

Bank Leumi le-Israel B.M. and subsidiaries

Condensed Consolidated Balance Sheet as at 30 September 2003
adjusted for the effect of inflation on the basis of the index of September 2003 (NIS millions)

ASSETS	30.9.2003	30.9.2002	31.12.2002
	(Unaudited)	(Unaudited)	(Audited)
Cash and deposits with banks	21,913	23,136	23,867
Securities	38,704	36,775	36,289
Credit to the public	170,115	172,851	172,452
Credit to governments	1,225	1,514	1,431
Investments in companies included on equity basis	1,321	1,403	1,355
Buildings and equipment	2,572	2,518	2,562
Other assets	7,057	5,797	6,544
Total assets	242,907	243,994	244,500

LIABILITIES AND EQUITY CAPITAL	30.9.2003	30.9.2002	31.12.2002
	(Unaudited)	(Unaudited)	(Audited)
Deposits of the public	201,800	203,140	205,826
Deposits from banks	4,034	5,078	3,686
Deposits from governments	3,035	3,335	2,944
Debentures, bonds and subordinated notes	10,696	10,836	10,267
Other liabilities	8,805	8,025	8,162
Total liabilities	228,370	230,414	230,885
Minority interest	260	362	415
Shareholders' equity	14,277	13,218	13,200
Total liabilities and equity capital	242,907	243,994	244,500

Condensed Consolidated Statement of Profit and Loss for the Periods Ended 30 September 2003 adjusted for the effect of inflation on the basis of the index of September 2003 (NIS millions)

	For the Three Months Ended 30 September		For the Nine Months Ended 30 September		For the Year Ended 31 December
	2003 (Unaudited)	2002 (Unaudited)	2003 (Unaudited)	2002 (Unaudited)	2002 (Audited)
Net interest income before provision for doubtful debts	1,553	1,403(A)	4,545	3,667(A)	5,104
Provision for doubtful debts	387	615	1,267	1,302	1,915
Net interest income after provision for doubtful debts	1,166	788	3,278	2,365	3,189
Operating and other income					
Operating commissions	601	604	1,828	1,837	2,441
Profits (losses) from investments in shares, net	16	(3)(A)	35	9(A)	(7)
Other income	114	113	460	366	472
Total operating and other income	731	714	2,323	2,212	2,906
Operating and other expenses					
Salaries and related expenses	846	821	2,501	2,380	3,489
Building and equipment maintenance and depreciation	256	261	774	726	992
Other expenses	249	238	776	705	790
Total operating and other expenses	1,351	1,320	4,051	3,811	5,271
Operating profit before taxes	546	182	1,550	766	824
Provision for taxes on operating profit	155	55	728	301	263
Operating profit after taxes	391	127	822	465	561
Equity in after-tax operating profit (loss) of companies included on equity basis	37	(2)	111	4	(33)
Minority interest in after-tax operating profits of subsidiaries	(16)	(11)	(1)	(53)	(113)
Net operating profit	412	114	932	416	415
After-tax profit (loss) from extraordinary items	6	(1)	(18)	(3)	9
Net profit for the period	418	113	914	413	424

**Profit per NIS 1 par
value of share capital**

	(NIS)				
Net operating profit	0.291	0.081	0.659	0.294	0.294
After-tax profit (loss) from extraordinary items	0.004	(0.001)	(0.013)	(0.002)	0.006
Total	0.295	0.080	0.646	0.292	0.300

	(NIS thousands)				
Par value of share capital used in the above computation	1,414,233	1,414,233	1,414,233	1,414,233	1,414,233

(A) Reclassified.

The complete report for the periods ended 30 September 2003 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, 2003, according to which the financial statements have been prepared, was NIS 4.441.

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 Periods Ended
30 September 2003 adjusted for the effect of inflation on the basis of the index of September 2003 (NIS millions)**

For the Three Months Ended 30 September (Unaudited)

	2003			2002		
	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	7,040	6,892	13,932	7,040	6,032	13,072
Net profit for the period	—	418	418	—	113	113
Adjustments in respect of presentation of securities available for sale at fair value	—	(95)	(95)	—	38	38
Related tax effect	—	42	42	—	(9)	(9)
Translation adjustments for companies included on equity basis	—	(20)	(20)	—	4	4
Balance at the end of the period	<u>7,040</u>	<u>7,237 (A)</u>	<u>14,277</u>	<u>7,040</u>	<u>6,178 (A)</u>	<u>13,218</u>

For the Nine Months Ended 30 September (Unaudited)

	2003			2002		
	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	7,040	6,160	13,200	7,040	5,985	13,025
Net profit for the period	—	914	914	—	413	413
Adjustments in respect of presentation of securities available for sale at fair value	—	352	352	—	(432)	(432)
Related tax effect	—	(159)	(159)	—	202	202
Translation adjustments for companies included on equity basis	—	(30)	(30)	—	10	10
Balance at the end of the period	<u>7,040</u>	<u>7,237 (A)</u>	<u>14,277</u>	<u>7,040</u>	<u>6,178 (A)</u>	<u>13,218</u>

For the Year Ended 31 December 2002 (Audited)

	Capital and capital reserves	Retained earnings	Total Shareholders' equity
Balance as at 1 January 2002	7,040	5,985	13,025
Net profit for the year	—	424	424
Adjustments in respect of presentation of securities available for sale at fair value	—	(425)	(425)
Related tax effect	—	194	194
Translation adjustments for companies included on equity basis	—	14	14
Loans to employees for purchase of the Bank's shares	—	(32)	(32)
Balance as at 31 December 2002	<u>7,040</u>	<u>6,160 (A)</u>	<u>13,200</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 (400) millions (30 September 2002 - NIS (374) millions, 31 December 2002 - NIS (370) millions).
- Adjustments in respect of presentation of securities available for sale at fair value less related taxation, amounting to NIS 57 millions (30 September 2002 - NIS (135) millions, 31 December 2002 - NIS (136) millions).

30 November 2003