

Bank Leumi le-Israel B.M. and subsidiaries

Condensed Consolidated Balance Sheet as at 31 March 2007 (NIS millions)
Reported amounts

ASSETS	31.3.2007 (Unaudited)	31.3.2006 (Unaudited)	31.12.2006 (Audited)
Cash and deposits with banks	45,281	35,568	47,609
Securities	47,211	48,365	46,375
Securities borrowed or purchased under agreement to resell	108	—	—
Credit to the public	185,848	181,458(A)	183,800
Credit to governments	781	808	1,020
Investments in companies included on the equity basis	1,781	1,255	1,251
Buildings and equipment	3,120	2,894	3,056
Other assets	6,159	6,146(A)	6,230
Total assets	290,289	276,494	289,341

(A) Restated.

LIABILITIES AND EQUITY CAPITAL	31.3.2007 (Unaudited)	31.3.2006 (Unaudited)	31.12.2006 (Audited)
Deposits of the public	226,861	221,807	231,823
Deposits from banks	13,320	4,423	5,241
Deposits from governments	1,905	2,173	2,146
Securities loaned or sold under agreement to repurchase	116	—	—
Debtentures, bonds and subordinated notes	15,803	16,889	15,622
Other liabilities	13,633	13,767(A)	16,866
Total liabilities	271,638	259,059	271,698
Minority interest	152	152	152
Shareholders' equity	18,499	17,283	17,491
Total liabilities and equity capital	290,289	276,494	289,341

Condensed Consolidated Statement of Profit and Loss for the Period Ended 31 March 2007 (NIS millions)

Reported amounts

	For the Three Months Ended 31 March		For the Year Ended 31 December
	2007 (Unaudited)	2006 (Unaudited)	2006 (Audited)
Net interest income before provision for doubtful debts	1,793	1,645	6,922
Provision for doubtful debts	11	201	933
Net interest income after provision for doubtful debts	1,782	1,444	5,989
Operating and other income	825	742	3,003
Operating commissions	82	4	128
Profits from investments in shares, net	81	194	740
Other income	—	—	—
Total operating and other income	988	940	3,871
Operating and other expenses	1,027	1,189	4,552
Salaries and related expenses	296	287	1,220
Building and equipment maintenance and depreciation	307	345	1,485
Other expenses	—	—	—
Total operating and other expenses	1,630	1,821	7,257
Operating profit before taxes	1,140	563	2,603
Provision for taxes on operating profit	520	240	1,320
Operating profit after taxes	620	323	1,283
Equity in after-tax operating profit of companies included on equity basis	39	78	171
Minority interest in after-tax operating profits of subsidiaries	(1)	(1)	—
Net operating profit	658	400	1,454
After-tax profit from extraordinary items	259	712	2,080
Net profit for the period	917	1,112	3,534

Earnings per share

	(NIS)		
Net operating profit	0.47	0.29	1.03
After-tax profit from extraordinary items	0.18	0.50	1.47
Total	0.65	0.79	2.50

	(Thousands)		
Number of shares for the above calculation	1,414,233	1,414,233	1,414,233

The complete quarterly report for the period ended 31 March 2007 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 2007, according to which the financial statements have been prepared, was NIS 4.155.

Condensed Consolidated Statement of Changes in Shareholders' Equity for the Period Ended 31 March 2007 (NIS millions)

Reported amounts

	For the Three Months Ended 31 March (Unaudited)			For the Year Ended 31 December 2006 (Audited)		
	2007		Total Shareholders' equity	2006		Total Shareholders' equity
	Capital and earnings reserves	Retained earnings		Capital and earnings reserves	Retained earnings	
Balance at the beginning of the period	7,405	10,086	17,491	7,010	8,990	16,000
Net profit for the period	—	917	917	—	1,112	1,112
Benefit inherent in the allotment of share options to employees	18	—	18	33(B)	—(B)	33
Adjustments in respect of presentation of securities available for sale at fair value	—	50	50	—	245	245
Related tax effect	—	(33)	(33)	—	(100)	(100)
Translation adjustments for companies included on equity basis	—	(11)	(11)	—	(12)	(12)
Loans to employees for purchase of the Bank's shares	—	67	67	—	5	5
Balance at the end of the period	7,423	11,076(A)	18,499	7,043	10,240(A)	17,283

	Capital and earnings reserves	Retained earnings	Total Shareholders' equity
Balance as at 1 January 2006	7,010	8,990	16,000
Net profit for the year	—	3,534	3,534
Proposed dividend	—	(2,500)	(2,500)
Benefit in respect of share options and shares to employees	395	—	395
Adjustments in respect of presentation of securities available for sale at fair value	—	876	876
Related tax effect	—	(299)	(299)
Translation adjustments for companies included on equity basis	—	(61)	(61)
Loans to employees for purchase of the Bank's shares	—	(454)	(454)
Balance as at 31 December 2006	7,405	10,086(A)	17,491

(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 (414) millions (31 March 2006 - NIS (354) millions, 31 December 2006 - NIS (403) millions).
- Adjustments in respect of presentation of securities available for sale at fair value in a net amount of NIS 640 millions (31 March 2006 - NIS 191 millions, 31 December 2006 - NIS 623 millions).

(B) Reclassified.

30 May 2007

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

