to employees for purchase of the bank's shares	—	—	—	—	—	—	—	—	369	369
Balance at the end of the period	<u>7,059</u>	<u>1,129</u>	<u>10</u>	<u>8,198</u>	<u>388</u>	<u>(460)</u>	<u>14,866</u>	<u>500</u>	<u>(2)</u>	<u>23,490</u>

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
Profit 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 Six Months Ended 30 June 2010 (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	197	8,228	309	(474)	14,176	—	(377)	21,862
Net profit for the period	—	—	—	—	—	—	1,256	—	—	1,256
Dividend declared after balance sheet date	—	—	—	—	—	—	(500)	500	—	—
Employee benefit – tax effect	—	—	(30)	(30)	—	—	—	—	—	(30)
Release of shares	—	157	(157)	—	—	—	—	—	—	—
Other comprehensive income in companies included on the equity basis which was directly recorded to retained earnings	—	—	—	—	—	—	(66)	—	—	(66)
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	—	288	—	—	—	—	288
Profits in respect of securities available for sale that were realized and charged to profit and loss	—	—	—	—	(128)	—	—	—	—	(128)
Related tax effect	—	—	—	—	(81)	—	—	—	—	(81)
Adjustments from translation in respect of companies included on the equity basis	—	—	—	—	—	14	—	—	—	14
Loans to employees for purchase of the bank's shares	—	—	—	—	—	—	—	—	375	375
Balance at the end of the period	<u>7,059</u>	<u>1,129</u>	<u>10</u>	<u>8,198</u>	<u>388</u>	<u>(460)</u>	<u>14,866</u>	<u>500</u>	<u>(2)</u>	<u>23,490</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
Expiration 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
Profit 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 Year Ended 31 December 2009 (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	Loans to employees for purchase of the bank's shares	Total shareholders' equity
Balance as at 31 December 2008	7,059	855	284	8,198	(648)	(502)	11,998	(374)	18,672
Net profit for the period	—	—	—	—	—	—	2,014	—	2,014
Expiration of options	—	117	(117)	—	—	—	—	—	—
Benefit in respect of shares based payment transaction	—	—	30	30	—	—	—	—	30
Other comprehensive income in companies included on the equity basis which was directly recorded to retained earnings	—	—	—	—	—	—	164	—	164
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	—	2,357	—	—	—	2,357
Profits in respect of securities available for sale that were realized and charged to profit and loss	—	—	—	—	(876)	—	—	—	(876)
Related tax effect	—	—	—	—	(524)	—	—	—	(524)
Adjustments from translation in respect of companies included on the equity basis	—	—	—	—	—	28	—	—	28
Loans to employees for purchase of the bank's shares	—	—	—	—	—	—	—	(3)	(3)
Balance as at 31 December 2009	<u>7,059</u>	<u>972</u>	<u>197</u>	<u>8,228</u>	<u>309</u>	<u>(474)</u>	<u>14,176</u>	<u>(377)</u>	<u>21,862</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 the operating currency of the Bank.

David Brodet
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 2010

