

Bank Leumi le-Israel B.M. and subsidiaries

Condensed Consolidated Balance Sheet as at 31 December 2009 (Audited)
Reported amounts (NIS millions)

	31 December	
	2009	2008
ASSETS		
Cash and deposits with banks	42,933	33,130
Securities	57,505	44,910
Securities borrowed or purchased under agreement to resell	744	201
Credit to the public	204,669	213,215
Credit to governments	407	520
Investments in companies included on the equity basis	2,178	1,842
Buildings and equipment	3,553	3,445
Other assets	9,786	13,529
Total assets	<u>321,775</u>	<u>310,792</u>

	31 December	
	2009	2008
LIABILITIES AND EQUITY CAPITAL		
Deposits of the public	250,418	244,783
Deposits from banks	3,785	3,742
Deposits from governments	712	831
Securities loaned or sold under agreement to repurchase	273	549
Debentures, bonds and subordinated notes	25,261	20,636
Other liabilities	19,182	21,334
Total liabilities	<u>299,631</u>	<u>291,875</u>
Minority interest	282	245
Shareholders' equity	<u>21,862</u>	<u>18,672</u>
Total liabilities and equity capital	<u>321,775</u>	<u>310,792</u>

Condensed Consolidated Statement of Changes in Shareholders' Equity for the year ended 31 December 2009 (Audited)
Reported amounts (NIS millions)

	For the Year Ended 31 December 2009 (Audited)									
	Other comprehensive income									
	Share capital	Premium	Capital reserves in respect of share-based payment transactions 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 1 January 2007	7,000	—	405	7,405	623	(403)	10,343	—	(477)	17,491
Net profit for the year	—	—	—	—	—	—	3,357	—	—	3,357
Proposed dividend	—	—	—	—	—	—	(1,414)	—	—	(1,414)
Dividend declared after balance sheet date	—	—	—	—	—	—	(270)	270	—	—
Benefit in respect of shares based payment transactions	—	—	205	205	—	—	—	—	—	205
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	—	116	—	—	—	—	116
Profits in respect of securities available for sale that were realized and/or charged to profit and loss (c)	—	—	—	—	(326)	—	—	—	—	(326)
Related tax effect	—	—	—	—	89	—	—	—	—	89
Adjustments from translation in respect of companies included on the equity basis	—	—	—	—	—	(42)	—	—	—	(42)
Loans to employees for purchase of the Bank's shares	—	—	—	—	—	—	—	—	73	73
Balance as at 31 December 2007	<u>7,000</u>	<u>—</u>	<u>610</u>	<u>7,610</u>	<u>502</u>	<u>(445)</u>	<u>12,016</u> (d)	<u>270</u>	<u>(404)</u>	<u>19,549</u>
Net profit for the year	—	—	—	—	—	—	92	—	—	92
Issue of shares	59	855	(300)	614	—	—	—	—	—	614
Dividend paid	—	—	—	—	—	—	—	(270)	—	(270)
Benefit in respect of shares based payment transactions	—	—	(26)	(26)	—	—	—	—	—	(26)
Other comprehensive income 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/or charged to profit and loss (c)	—	—	—	—	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> (d)	<u>—</u>	<u>(374)</u>	<u>18,672</u>
Net profit for the year	—	—	—	—	—	—	2,014	—	—	2,014
Expiry of options	—	117	(117)	—	—	—	—	—	—	—
Benefit in respect of shares based payment transactions	—	—	30	30	—	—	—	—	—	30
Other comprehensive income in companies included on the equity basis which was directly recorded to retained earnings	—	—	—	—	—	—	164	—	—	164
Adjustments in respect of presentation of securities available for sale at fair value	—	—	—	—	2,357	—	—	—	—	2,357
Profits in respect of securities available for sale that were realized and/or charged to profit and loss (c)	—	—	—	—	(876)	—	—	—	—	(876)
Related tax effect	—	—	—	—	(524)	—	—	—	—	(524)
Adjustments from translation in respect of companies included on the equity basis	—	—	—	—	—	28	—	—	—	28
Loans to employees for purchase of the Bank's shares	—	—	—	—	—	—	—	—	(3)	(3)
Balance as at 31 December 2009	<u>7,059</u>	<u>972</u>	<u>197</u>	<u>8,228</u>	<u>309</u>	<u>(474)</u>	<u>14,176</u> (d)	<u>—</u>	<u>(377)</u>	<u>21,862</u>

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**Condensed Consolidated Statement of Profit and Loss
for the year ended 31 December 2009 (Audited)
Reported amounts (NIS millions)**

	For the year ended 31 December		
	2009	2008	2007
Net interest income before provision for doubtful debts	7,023	6,380	7,648
Provision for doubtful debts	1,517	2,145	407
Net interest income after provision for doubtful debts	5,506	4,235	7,241
Operating and other income	4,563	2,800	4,222
Operating and other expenses	6,937	7,003	6,937
Operating profit before taxes	3,132	32	4,526
Provision for taxes on operating profit	1,191	421	1,722
Operating profit (loss) after taxes	1,941	(389)	2,804
Equity in after-tax operating profits of companies included on the equity basis, net of related tax effect	81	249	184
Minority interest in after-tax operating profits of subsidiaries	(36)	(18)	(4)
Net operating profit (loss)	1,986	(158)	2,984
After-tax profit from extraordinary items	28	250	373
Net profit	2,014	92	3,357

Basic earnings per share

	(NIS)		
Net operating profit (loss)	1.35	(0.11)	2.11
After-tax profit from extraordinary items	0.02	0.17	0.26
Total	1.37	0.06	2.37

Diluted earnings per share

	(NIS)		
Net operating profit (loss)	1.35	(0.11)	2.08
After-tax profit from extraordinary items	0.02	0.17	0.26
Total	1.37	0.06	2.34

	(Thousands)		
Weighted average of number of shares for the basic earnings computation	1,473,551	1,462,252	1,414,233
Weighted average of number of shares for the diluted earnings computation	1,473,551	1,470,961	1,433,803

The complete annual report for the period ended 31 December 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 31 December 2009, according to which the financial statements have been prepared, was NIS 3.775.

- (a) Including NIS 10 million of other capital reserves.
 (b) Adjustments arising from translation of the financial statements of autonomous foreign subsidiaries.
 (c) Including provisions for decrease in value.
 (d) Including NIS 984 million which can not be distributed as a dividend (31 December 2008 - NIS 1,638 million, 31 December 2007 - NIS 987 million).

24 March 2010

