

Financial statements of the Leumi Group as at June 30, 2007:

Net profit for the second quarter of 2007 was NIS 913 million (\$215 million) – an increase of 141.5% compared with the corresponding quarter of 2006

- ▶ Net operating profit for the second quarter was also NIS 913 million (\$215 million) – an increase of 148.8% compared with the corresponding quarter of 2006
- ▶ Net profit for the first half of 2007 was NIS 1.83 billion (\$431 million), compared with NIS 1.49 billion (\$351 million) in the corresponding period of 2006 – an increase of 22.8%
- ▶ Net operating profit for the first half of 2007 was NIS 1.57 billion (\$370 million), compared with NIS 767 million (\$181 million) in the corresponding period of 2006 – an increase of 104.8%
- ▶ Net return on equity amounted to 21% (on an annual basis) in the first half of 2007, compared with 18.5% in the corresponding period of 2006, and 20.1% for all of 2006
- ▶ The return on net operating profit in the first half of 2007 was 17.9% (on an annual basis), compared with 9.3% in the corresponding period of 2006 and 8.3% for all of 2006
- ▶ Leumi's capital adequacy ratio continues to be high at 11.9%

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**The Leumi Group today
published its financial
statements for June 30, 2007.**

The statements show that the **net profit** of the Group for the first half of 2007 is NIS 1,830 million (\$431 million), compared with NIS 1,490 million (\$351 million) in the corresponding period last year – **an increase of 22.8%**. In the second quarter of 2007, the Leumi Group's net profit amounted to NIS 913 million (\$215 million), compared with NIS 378 million (\$89 million) for the second quarter of 2006 – **an increase of 141.5%**.

The Group's financial statements for the first half of 2006 included a profit from extraordinary items in the amount of NIS 723 million (\$170 million), after the effect of tax, derived mainly from the sale of Leumi's holdings in Africa Israel and 10% of the shares in Migdal Insurance. The financial statements for the first half of 2006 also included special salary expenses connected to the Bank's privatization and to severance pay and pension obligations, which amounted to NIS 524 million (\$123 million), before the effect of tax. The financial statements for the first half of 2007 include a profit from extraordinary items in the amount of NIS 259 million (\$61 million), after the effect of tax, derived from the sale of a portion of Leumi's provident funds. The statements for the first half of 2007 also include special salary expenses, connected mainly to the Bank's privatization, in the amount of NIS 124 million (\$29 million), before the effect of tax.

Net operating profit in the first half of 2007 amounted to NIS 1,571 million (\$370 million), compared with NIS 767 million (\$181 million) in the first half of 2006 – **an increase of 104.8%**. **Net operating profit** in the second quarter of 2007 amounted to NIS 913 million (\$215 million), compared with NIS 367 million (\$86 million) in the second quarter of 2006 – **an increase of 148.8%**.

The return on shareholder's equity in the first half of 2007 was 21.0% on an annual basis, compared with 18.5% in the first half of last year. The return on shareholder's equity in the second quarter of 2007 amounted to 20.9% on an annual basis, compared with 8.9% in the corresponding quarter last year.

The return on net operating profit in the first half of 2007 was 17.9%, compared with 9.3% in the first half of last year. The return on net operating profit in the second quarter of 2007 amounted to 20.9% on an annual basis, compared with 8.6% in the corresponding quarter last year.

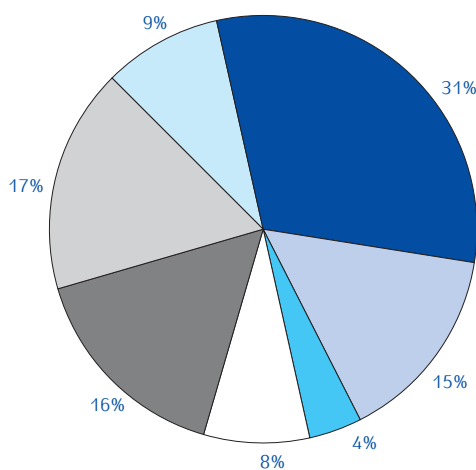
**The factors that favorably
contributed to Leumi's profits
in the first half of 2007:**

- A decrease of 87.3% in the provision for doubtful debts from NIS 386 million (\$91 million) for the first half of 2006 to NIS 49 million (\$12 million) for the first half of 2007.
- An increase of 4.7%, to NIS 3,602 million (\$848 million) in net interest income before provision for doubtful debts, compared with NIS 3,441 million (\$810 million) in the corresponding period of 2006.
- An increase of 8.2%, to NIS 2,121 million (\$499 million) in operating income compared with NIS 1,960 million (\$461 million) in the corresponding period last year.
- A decrease of NIS 418 million (\$98 million) in operating and other expenses.

