

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

Condensed Consolidated Balance Sheet as at 31 March 2006 (NIS millions)

Reported amounts

ASSETS	31.3.2006 (Unaudited)	31.3.2005 (Unaudited)	31.12.2005 (Audited)
Cash and deposits with banks	35,568	31,333	35,381
Securities	48,365	44,692	47,825
Credit to the public	177,584	168,921	177,255
Credit to governments	808	913	848
Investments in companies included on the equity basis	1,255	1,843	2,064
Buildings and equipment	2,894	2,710	2,843
Other assets	6,525	6,493	6,608
Total assets	272,999	256,905	272,824

LIABILITIES AND EQUITY CAPITAL	31.3.2006 (Unaudited)	31.3.2005 (Unaudited)	31.12.2005 (Audited)
Deposits of the public	221,807	210,109	221,828
Deposits from banks	4,423	5,986	4,347
Deposits from governments	2,173	3,070	2,225
Debentures, bonds and subordinated notes	16,889	12,673	17,253
Other liabilities	10,272	9,339	10,966
Total liabilities	255,564	241,177	256,619
Minority interest	152	267	205
Shareholders' equity	17,283	15,461	16,000
Total liabilities and equity capital	272,999	256,905	272,824

**Condensed Consolidated Statement of Profit and Loss  
for the Period Ended 31 March 2006 (NIS millions)**

**Reported amounts**

	For the Three Months Ended 31 March		For the Year Ended 31 December
	2006 (Unaudited)	2005 (Unaudited)	2005 (Audited)
Net interest income before provision for doubtful debts	1,645	1,592	6,628
Provision for doubtful debts	201	445	1,426
Net interest income after provision for doubtful debts	1,444	1,147	5,202
<b>Operating and other income</b>			
Operating commissions	742	693	2,810
Profits from investments in shares, net	4	7	43
Other income	194	187	865
Total operating and other income	940	887	3,718
<b>Operating and other expenses</b>			
Salaries and related expenses	1,189	864	3,627
Building and equipment maintenance and depreciation	287	277	1,168
Other expenses	345	279	1,275
Total operating and other expenses	1,821	1,420	6,070
Operating profit before taxes	563	614	2,850
Provision for taxes on operating profit	240	233	1,193
Operating profit after taxes	323	381	1,657
Equity in after-tax operating profit of companies included on equity basis	78	141	378
Minority interest in after-tax operating losses (profits) of subsidiaries	(1)	9	24
Net operating profit	400	531	2,059
After-tax profit (loss) from extraordinary items	712	(3)	77
Net profit for the period	1,112	528	2,136

**Profit per share**

	(NIS)		
Net operating profit	0.283	0.375	1.456
After-tax profit (loss) from extraordinary items	0.503	(0.002)	0.054
Total	0.786	0.373	1.510

Number of shares

	(NIS thousands)		
for the purpose of the above calculation	1,414,233	1,414,233	1,414,233

The complete quarterly report for the period ended 31 March 2006 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 31 March 2006, according to which the financial statements have been prepared, was NIS 4.665.

Eitan Raff  
Chairman of the Board of Directors

Galia Maor  
President and Chief Executive Officer

Zeev Nahari  
Deputy Chief Executive Officer  
Head of Finance and Accounting Division

**Condensed Consolidated Statement of Changes in Shareholders' Equity  
for the Period Ended 31 March 2006 (NIS millions)**

**Reported amounts**

For the Three Months Ended 31 March (Unaudited)

	2006			2005		
	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	7,010	8,990	16,000	7,010	7,976	14,986
Net profit for the period	—	1,112	1,112	—	528	528
Benefit inherent in the allotment of share options to employees	—	33	33	—	—	—
Adjustments in respect of presentation of securities available for sale at fair value	—	245	245	—	(72)	(72)
Related tax effect	—	(100)	(100)	—	23	23
Translation adjustments for companies included on equity basis	—	(12)	(12)	—	(8)	(8)
Loans to employees for purchase of the Bank's shares	—	5	5	—	4	4
Balance at the end of the period	<u>7,010</u>	<u>10,273(A)</u>	<u>17,283</u>	<u>7,010</u>	<u>8,451(A)</u>	<u>15,461</u>

For the Year Ended 31 December 2005 (Audited)

	Capital and capital reserves	Retained earnings	Total Shareholders' equity
Balance as at 1 January 2005	7,010	7,976	14,986
Net profit for the year	—	2,136	2,136
Proposed dividend	—	(1,103)	(1,103)
Adjustments in respect of presentation of securities available for sale at fair value	—	(83)	(83)
Related tax effect	—	35	35
Translation adjustments for companies included on equity basis	—	25	25
Loans to employees for purchase of the Bank's shares	—	4	4
Balance as at 31 December 2005	<u>7,010</u>	<u>8,990(A)</u>	<u>16,000</u>

(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 (354) millions (31 March 2005 - NIS (375) millions, 31 December 2005 - NIS (342) millions).
- Adjustments in respect of presentation of securities available for sale at fair value in a net amount of NIS 191 millions (31 March 2005 - NIS 45 millions, 31 December 2005 - NIS 46 millions).

31 May 2006

