

Bank Leumi le-Israel B.M. and subsidiaries

Condensed Consolidated Balance Sheet as at 30 September 2010 (NIS millions)

Reported amounts

ASSETS	30.9.2010 (Unaudited)	30.9.2009 (Unaudited)	31.12.2009 (Audited)
Cash and deposits with banks	40,360	43,934	42,933
Securities	54,373	58,381	57,505
Securities borrowed or purchased under agreement to resell	914	1,823	744
Credit to the public	217,218	203,971	204,669
Credit to governments	385	430	407
Investments in companies included on the equity basis	1,740	1,908	2,178
Buildings and equipment	3,600	3,544	3,553
Other assets	12,069	9,639	9,786
Total assets	<u>330,659</u>	<u>323,630</u>	<u>321,775</u>

LIABILITIES AND EQUITY CAPITAL	30.9.2010 (Unaudited)	30.9.2009 (Unaudited)	31.12.2009 (Audited)
Deposits of the public	245,820	249,433	250,418
Deposits from banks	6,788	5,395	3,785
Deposits from governments	614	719	712
Securities loaned or sold under agreement to repurchase	709	1,316	273
Debentures, bonds and subordinated notes	28,744	25,471	25,261
Other liabilities	23,953	19,955	19,182
Total liabilities	306,628	302,289	299,631
Minority interest	310	274	282
Shareholders' equity	23,721	21,067	21,862
Total liabilities and equity capital	<u>330,659</u>	<u>323,630</u>	<u>321,775</u>

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

Reported amounts

	For the Three Months Ended 30 September		For the Nine Months Ended 30 September		For the Year Ended 31 December
	2010 (Unaudited)	2009 (Unaudited)	2010 (Unaudited)	2009 (Unaudited)	2009 (Audited)
Net interest income before provision for doubtful debts	1,846	1,923	5,292	5,211	7,023
Provision for doubtful debts	46	443	372	1,136	1,517
Net interest income after provision for doubtful debts	<u>1,800</u>	<u>1,480</u>	<u>4,920</u>	<u>4,075</u>	<u>5,506</u>
Operating and other income	912	915	2,733	2,586	3,511
Operating commissions	14	286	188	471	707
Profits from investments in shares, net	57	91	100	251	345
Other income	<u>983</u>	<u>1,292</u>	<u>3,021</u>	<u>3,308</u>	<u>4,563</u>
Operating and other expenses	1,059	1,052	3,434	2,864	4,052
Salaries and related expenses	401	366	1,172	1,110	1,514
Building and equipment maintenance and depreciation	350	340	1,021	988	1,371
Other expenses	<u>1,810</u>	<u>1,758</u>	<u>5,627</u>	<u>4,962</u>	<u>6,937</u>
Total operating and other expenses	<u>1,810</u>	<u>1,758</u>	<u>5,627</u>	<u>4,962</u>	<u>6,937</u>
Operating profit before taxes	973	1,014	2,314	2,421	3,132
Provision for taxes on operating profit	413	499	871	950	1,191
Operating profit after taxes	560	515	1,443	1,471	1,941
Equity in after-tax operating profits of companies included on equity basis	57	30	259	—	81
Minority interest in after-tax operating profits of subsidiaries	(14)	(11)	(29)	(29)	(36)
Net operating profit	603	534	1,673	1,442	1,986
After-tax profit from extraordinary items	—	—	186	28	28
Net profit for the period	<u>603</u>	<u>534</u>	<u>1,859</u>	<u>1,470</u>	<u>2,014</u>

Basic and diluted earnings per share

	(NIS)				
Net operating profit	0.41	0.36	1.14	0.98	1.35
After-tax profit from extraordinary items	—	—	0.12	0.02	0.02
Total	<u>0.41</u>	<u>0.36</u>	<u>1.26</u>	<u>1.00</u>	<u>1.37</u>

The complete quarterly report for the period ended 30 September 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 September 2010, according to which the financial statements have been prepared, was NIS 3.665

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

Reported amount

For the Three Months Ended 30 September 2010 (Unaudited)

Accumulated other comprehensive profit (loss)