Additional data from the financial statements:

- **Total assets of the Leumi Group** on June 30, 2007 amounted to NIS 297.0 billion (\$69.9 billion), compared with NIS 275.9 billion (\$64.9 billion) on June 30, 2006 (an increase of 7.6%), and NIS 289.3 billion (\$68.1 billion) on December 31, 2006 (an increase of 2.6%).
- **Credit to the public** on June 30, 2007 amounted to NIS 193.9 billion (\$45.6 billion), compared with NIS 181.9 billion (\$42.8 billion) on June 30, 2006 (an increase of 6.6%) and NIS 183.8 billion (\$43.3 billion) on December 31, 2006 (an increase of 5.5%).
- **Deposits from the public** on June 30, 2007 amounted to NIS 236.5 billion (\$55.7 billion), compared with NIS 219.4 billion (\$51.6 billion) on June 30, 2006 (an increase of 7.8%) and NIS 231.8 billion (\$54.6 billion) on December 31, 2006 (an increase of 2.0 %).
- **The shareholders' equity** of the Group on June 30, 2007 amounted to NIS 19.6 billion (\$4.6 billion), compared with NIS 17.4 billion (\$4.1 billion) on June 30, 2006 (an increase of 13.2 %) and NIS 17.5 billion (\$4.1 billion) on December 31, 2006 (an increase of 12.3 %).

Contribution of operational segments to the net operating profit



- Corporate Banking
- Financial Management and others
- Private Banking
- Small Businesses
- Households
- Commercial Banking
- Construction & Real Estate

Leumi Group – Main data from the financial statements

Leumi Group – Profit and Profitability (in NIS millions)						
	For the six months ended June 30			For the three months ended June 30		
	2007	2006	% Change	2007	2006	% Change
Net interest income before provision for doubtful debts	3,602	3,441	4.7	1,809	1,796	0.7
Provision for doubtful debts	49	386	(87.3)	38	185	(79.5)
Operating and other income	2,121	1,960	8.2	1,131	1,017	11.2
Operating and other expenses	3,288	3,706	(11.3)	1,656	1,882	(12.0)
Net operating profit	1,571	767	104.8	913	367	148.8
Net profit for the period	1,830	1,490	22.8	913	378	141.5

Development of Balance Sheet Items (in NIS billions)					
	As at June 30, 2007	As at June 30, 2006	As at Dec. 31, 2006	% change compared with	
				June 30, 2006	Dec. 31, 2006
Total assets	297.0	275.9	289.3	7.6	2.6
Credit to the public	193.9	181.9	183.8	6.6	5.5
Deposits from the public	236.5	219.4	231.8	7.8	2.0
Shareholders' equity	19.6	17.4	17.5	13.2	12.3

Principal Financial Ratios (%)			
	As at June 30, 2007	As at June 30, 2006	As at Dec. 31, 2006
Credit to the public to total assets	65.4	65.9	63.5
Deposits of the public to total assets	79.7	79.5	80.1
Total shareholders' equity to risk assets (capital adequacy ratio)	11.89	12.1	11.56
Tier I capital to risk assets	7.78	7.86	7.53
Provision for doubtful debts from credit to the public	0.05	0.42	0.51
Financial margin	1.46	1.83	1.85
Operating expenses to total income (efficiency ratio)	57.5	68.5	65.7
Return on net operating profit	17.9	9.3	8.3
Return on net profit	21.0	18.5	20.1

The data in this Press Release has been converted into dollars solely for convenience, at the representative rate of exchange published by the Bank of Israel prevailing on June 30, 2007, which was 4.249.