

Bank Leumi le-Israel B.M. and subsidiaries

Condensed Consolidated Balance Sheet as at 30 September 2009 (NIS millions)

Reported amounts

	30.9.2009 (Unaudited)	30.9.2008 (Unaudited)	31.12.2008 (Audited)
ASSETS			
Cash and deposits with banks	43,934	29,027	33,130
Securities	58,381	41,566	44,910
Securities borrowed or purchased under agreement to resell	1,823	483	201
Credit to the public	203,971	207,489	213,215
Credit to governments	430	512	520
Investments in companies included on the equity basis	1,908	2,031	1,842
Buildings and equipment	3,544	3,368	3,445
Other assets	9,639	9,335	13,529
Total assets	323,630	293,811	310,792
LIABILITIES AND EQUITY CAPITAL			
Deposits of the public	249,433	225,952	244,783
Deposits from banks	5,395	6,457	3,742
Deposits from governments	719	827	831
Securities loaned or sold under agreement to repurchase	1,316	549	549
Debentures, bonds and subordinated notes	25,471	22,257	20,636
Other liabilities	19,955	17,978	21,334
Total liabilities	302,289	274,020	291,875
Minority interest	274	229	245
Shareholders' equity	21,067	19,562	18,672
Total liabilities and equity capital	323,630	293,811	310,792

Condensed Consolidated Statement of Profit and Loss for the Period Ended 30 September 2009 (NIS millions)

Reported amounts

	For the Three Months Ended 30 September		For the Nine Months Ended 30 September		For the Year Ended 31 December
	2009 (Unaudited)	2008 (Unaudited)	2009 (Unaudited)	2008 (Unaudited)	2008 (Audited)
Net interest income before provision for doubtful debts	1,923	1,491	5,211	5,404	6,380
Provision for doubtful debts	443	495	1,136	1,055	2,145
Net interest income after provision for doubtful debts	1,480	996	4,075	4,349	4,235
Operating and other income					
Operating commissions	915	887 (A)	2,586	2,671 (A)	3,538(A)
Profits (losses) from investments in shares, net	286	(363)	471	(478)	(912)
Other income	91	16 (A)	251	62 (A)	174(A)
Total operating and other income	1,292	540	3,308	2,255	2,800
Operating and other expenses					
Salaries and related expenses	1,052	1,043	2,864	3,149	4,118
Building and equipment maintenance and depreciation	366	353	1,110	1,020	1,397
Other expenses	340	350	988	1,033	1,488
Total operating and other expenses	1,758	1,746	4,962	5,202	7,003
Operating profit (loss) before taxes	1,014	(210)	2,421	1,402	32
Provision for taxes on operating profit	499	61	950	844	421
Operating profit (loss) after taxes	515	(271)	1,471	558	(389)
Equity in after-tax operating profits of companies included on equity basis	30	191	—	471	249
Minority interest in after-tax operating profits of subsidiaries	(11)	(5)	(29)	(3)	(18)
Net operating profit (loss)	534	(85)	1,442	1,026	(158)
After-tax profit from extraordinary items	—	1	28	249	250
Net profit (loss) for the period	534	(84)	1,470	1,275	92
Basic and diluted earnings per share	(NIS)				
Net operating profit (loss)	0.36	(0.06)	0.98	0.70	(0.11)
After-tax profit from extraordinary items	—	—	0.02	0.17	0.17
Total	0.36	(0.06)	1.00	0.87	0.06

(A) Reclassified.

The complete quarterly report for the period ended 30 September 2009 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 2009, according to which the financial statements have been prepared, was NIS 3.758

Condensed Consolidated Statement of Changes in Shareholders' Equity
For the Period Ended 30 September 2009 (NIS millions)
Reported amount

For the Three Months Ended 30 September 2009 (Unaudited)

Accumulated other comprehensive profit (loss)

