Bank Leumi le-Israel B.M. and subsidiaries

Condensed Consolidated Balance Sheet as at 30 June 2011 (NIS millions)

Reported amounts

ASSETS	30.6.2011 (Unaudited)	30.6.2010 (Unaudited)	31.12.2010 (Audited)
Cash and deposits with banks	45,566	47,180	30,052
Securities	40,146	51,211	55,791
Securities borrowed or purchased under agreement to resell	1,330	725	1,190
Credit to the public (a)	232,670	222,806	234,255
Allowance for credit losses (a)	(4,322)	(10,353)	(10,274)
Net credit to the public	228,348	212,453	223,981
Credit to governments	352	396	379
Investments in companies included on equity basis	2,159	1,720	1,924
Buildings and equipment	3,627	3,564	3,638
Goodwill (a)	45	117	45
Assets in respect of derivative instruments (a)	7,764	8,303	8,716
Other assets (a) (b)	3,719	2,757	2,606
Total assets	333,056	328,426	328,322

LIABILITIES AND EQUITY CAPITAL	30.6.2011 (Unaudited)	30.6.2010 (Unaudited)	31.12.2010 (Audited)
Deposits of the public	252,704	251,677	249,584
Deposits from banks	5,362	3,288	2,691
Deposits from governments	443	909	660
Securities loaned or sold under agreement to repurchase	791	740	1,006
Debentures, bonds and subordinated notes	27,034	26,846	26,939
Liabilities in respect of derivative instruments (a)	9,447	9,498	9,985
Other liabilities (a) (b)	14,098	12,040	13,846
Total liabilities	309,879	304,998	304,711
Non-controlling interests	333	292	318
Shareholders' equity attributed to the shareholders of the banking corporation (b)	22,844	23,136	23,293
Total shareholders' equity	23,177	23,428	23,611
Total shareholders' equity and liabilities	333,056	328,426	328,322

Condensed Consolidated Statement of Profit and Loss for the Period Ended 30 June 2011 (NIS millions)

Reported amounts

	For the Three Months Ended 30 June		For the Six Months Ended 30 June		For the Year Ended 31 December
	2011	2010	2011	2010	2010
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Net interest income before expenses in respect of credit losses	1,951	1,639	3,890	3,446	7,433
Expenses (income) in respect of credit losses	73	196	(29)	326	584
Net interest income after expenses in respect of credit losses	1,878	1,443	3,919	3,120	6,849
Operating and other income					
Operating commissions	906	917	1,881	1,821	3,710
Profits from investments in shares, net	38	100	68	174	216
Other income	22	22	40	43	185
Total operating and other income	966	1,039	1,989	2,038	4,111
Operating and other expenses					
Salaries and related expenses (b)	1,272	1,199	2,622	2,409	4,676
Building and equipment maintenance and depreciation	432	391	840	771	1,591
Depreciation of goodwill (a)	—	4	—	8	80
Other expenses (a)	374	350	701	663	1,604
Total operating and other expenses	2,078	1,944	4,163	3,851	7,951
Operating profit before taxes	766	538	1,745	1,307	3,009
Provision for taxes on operating profit (b)	259	136	632	448	1,239
Operating profit after taxes	507	402	1,113	859	1,770
Equity in after-tax operating profit of companies included on equity basis	72	117	30	202	420
Net operating profit					
Before attribution to holders of non-controlling interests	579	519	1,143	1,061	2,190
Attributed to holders of non-controlling interests	(18)	(12)	(28)	(15)	(39)
Attributed to shareholders' of the banking corporation	561	507	1,115	1,046	2,151
Profit net, from extraordinary items after-tax before attribution to holders of non-controlling interests	2	182	3	186	183
Net profit for the period					
Before attribution to holders of non-controlling interests	581	701	1,146	1,247	2,373
Attributed to holders of non-controlling interests	(18)	(12)	(28)	(15)	(39)
Attributed to shareholders' of the banking corporation	563	689	1,118	1,232	2,334

Basic and diluted earnings per share

	(NIS)				
Net operating profit attributed to shareholders' of the banking corporation (b)	0.38	0.34	0.76	0.71	1.46
After-tax profit from extraordinary items attributed to shareholders' of the banking corporation	—	0.13	—	0.13	0.12
Total	0.38	0.47	0.76	0.84	1.58

(a) Comparative figures have been reclassified for adaptation to the method of presentation in the current period. Comparative figures in respect of credit to the public and allowance for credit losses have not been restated pursuant to implementation of the new directives, and are not comparable with current data.
(b) Restated.
The complete quarterly report for the period ended 30 June 2011 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 2011, according to which the financial statements have been prepared, was NIS 3.415.

