Bank Leumi le-Israel B.M. and subsidiaries

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

Reported amounts

ASSETS	30.9.2008 (Unaudited)	30.9.2007 (Unaudited)	31.12.2007 (Audited)
Cash and deposits with banks	29,027	45,661	42,329
Securities	41,566	46,355	47,169
Securities borrowed	483	246	655
Credit to the public	207,489	196,327	198,557
Credit to governments	512	701	642
Investments in companies included on the equity basis	2,031	1,855	1,873
Buildings and equipment	3,368	3,226	3,276
Other assets	9,335	7,636	7,650
Total assets	293,811	302,007	302,151

LIABILITIES AND EQUITY CAPITAL	30.9.2008 (Unaudited)	30.9.2007 (Unaudited)	31.12.2007 (Audited)
Deposits of the public	225,952	236,929	238,045
Deposits from banks	6,457	10,197	6,139
Deposits from governments	827	1,632	1,198
Securities loaned	549	185	231
Debentures, bonds and capital notes	22,257	16,872	19,248
Other liabilities	17,978	15,540	17,636
Total liabilities	274,020	281,355	282,497
Minority interest	229	121	105
Shareholders' equity	19,562	20,531	19,549
Total liabilities and equity capital	293,811	302,007	302,151

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

Reported amounts

	For the Three Months Ended 30 September		For the nine Months Ended 30 September		For the Year Ended 31 December
	2008 (Unaudited)	2007 (Unaudited)	2008 (Unaudited)	2007 (Unaudited)	2007 (Audited)
Net interest income before provision for doubtful debts	1,491	2,265	5,404	5,867	7,648
Provision for doubtful debts	495	79	1,055	128	407
Net interest income after provision for doubtful debts	996	2,186	4,349	5,739	7,241
Operating and other income					
Operating commissions	840	834	2,524	2,487	3,350
Profits (losses) from investments in shares, net	(363)	9	(478)	234	461
Other income	63	66	209	309	411
Total operating and other income	540	909	2,255	3,030	4,222
Operating and other expenses					
Salaries and related expenses	1,043	1,104	3,149	3,135	4,218
Building and equipment maintenance and depreciation	353	317 (A)	1,020	920 (A)	1,274
Other expenses	350	364 (A)	1,033	1,018 (A)	1,445
Total operating and other expenses	1,746	1,785	5,202	5,073	6,937
Operating profit (loss) before taxes	(210)	1,310	1,402	3,696	4,526
Provision for taxes on operating profit (loss)	61	471	844	1,367	1,722
Operating profit (loss) after taxes	(271)	839	558	2,329	2,804
Equity in after-tax operating profit of companies included on equity basis	191	62	471	146	184
Minority interest	(5)	—	(3)	(3)	(4)
Net operating profit (loss)	(85)	901	1,026	2,472	2,984
After-tax profit from extraordinary items	1	109	249	368	373
Net profit (loss) for the period	(84)	1,010	1,275	2,840	3,357

Basic earnings (losses) per share

	(NIS)				
Net operating profit (loss)	(0.06)	0.64	0.70	1.75	2.11
After-tax profit from extraordinary items	0.00	0.08	0.17	0.26	0.26
Total	(0.06)	0.72	0.87	2.01	2.37

Diluted earnings (losses) per share

	(NIS)				
Net operating profit (loss)	(0.06)	0.62	0.70	1.73	2.08
After-tax profit from extraordinary items	0.00	0.08	0.17	0.26	0.26
Total	(0.06)	0.70	0.87	1.99	2.34

(A) Reclassified.

The complete quaterly report for the period ended 30 September 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 rate against the dollar on 30 September 2008, according to which the financial statements have been prepared, was NIS 3.421.