	Share capital	Premium	Capital reserves in respect of share-based payment transaction and others (a)	Total share capital and capital reserves	Adjustments in respect of presentation of securities available for sale at fair value	Translation adjustments (b)	Retained earnings	Dividend declared after balance sheet date	Loans to employees for purchase of the bank's shares	Total shareholders' equity
Balance at the beginning of the period	7,059	972	167	8,198	(70)	(558)	13,025	—	(373)	20,222
Net profit for the period	—	—	—	—	—	—	534	—	—	534
Other comprehensive loss in companies included on the equity basis which was directly recorded to retained earnings	—	—	—	—	—	—	(63)	—	—	(63)
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	—	878	—	—	—	—	878
Profits in respect of securities available for sale that were realized and charged to profit and loss	—	—	—	—	(399)	—	—	—	—	(399)
Related tax effect	—	—	—	—	(181)	—	—	—	—	(181)
Adjustments from translation in respect of companies included on the equity basis	—	—	—	—	—	82	—	—	—	82
Loans to employees for purchase of the bank's shares	—	—	—	—	—	—	—	—	(6)	(6)
Balance at the end of the period	<u>7,059</u>	<u>972</u>	<u>167</u>	<u>8,198</u>	<u>228</u>	<u>(476)</u>	<u>13,496</u>	<u>—</u>	<u>(379)</u>	<u>21,067</u>

For the Three Months Ended 30 September 2008 (Unaudited)

Accumulated other comprehensive profit (loss)

	Share capital	Premium	Capital reserves in respect of share-based payment transaction and others (a)	Total share capital and capital reserves	Adjustments in respect of presentation of securities available for sale at fair value	Translation adjustments (b)	Retained earnings	Dividend declared after balance sheet date	Loans to employees for purchase of the bank's shares	Total shareholders' equity
Balance at the beginning of the period	7,345	520	323	8,188	(85)	(630)	13,328	—	(373)	20,428
Net loss for the period	—	—	—	—	—	—	(84)	—	—	(84)
Issue of shares	3	32	—	35	—	—	—	—	—	35
Other comprehensive loss in companies included on the equity basis which was directly recorded to retained earnings	—	—	—	—	—	—	(34)	—	—	(34)
Benefit in respect of shares based payment transaction	—	—	(30)	(30)	—	—	—	—	—	(30)
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	—	(1,640)	—	—	—	—	(1,640)
Losses in respect of securities available for sale that were realized and charged to profit and loss	—	—	—	—	481	—	—	—	—	481
Related tax effect	—	—	—	—	418	—	—	—	—	418
Adjustments from translation in respect of companies included on the equity basis	—	—	—	—	—	(7)	—	—	—	(7)
Loans to employees for purchase of the bank's shares	—	—	—	—	—	—	—	—	(5)	(5)
Balance at the end of the period	<u>7,348</u>	<u>552</u>	<u>293</u>	<u>8,193</u>	<u>(826)</u>	<u>(637)</u>	<u>13,210</u>	<u>—</u>	<u>(378)</u>	<u>19,562</u>

For the Nine Months Ended 30 September 2009 (Unaudited)

Accumulated other comprehensive profit (loss)

	Share capital	Premium	Capital reserves in respect of share-based payment transaction and others (a)	Total share capital and capital reserves	Adjustments in respect of presentation of securities available for sale at fair value	Translation adjustments (b)	Retained earnings	Dividend declared after balance sheet date	Loans to employees for purchase of the bank's shares	Total shareholders' equity
Balance at the beginning of the period	7,059	855	284	8,198	(648)	(502)	11,998	—	(374)	18,672
Net profit for the period	—	—	—	—	—	—	1,470	—	—	1,470
Expiry of options	—	117	(117)	—	—	—	—	—	—	—
Other comprehensive profit in companies included on the equity basis which was directly recorded to retained earnings	—	—	—	—	—	—	28	—	—	28
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	—	2,050	—	—	—	—	2,050
Profits in respect of securities available for sale that were realized and charged to profit and loss	—	—	—	—	(685)	—	—	—	—	(685)
Related tax effect	—	—	—	—	(489)	—	—	—	—	(489)
Adjustments from translation in respect of companies included on the equity basis	—	—	—	—	—	26	—	—	—	26
Loans to employees for purchase of the bank's shares	—	—	—	—	—	—	—	—	(5)	(5)
Balance at the end of the period	<u>7,059</u>	<u>972</u>	<u>167</u>	<u>8,198</u>	<u>228</u>	<u>(476)</u>	<u>13,496</u>	<u>—</u>	<u>(379)</u>	<u>21,067</u>