Condensed Consolidated Statement of Changes in Shareholders' Equity
For the Period Ended 30 June 2011 (NIS millions)

Reported amount

For the Three Months Ended 30 June 2011 (Unaudited)

	Share capital	Capital reserves: Premium	Capital reserves: share-based payment transaction and others (a)	Total share capital and capital reserves	Accumulated other comprehensive income (expenses): Adjustments in respect of presentation of securities available for sale at fair value	Accumulated other comprehensive income (expenses): Translation adjustments (b)	Accumulated other comprehensive income (expenses): Capital reserves in respect of companies included on equity basis	Retained earnings	Dividend declared after balance sheet date	Loans to employees for purchase of the bank's shares	Total	Non-controlling Interests	Total shareholders' equity
Balance at the beginning of the period (d)	7,059	1,129	10	8,198	252	(132)	41	14,130	—	(1)	22,488	314	22,802
Net profit for the period	—	—	—	—	—	—	—	563	—	—	563	18	581
Benefit in respect of share-based transactions	—	—	14	14	—	—	—	—	—	—	14	—	14
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	—	(125)	—	—	—	—	—	(125)	—	(125)
Profits in respect of securities available for sale that were realized and charged to profit and loss	—	—	—	—	(66)	—	—	—	—	—	(66)	—	(66)
Related tax effect	—	—	—	—	13	—	—	—	—	—	13	—	13
Loans to employees for purchase of the bank's shares	—	—	—	—	—	—	—	—	—	(43)	(43)	—	(43)
Changes in non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	1	1
Balance at the end of the period	7,059	1,129	24	8,212	74	(132)	41	14,693	—	(44)	22,844	333	23,177

For the Three Months Ended 30 June 2010 (Unaudited)

	Share capital	Capital reserves: Premium	Capital reserves: share-based payment transaction and others (a)	Total share capital and capital reserves	Accumulated other comprehensive income (expenses): Adjustments in respect of presentation of securities available for sale at fair value	Accumulated other comprehensive income (expenses): Translation adjustments (b)	Retained earnings	Dividend declared after balance sheet date	Loans to employees for purchase of the bank's shares	Total	Non-controlling Interests	Total shareholders' equity
Balance at the beginning of the period (d)	7,059	972	197	8,228	637	(504)	14,323	—	(371)	22,313	285	22,598
Net profit for the period	—	—	—	—	—	—	689	—	—	689	12	701
Dividend declared after balance sheet date	—	—	—	—	—	—	(500)	500	—	—	—	—
Employee benefit - tax effect	—	—	(30)	(30)	—	—	—	—	—	(30)	—	(30)
Release of shares	—	157	(157)	—	—	—	—	—	—	—	—	—
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	—	(248)	—	—	—	—	(248)	(3)	(251)
Profit in respect of securities available for sale that were realized and charged to profit and loss	—	—	—	—	(65)	—	—	—	—	(65)	—	(65)
Related tax effect	—	—	—	—	64	—	—	—	—	64	—	64
Adjustments from translation in respect of companies included on equity basis	—	—	—	—	—	44	—	—	—	44	—	44
Loans to employees for purchase of the bank's shares	—	—	—	—	—	—	—	—	369	369	—	369
Changes in non-controlling interests	—	—	—	—	—	—	—	—	—	—	(2)	(2)
Balance at the end of the period (d)	7,059	1,129	10	8,198	388	(460)	14,512	500	(2)	23,136	292	23,428

For the Six Months Ended 30 June 2011 (Unaudited)

	Share capital	Capital reserves: Premium	Capital reserves: share-based payment transaction and others (a)	Total share capital and capital reserves	Accumulated other comprehensive income (expenses): Adjustments in respect of presentation of securities available for sale at fair value	Accumulated other comprehensive income (expenses): Translation adjustments (b)	Accumulated other comprehensive income (expenses): Capital reserves in respect of companies included on equity basis	Retained earnings	Dividend declared after balance sheet date	Loans to employees for purchase of the bank's shares	Total	Non-controlling Interests	Total shareholders' equity
Balance at the beginning of the period (audited) (d)	7,059	1,129	10	8,198	468	(460)	25	15,063	—	(1)	23,293	318	23,611
Adjustment of opening balance in respect of change to impaired debts and IFRS (b) (c)	—	—	—	—	—	381	—	(1,090)	—	—	(709)	(14)	(723)
Net profit for the period	—	—	—	—	—	—	—	1,118	—	—	1,118	28	1,146
Dividend paid	—	—	—	—	—	—	—	(400)	—	—	(400)	—	(400)
Benefit in respect of share-based transactions	—	—	14	14	—	—	—	—	—	—	14	—	14
Adjustments in respect of companies included on equity basis, net	—	—	—	—	—	(53)	16	2	—	—	(35)	—	(35)
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	—	(365)	—	—	—	—	—	(365)	—	(365)
Profits in respect of securities available for sale that were realized and charged to profit and loss	—	—	—	—	(150)	—	—	—	—	—	(150)	—	(150)
Related tax effect	—	—	—	—	121	—	—	—	—	—	121	—	121
Loans to employees for purchase of the bank's shares	—	—	—	—	—	—	—	—	—	(43)	(43)	—	(43)
Changes in non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	1	1
Balance at the end of the period	7,059	1,129	24	8,212	74	(132)	41	14,693	—	(44)	22,844	333	23,177

