

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

Condensed Consolidated Balance Sheet as at 30 September 2007 (NIS millions)

Reported amounts

ASSETS	30.9.2007 (Unaudited)	30.9.2006 (Unaudited)	31.12.2006 (Audited)
Cash and deposits with banks	45,661	39,651	47,609
Securities	46,355	45,869	46,375
Securities borrowed or purchased under agreement to resell	246	—	—
Credit to the public	196,327	180,448(A)	183,800
Credit to governments	701	905	1,020
Investments in companies included on the equity basis	1,855	1,237	1,251
Buildings and equipment	3,226	3,020	3,056
Other assets	7,636	6,276(A)	6,230
<b>Total assets</b>	<b>302,007</b>	<b>277,406</b>	<b>289,341</b>

(A) Restated.

LIABILITIES AND EQUITY CAPITAL	30.9.2007 (Unaudited)	30.9.2006 (Unaudited)	31.12.2006 (Audited)
Deposits of the public	236,929	221,996	231,823
Deposits from banks	10,197	5,453	5,241
Deposits from governments	1,632	2,239	2,146
Securities loaned or sold under agreement to repurchase	185	—	—
Debentures, bonds and subordinated notes	16,872	16,050	15,622
Other liabilities	15,540	12,997(A)	16,866
<b>Total liabilities</b>	<b>281,355</b>	<b>258,735</b>	<b>271,698</b>
Minority interest	121	150	152
Shareholders' equity	20,531	18,521	17,491
<b>Total liabilities and equity capital</b>	<b>302,007</b>	<b>277,406</b>	<b>289,341</b>

**Condensed Consolidated Statement of Profit and Loss  
for the Periods Ended 30 September 2007 (NIS millions)**

**Reported amounts**

	For the Three Months Ended 30 September		For the Nine Months Ended 30 September		For the Year Ended 31 December
	2007 (Unaudited)	2006 (Unaudited)	2007 (Unaudited)	2006 (Unaudited)	2006 (Audited)
Net interest income before provision for doubtful debts	2,265	1,718	5,867	5,159	6,922
Provision for doubtful debts	79	282	128	668	933
Net interest income after provision for doubtful debts	<u>2,186</u>	<u>1,436</u>	<u>5,739</u>	<u>4,491</u>	<u>5,989</u>
<b>Operating and other income</b>					
Operating commissions	834	736	2,487	2,219 (A)	3,013 (A)
Profits from investments in shares, net	9	14	234	100	128
Other income	66	188	309	579	740
Total operating and other income	<u>909</u>	<u>938</u>	<u>3,030</u>	<u>2,898</u>	<u>3,881</u>
<b>Operating and other expenses</b>					
Salaries and related expenses	1,104	1,129	3,135	3,570	4,552
Building and equipment maintenance and depreciation	313	298	907	872 (A)	1,201 (A)
Other expenses	368	358	1,031	1,049 (A)	1,514 (A)
Total operating and other expenses	<u>1,785</u>	<u>1,785</u>	<u>5,073</u>	<u>5,491</u>	<u>7,267</u>
Operating profit before taxes	1,310	589	3,696	1,898	2,603
Provision for taxes on operating profit	471	343	1,367	981	1,320
Operating profit after taxes	839	246	2,329	917	1,283
Equity in after-tax operating profit of companies included on equity basis	62	45	146	143	171
Minority interest in after-tax operating losses (profits) of subsidiaries	—	5	(3)	3	—
Net operating profit	901	296	2,472	1,063	1,454
After-tax profit from extraordinary items	109	674	368	1,397	2,080
Net profit for the period	<u>1,010</u>	<u>970</u>	<u>2,840</u>	<u>2,460</u>	<u>3,534</u>

**Basic earnings per share**

(NIS)

Net operating profit	0.64	0.21	1.75	0.75	1.03
After-tax profit from extraordinary items	0.08	0.48	0.26	0.99	1.47
Total	<u>0.72</u>	<u>0.69</u>	<u>2.01</u>	<u>1.74</u>	<u>2.50</u>

**Diluted earnings per share**

(NIS)

Net operating profit	0.62	0.21	1.73	0.75	1.03
After-tax profit from extraordinary items	0.08	0.48	0.26	0.99	1.47
Total	<u>0.70</u>	<u>0.69</u>	<u>1.99</u>	<u>1.74</u>	<u>2.50</u>

(A) Reclassified.

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

The complete quarterly report for the periods ended 30 September 2007 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 September 2007, according to which the financial statements have been prepared, was NIS 4.013.

(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 (408) millions (30 September 2006 - NIS (377) millions, 31 December 2006 - NIS (403) millions).
- Adjustments in respect of presentation of securities available for sale at fair value in a net amount of NIS 616 millions (30 September 2006 - NIS 275 millions, 31 December 2006 - NIS 623 millions).

(B) Reclassified.

**Condensed Consolidated Statement of Changes in Shareholders' Equity  
for the Periods Ended 30 September 2007 (NIS millions)**

**Reported amounts**

For the Three Months Ended 30 September (Unaudited)

	2007			2006		
	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	7,493	12,155	19,648	7,262	10,089	17,351
Net profit for the period	—	1,010	1,010	—	970	970
Benefit in respect of shares based payment transactions	55	—	55	76(B)	—(B)	76
Adjustments in respect of presentation of securities available for sale at fair value	—	(327)	(327)	—	251	251
Related tax effect	—	125	125	—	(91)	(91)
Translation adjustments for companies included on equity basis	—	23	23	—	(36)	(36)
Loans to employees for purchase of the Bank's shares	—	(3)	(3)	—	—	—
Balance at the end of the period	<u>7,548</u>	<u>12,983(A)</u>	<u>20,531</u>	<u>7,338</u>	<u>11,183(A)</u>	<u>18,521</u>

For the Nine Months Ended 30 September (Unaudited)

	2007			2006		
	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	7,405	10,086	17,491	7,010	8,990	16,000
Net profit for the period	—	2,840	2,840	—	2,460	2,460
Benefit in respect of shares based payment transactions	143	—	143	328(B)	—(B)	328
Adjustments in respect of presentation of securities available for sale at fair value	—	(16)	(16)	—	362	362
Related tax effect	—	9	9	—	(133)	(133)
Translation adjustments for companies included on equity basis	—	(5)	(5)	—	(35)	(35)
Loans to employees for purchase of the Bank's shares	—	69	69	—	(461)	(461)
Balance at the end of the period	<u>7,548</u>	<u>12,983(A)</u>	<u>20,531</u>	<u>7,338</u>	<u>11,183(A)</u>	<u>18,521</u>

For the Year Ended 31 December 2006 (Audited)

	Capital and capital reserves	Retained earnings	Total Shareholders' equity
Balance as at 1 January 2006	7,010	8,990	16,000
Net profit for the year	—	3,534	3,534
Proposed dividend	—	(2,500)	(2,500)
Benefit in respect of shares based payment transactions	395	—	395
Adjustments in respect of presentation of securities available for sale at fair value	—	876	876
Related tax effect	—	(299)	(299)
Translation adjustments for companies included on equity basis	—	(61)	(61)
Loans to employees for purchase of the Bank's shares	—	(454)	(454)
Balance as at 31 December 2006	<u>7,405</u>	<u>10,086(A)</u>	<u>17,491</u>

28 November 2007