For the Nine Months Ended 30 September 2008 (Unaudited)

Accumulated other comprehensive profit (loss)

	Share capital	Premium	Capital reserves in respect of share-based payment transaction and others (a)	Total share capital and capital reserves	Adjustments in respect of presentation of securities available for sale at fair value	Translation adjustments (b)	Retained earnings	Dividend declared after balance sheet date	Loans to employees for purchase of the bank's shares	Total shareholders' equity
Balance at the beginning of the period	7,000	—	610	7,610	502	(445)	12,016	270	(404)	19,549
Net profit for the period	—	—	—	—	—	—	1,275	—	—	1,275
Issue of shares	348	552	(289)	611	—	—	—	—	—	611
Dividend paid	—	—	—	—	—	—	—	(270)	—	(270)
Benefit in respect of shares based payment transaction	—	—	(28)	(28)	—	—	—	—	—	(28)
Other comprehensive loss in companies included on the equity basis which was directly recorded to retained earnings	—	—	—	—	—	—	(81)	—	—	(81)
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	—	(2,689)	—	—	—	—	(2,689)
Losses in respect of securities available for sale that were realized and charged to profit and loss	—	—	—	—	627	—	—	—	—	627
Related tax effect	—	—	—	—	734	—	—	—	—	734
Adjustments from translation in respect of companies included on the equity basis	—	—	—	—	—	(192)	—	—	—	(192)
Loans to employees for purchase of the bank's shares	—	—	—	—	—	—	—	—	26	26
Balance at the end of the period	<u>7,348</u>	<u>552</u>	<u>293</u>	<u>8,193</u>	<u>(826)</u>	<u>(637)</u>	<u>13,210</u>	<u>—</u>	<u>(378)</u>	<u>19,562</u>

For the Year Ended 31 December 2008 (Audited)

Accumulated other comprehensive profit (loss)

	Share capital	Premium	Capital reserves in respect of share-based payment transaction and others (a)	Total share capital and capital reserves	Adjustments in respect of presentation of securities available for sale at fair value	Translation adjustments (b)	Retained earnings	Dividend declared after balance sheet date	Loans to employees for purchase of the bank's shares	Total shareholders' equity
Balance as at 31 December 2007	7,000	—	610	7,610	502	(445)	12,016	270	(404)	19,549
Net profit for the period	—	—	—	—	—	—	92	—	—	92
Issue of shares	59	855	(300)	614	—	—	—	—	—	614
Dividend paid	—	—	—	—	—	—	—	(270)	—	(270)
Benefit in respect of shares based payment transaction	—	—	(26)	(26)	—	—	—	—	—	(26)
Other comprehensive loss in companies included on the equity basis which was directly recorded to retained earnings	—	—	—	—	—	—	(110)	—	—	(110)
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	—	(3,636)	—	—	—	—	(3,636)
Losses in respect of securities available for sale that were realized and charged to profit and loss	—	—	—	—	1,852	—	—	—	—	1,852
Related tax effect	—	—	—	—	634	—	—	—	—	634
Adjustments from translation in respect of companies included on the equity basis	—	—	—	—	—	(57)	—	—	—	(57)
Loans to employees for purchase of the bank's shares	—	—	—	—	—	—	—	—	30	30
Balance as at 31 December 2008	<u>7,059</u>	<u>855</u>	<u>284</u>	<u>8,198</u>	<u>(648)</u>	<u>(502)</u>	<u>11,998</u>	<u>—</u>	<u>(374)</u>	<u>18,672</u>

(a) Including NIS 10 million of other capital reserves.

(b) Adjustments arising from translation of the financial statements of foreign subsidiaries, which operating currency is different from reporting currency.

Eitan Raff
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Zeev Nahari
Senior Deputy Chief Executive Officer
Chief Financial Officer, Head of Finance,
Accounting and Capital Markets

29 November 2009