For the Six Months Ended 30 June 2010 (Unaudited)

	Share capital	Capital reserves: Premium	Capital reserves: share-based payment transaction and others (a)	Total share capital and capital reserves	Accumulated other comprehensive income (expenses): Adjustments in respect of presentation of securities available for sale at fair value	Accumulated other comprehensive income (expenses): Translation adjustments (b)	Retained earnings	Dividend declared after balance sheet date	Loans to employees for purchase of the bank's shares	Total	Non-controlling Interests	Total shareholders' equity
Balance at the beginning of the period (audited) (d)	7,059	972	197	8,228	309	(474)	13,846	—	(377)	21,532	282	21,814
Net profit for the period	—	—	—	—	—	—	1,232	—	—	1,232	15	1,247
Dividend declared after balance sheet date	—	—	—	—	—	—	(500)	500	—	—	—	—
Employee benefit - tax effect	—	—	(30)	(30)	—	—	—	—	—	(30)	—	(30)
Release of shares	—	157	(157)	—	—	—	—	—	—	—	—	—
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	—	288	—	—	—	—	288	(3)	285
Profit in respect of securities available for sale that were realized and charged to profit and loss	—	—	—	—	(128)	—	—	—	—	(128)	—	(128)
Related tax effect	—	—	—	—	(81)	—	—	—	—	(81)	—	(81)
Adjustments from translation in respect of companies included on equity basis	—	—	—	—	—	14	(66)	—	—	(52)	—	(52)
Loans to employees for purchase of the bank's shares	—	—	—	—	—	—	—	—	375	375	—	375
Changes in non-controlling interests	—	—	—	—	—	—	—	—	—	—	— (2)	— (2)
Balance at the end of the period (d)	7,059	1,129	10	8,198	388	(460)	14,512	500	(2)	23,136	292	23,428

For the Year Ended 31 December 2010 (Audited)

	Share capital	Capital reserves: Premium	Capital reserves: share-based payment transaction and others (a)	Total share capital and capital reserves	Accumulated other comprehensive income (expenses): Adjustments in respect of presentation of securities available for sale at fair value	Accumulated other comprehensive income (expenses): Translation adjustments (b)	Accumulated other comprehensive income (expenses): Capital reserves in respect of companies included on equity basis	Retained earnings	Loans to employees for purchase of the bank's shares	Total	Non-controlling Interests	Total shareholders' equity
Balance as at 31 December 2009 (audited) (d)	7,059	972	197	8,228	309	(474)	—	13,846	(377)	21,532	282	21,814
Net profit for the period (d)	—	—	—	—	—	—	—	2,334	—	2,334	39	2,373
Expiration of options	—	157	(157)	—	—	—	—	—	—	—	—	—
Employee benefit - tax effect	—	—	(30)	(30)	—	—	—	—	—	(30)	—	(30)
Dividend paid	—	—	—	—	—	—	—	(500)	—	(500)	—	(500)
Proposed dividend	—	—	—	—	—	—	—	(500)	—	(500)	—	(500)
Adjustments in respect of companies included on equity basis, net	—	—	—	—	—	14	25	(117)	—	(78)	—	(78)
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	—	538	—	—	—	—	538	—	538
Profits in respect of securities available for sale that were realized and charged to profit and loss	—	—	—	—	(303)	—	—	—	—	(303)	—	(303)
Related tax effect	—	—	—	—	(76)	—	—	—	—	(76)	—	(76)
Loans to employees for purchase of the Bank's shares	—	—	—	—	—	—	—	—	376	376	—	376
Changes in non-controlling interests	—	—	—	—	—	—	—	—	—	—	(3)	(3)
Balance as at 31 December 2010 (d)	7,059	1,129	10	8,198	468	(460)	25	15,063	(1)	23,293	318	23,611

(a) Including NIS10 million of other capital reserves.
(b) Adjustments arising from translation of the financial statements of foreign subsidiaries, whose functional currency is different from the functional currency of the Bank. In 2011 adjustments arising from translation were moved to retained earnings that were accumulated due to the change to reporting according to IAS21, in the sum of NIS 381 million.
(c) Including NIS 721 million in respect of change implemantation of impaired debts directives (NIS 1,319 million gross).
(d) Restated.

David Brodet
Chairman of the Board of Directors

Galia Maor
President and Chief Executive Officer

Menachem Schwartz
First Executive Vice President
Chief Accounting Officer
Head of Accounting Division

30 August 2011

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