	Share capital	Premium	Other capital reserves	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	1,129	10	8,198	388	(460)	14,866	500	(2)	23,490
Net profit for the period	—	—	—	—	—	—	603	—	—	603
Proposed dividend	—	—	—	—	—	—	—	(500)	—	(500)
Dividend declared after balance sheet date	—	—	—	—	—	—	(500)	500	—	—
Other comprehensive loss in companies included on the equity basis which was directly recorded to retained earnings	—	—	—	—	—	—	(20)	—	—	(20)
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	—	327	—	—	—	—	327
Profits in respect of securities available for sale that were realized and charged to profit and loss	—	—	—	—	(78)	—	—	—	—	(78)
Related tax effect	—	—	—	—	(64)	—	—	—	—	(64)
Adjustments from translation in respect of companies included on the equity basis	—	—	—	—	—	(38)	—	—	—	(38)
Loans to employees for purchase of the bank's shares	—	—	—	—	—	—	—	—	1	1
Balance at the end of the period	<u>7,059</u>	<u>1,129</u>	<u>10</u>	<u>8,198</u>	<u>573</u>	<u>(498)</u>	<u>14,949</u>	<u>500</u>	<u>(1)</u>	<u>23,721</u>

For the Three Months Ended 30 September 2009 (Unaudited)

Accumulated other comprehensive profit (loss)

	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	(70)	(558)	13,025	—	(373)	20,222
Net profit for the period	—	—	—	—	—	—	534	—	—	534
Other comprehensive loss in companies included on the equity basis which was directly recorded to retained earnings	—	—	—	—	—	—	(63)	—	—	(63)
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	—	878	—	—	—	—	878
Profits in respect of securities available for sale that were realized and charged to profit and loss	—	—	—	—	(399)	—	—	—	—	(399)
Related tax effect	—	—	—	—	(181)	—	—	—	—	(181)
Adjustments from translation in respect of companies included on the equity basis	—	—	—	—	—	82	—	—	—	82
Loans to employees for purchase of the bank's shares	—	—	—	—	—	—	—	—	(6)	(6)
Balance at the end of the period	<u>7,059</u>	<u>972</u>	<u>167</u>	<u>8,198</u>	<u>228</u>	<u>(476)</u>	<u>13,496</u>	<u>—</u>	<u>(379)</u>	<u>21,067</u>

For the Nine Months Ended 30 September 2010 (Unaudited)

Accumulated other comprehensive profit (loss)

	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	—	—	—	—	—	—	1,859	—	—	1,859
Proposed dividend	—	—	—	—	—	—	(500)	—	—	(500)
Dividend declared after balance sheet date	—	—	—	—	—	—	(500)	500	—	—
Employee benefit – tax effect	—	—	(30)	(30)	—	—	—	—	—	(30)
Unblocking of shares	—	157	(157)	—	—	—	—	—	—	—
Other comprehensive loss in companies included on the equity basis which was directly recorded to retained earnings	—	—	—	—	—	—	(86)	—	—	(86)
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	—	615	—	—	—	—	615
Profits in respect of securities available for sale that were realized and charged to profit and loss	—	—	—	—	(206)	—	—	—	—	(206)
Related tax effect	—	—	—	—	(145)	—	—	—	—	(145)
Adjustments from translation in respect of companies included on the equity basis	—	—	—	—	—	(24)	—	—	—	(24)
Loans to employees for purchase of the bank's shares	—	—	—	—	—	—	—	—	376	376
Balance at the end of the period	<u>7,059</u>	<u>1,129</u>	<u>10</u>	<u>8,198</u>	<u>573</u>	<u>(498)</u>	<u>14,949</u>	<u>500</u>	<u>(1)</u>	<u>23,721</u>

For the Nine Months Ended 30 September 2009 (Unaudited)

Accumulated other comprehensive profit (loss)

	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	—	—	—	—	—	—	1,470	—	—	1,470
Expiration of options	—	117	(117)	—	—	—	—	—	—	—
Other comprehensive profit in companies included on the equity basis which was directly recorded to retained earnings	—	—	—	—	—	—	28	—	—	28
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	—	2,050	—	—	—	—	2,050
Profits in respect of securities available for sale that were realized and charged to profit and loss	—	—	—	—	(685)	—	—	—	—	(685)
Related tax effect	—	—	—	—	(489)	—	—	—	—	(489)
Adjustments from translation in respect of companies included on the equity basis	—	—	—	—	—	26	—	—	—	26
Loans to employees for purchase of the bank's shares	—	—	—	—	—	—	—	—	(5)	(5)
Balance at the end of the period	<u>7,059</u>	<u>972</u>	<u>167</u>	<u>8,198</u>	<u>228</u>	<u>(476)</u>	<u>13,496</u>	<u>—</u>	<u>(379)</u>	<u>21,067</u>

For the Year Ended 31 December 2009 (Audited)

Accumulated other comprehensive profit (loss)

	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
Expirations of options	—	117	(117)	—	—	—	—	—	—
Benefit in respect of shares based payment transaction	—	—	30	30	—	—	—	—	30
Other comprehensive profit 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 NIS 10 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

29 November 2010