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

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

Reported amounts

For the Three Months Ended 30 September 2008 (Unaudited)

	Share capital	Capital reserves in respect of share-based payment transaction and others (a)	Total share capital and capital reserves	Other comprehensive income: Adjustments in respect of presentation of securities available for sale at fair value	Other comprehensive income: 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	7,865	323	8,188	(85)	(630)	13,328	(373)	20,428
Loss for the period	—	—	—	—	—	(84)	—	(84)
Issue of shares	52	(17)	35	—	—	—	—	35
Benefit in respect of shares based payment transactions	—	(30)	(30)	—	—	—	—	(30)
Other comprehensive income in companies included on the equity basis which was directly recorded to retained earnings	—	—	—	—	—	(34)	—	(34)
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	(1,640)	—	—	—	(1,640)
Losses in respect of securities available for sale that were realized and classified to profit and loss	—	—	—	481	—	—	—	481
Related tax effect	—	—	—	418	—	—	—	418
Adjustments from translation in respect of companies included on the equity basis	—	—	—	—	(7)	—	—	(7)
Loans to employees for purchase of the Bank's shares	—	—	—	—	—	—	(5)	(5)
Balance at the end of the period	7,917	276	8,193	(826)	(637)	13,210	(378)	19,562

For the Three Months Ended 30 September 2007 (Unaudited)

	Share capital	Capital reserves in respect of share-based payment transaction and others (a)	Total share capital and capital reserves	Other comprehensive income: Adjustments in respect of presentation of securities available for sale at fair value	Other comprehensive income: 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	493	7,493	818	(431)	12,173	(405)	19,648
Net profit for the period	—	—	—	—	—	1,010	—	1,010
Benefit in respect of shares based payment transactions	—	55	55	—	—	—	—	55
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	(312)	—	—	—	(312)
Profits in respect of securities available for sale that were realized and classified to profit and loss	—	—	—	(15)	—	—	—	(15)
Related tax effect	—	—	—	125	—	—	—	125
Adjustments from translation in respect of companies included on the equity basis	—	—	—	—	23	—	—	23
Loans to employees for purchase of the Bank's shares	—	—	—	—	—	—	(3)	(3)
Balance at the end of the period	7,000	548	7,548	616	(408)	13,183	(408)	20,531

For the Nine Months Ended 30 September 2008 (Unaudited)

	Share capital	Capital reserves in respect of share-based payment transaction and others (a)	Total share capital and capital reserves	Other comprehensive income: Adjustments in respect of presentation of securities available for sale at fair value	Other comprehensive income: 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	—	—	—	—	—	1,275	—	—	1,275
Issue of shares	917	(306)	611	—	—	—	—	—	611
Dividend paid	—	—	—	—	—	—	(270)	—	(270)
Benefit in respect of shares based payment transactions	—	(28)	(28)	—	—	—	—	—	(28)
Other comprehensive income in companies included on the equity basis which was directly recorded to retained earnings	—	—	—	—	—	(81)	—	—	(81)
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	(2,689)	—	—	—	—	(2,689)
Losses in respect of securities available for sale that were realized and classified to profit and loss	—	—	—	627	—	—	—	—	627
Related tax effect	—	—	—	734	—	—	—	—	734
Adjustments from translation in respect of companies included on the equity basis	—	—	—	—	(192)	—	—	—	(192)
Loans to employees for purchase of the Bank's shares	—	—	—	—	—	—	—	26	26
Balance at the end of the period	7,917	276	8,193	(826)	(637)	13,210	0	(378)	19,562

For the Nine Months Ended 30 September 2007 (Unaudited)

	Share capital	Capital reserves in respect of share-based payment transaction and others (a)	Total share capital and capital reserves	Other comprehensive income: Adjustments in respect of presentation of securities available for sale at fair value	Other comprehensive income: 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	—	—	—	—	—	2,840	—	2,840
Benefit in respect of shares based payment transactions	—	143	143	—	—	—	—	143
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	155	—	—	—	155
Profits in respect of securities available for sale that were realized and classified to profit and loss	—	—	—	(171)	—	—	—	(171)
Related tax effect	—	—	—	9	—	—	—	9
Adjustments from translation in respect of companies included on the equity basis	—	—	—	—	(5)	—	—	(5)
Loans to employees for purchase of the Bank's shares	—	—	—	—	—	—	69	69
Balance at the end of the period	7,000	548	7,548	616	(408)	13,183	(408)	20,531

For the Year Ended 31 December 2007 (Audited)

	Share capital	Capital reserves in respect of share-based payment transaction and others (a)	Total share capital and capital reserves	Other comprehensive income: Adjustments in respect of presentation of securities available for sale at fair value	Other comprehensive income: 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 2007	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 as at 31 December 2007	7,000	610	7,610	502	(445)	12,016	270	(404)	19,549

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

26 November 2008

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