

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

Condensed Consolidated Balance Sheet as at 30 June 2006 (NIS millions)

Reported amounts

ASSETS	30.6.2006 (Unaudited)	30.6.2005 (Unaudited)	31.12.2005 (Audited)
Cash and deposits with banks	34,335	35,403	35,381
Securities	47,787	46,080	47,825
Credit to the public	177,974	169,674	177,255
Credit to governments	691	929	848
Investments in companies included on the equity basis	1,224	1,825	2,064
Buildings and equipment	2,951	2,773	2,843
Other assets	7,426	6,914	6,608
Total assets	<u>272,388</u>	<u>263,598</u>	<u>272,824</u>

LIABILITIES AND EQUITY CAPITAL	30.6.2006 (Unaudited)	30.6.2005 (Unaudited)	31.12.2005 (Audited)
Deposits of the public	219,372	216,423	221,828
Deposits from banks	6,258	5,539	4,347
Deposits from governments	1,796	2,588	2,225
Debentures, bonds and subordinated notes	17,022	13,346	17,253
Other liabilities	10,435	9,367	10,966
Total liabilities	<u>254,883</u>	<u>247,263</u>	<u>256,619</u>
Minority interest	154	249	205
Shareholders' equity	<u>17,351</u>	<u>16,086</u>	<u>16,000</u>
Total liabilities and equity capital	<u>272,388</u>	<u>263,598</u>	<u>272,824</u>

## Condensed Consolidated Statement of Profit and Loss for the Periods Ended 30 June 2006 (NIS millions)

Reported amounts

	For the Three Months Ended 30 June		For the Six Months Ended 30 June		For the Year Ended 31 December
	2006 (Unaudited)	2005 (Unaudited)	2006 (Unaudited)	2005 (Unaudited)	2005 (Audited)
Net interest income before provision for doubtful debts	1,796	1,605	3,441	3,197	6,628
Provision for doubtful debts	185	494	386	939	1,426
Net interest income after provision for doubtful debts	<u>1,611</u>	<u>1,111</u>	<u>3,055</u>	<u>2,258</u>	<u>5,202</u>
<b>Operating and other income</b>					
Operating commissions	736	696	1,478	1,389	2,810
Profits from investments in shares, net	82	18	86	25	43
Other income	197	192	391	379	865
Total operating and other income	<u>1,015</u>	<u>906</u>	<u>1,955</u>	<u>1,793</u>	<u>3,718</u>
<b>Operating and other expenses</b>					
Salaries and related expenses	1,252	855	2,441	1,719	3,627
Building and equipment maintenance and depreciation	297	283	584	560	1,168
Other expenses	331	291	676	570	1,275
Total operating and other expenses	<u>1,880</u>	<u>1,429</u>	<u>3,701</u>	<u>2,849</u>	<u>6,070</u>
Operating profit before taxes	746	588	1,309	1,202	2,850
Provision for taxes on operating profit	398	172	638	405	1,193
Operating profit after taxes	<u>348</u>	<u>416</u>	<u>671</u>	<u>797</u>	<u>1,657</u>
Equity in after-tax operating profit of companies included on equity basis	20	120	98	261	378
Minority interest in after-tax operating losses (profits) of subsidiaries	(1)	5	(2)	14	24
Net operating profit	367	541	767	1,072	2,059
After-tax profit from extraordinary items	11	37	723	34	77
Net profit for the period	<u>378</u>	<u>578</u>	<u>1,490</u>	<u>1,106</u>	<u>2,136</u>

### Profit per share

	(NIS)				
Net operating profit	0.260	0.383	0.542	0.758	1.456
After-tax profit from extraordinary items	0.008	0.026	0.511	0.024	0.054
Total	<u>0.268</u>	<u>0.409</u>	<u>1.053</u>	<u>0.782</u>	<u>1.510</u>

	(NIS thousands)				
Number of shares for the above computation	<u>1,414,233</u>	<u>1,414,233</u>	<u>1,414,233</u>	<u>1,414,233</u>	<u>1,414,233</u>

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

The complete quarterly report for the periods ended 30 June 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 30 June 2006, according to which the financial statements have been prepared, was NIS 4.44.

## Condensed Consolidated Statement of Changes in Shareholders' Equity for the Periods Ended 30 June 2006 (NIS millions)

Reported amounts

	For the Three Months Ended 30 June (Unaudited)			For the Six Months Ended 30 June (Unaudited)		
	2006		Total Shareholders' equity	2005		Total Shareholders' equity
	Capital and capital reserves	Retained earnings		Capital and capital reserves	Retained earnings	
Balance at the beginning of the period	7,010	10,257	17,285	7,010	8,451	15,461
Net profit for the period	—	378	378	—	578	578
Benefit in respect of share options and shares to employees	—	219	219	—	—	—
Adjustments in respect of presentation of securities available for sale at fair value	—	(135)	(135)	—	79	79
Related tax effect	—	57	57	—	(30)	(30)
Translation adjustments for companies included on equity basis	—	13	31	—	(2)	(2)
Loans to employees for purchase of the Bank's shares	—	(466)	(466)	—	—	—
Balance at the end of the period	<u>7,010</u>	<u>10,341(A)</u>	<u>17,351</u>	<u>7,010</u>	<u>9,076(A)</u>	<u>16,086</u>

	For the Six Months Ended 30 June (Unaudited)			For the Year Ended 31 December 2005 (Audited)		
	2006		Total Shareholders' equity	2005		Total Shareholders' equity
	Capital and capital reserves	Retained earnings		Capital and capital reserves	Retained earnings	
Balance at the beginning of the period	7,010	8,990	16,000	7,010	7,976	14,986
Net profit for the period	—	1,490	1,490	—	1,106	1,106
Benefit in respect of share options and shares to employees	—	252	252	—	—	—
Adjustments in respect of presentation of securities available for sale at fair value	—	111	111	—	7	7
Related tax effect	—	(42)	(42)	—	(7)	(7)
Translation adjustments for companies included on equity basis	—	1	1	—	(10)	(10)
Loans to employees for purchase of the Bank's shares	—	(461)	(461)	—	4	4
Balance at the end of the period	<u>7,010</u>	<u>10,341(A)</u>	<u>17,351</u>	<u>7,010</u>	<u>9,076(A)</u>	<u>16,086</u>

	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>

30 August 2006

(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 (341) millions (30 June 2005 - NIS (377) 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 115 millions (30 June 2005 - NIS (94) millions, 31 December 2005 - NIS 46 millions).

