

Bank Leumi le-Israel B.M. and subsidiaries

Condensed Consolidated Balance Sheet as at 30 June 2007 (NIS millions)
Reported amounts

ASSETS	30.6.2007 (Unaudited)	30.6.2006 (Unaudited)	31.12.2006 (Audited)
Cash and deposits with banks	45,282	34,335	47,609
Securities	45,323	47,787	46,375
Securities borrowed or purchased under agreement to resell	320	—	—
Credit to the public	193,944	181,941(A)	183,800
Credit to governments	750	691	1,020
Investments in companies included on the equity basis	1,765	1,224	1,251
Buildings and equipment	3,163	2,951	3,056
Other assets	6,432	7,017(A)	6,230
Total assets	296,979	275,946	289,341

(A) Restated.

LIABILITIES AND EQUITY CAPITAL	30.6.2007 (Unaudited)	30.6.2006 (Unaudited)	31.12.2006 (Audited)
Deposits of the public	236,521	219,372	231,823
Deposits from banks	8,462	6,258	5,241
Deposits from governments	1,519	1,796	2,146
Securities loaned or sold under agreement to repurchase	64	—	—
Debentures, bonds and subordinated notes	16,618	17,022	15,622
Other liabilities	14,031	13,993(A)	16,866
Total liabilities	277,215	258,441	271,698
Minority interest	116	154	152
Shareholders' equity	19,648	17,351	17,491
Total liabilities and equity capital	296,979	275,946	289,341

**Condensed Consolidated Statement of Profit and Loss
for the Periods Ended 30 June 2007 (NIS millions)**

Reported amounts

	For the Three Months Ended 30 June		For the Six Months Ended 30 June		For the Year Ended 31 December
	2007 (Unaudited)	2006 (Unaudited)	2007 (Unaudited)	2006 (Unaudited)	2006 (Audited)
Net interest income before provision for doubtful debts	1,809	1,796	3,602	3,441	6,922
Provision for doubtful debts	38	185	49	386	933
Net interest income after provision for doubtful debts	<u>1,771</u>	<u>1,611</u>	<u>3,553</u>	<u>3,055</u>	<u>5,989</u>
Operating and other income					
Operating commissions	826	738(A)	1,653	1,483(A)	3,013(A)
Profits from investments in shares, net	143	82	225	86	128
Other income	162	197	243	391	740
Total operating and other income	<u>1,131</u>	<u>1,017</u>	<u>2,121</u>	<u>1,960</u>	<u>3,881</u>
Operating and other expenses					
Salaries and related expenses	1,004	1,252	2,031	2,441	4,552
Building and equipment maintenance and depreciation	303	292(A)	594	574(A)	1,201(A)
Other expenses	349	338(A)	663	691(A)	1,514(A)
Total operating and other expenses	<u>1,656</u>	<u>1,882</u>	<u>3,288</u>	<u>3,706</u>	<u>7,267</u>
Operating profit before taxes	1,246	746	2,386	1,309	2,603
Provision for taxes on operating profit	376	398	896	638	1,320
Operating profit after taxes	870	348	1,490	671	1,283
Equity in after-tax operating profit of companies included on equity basis	45	20	84	98	171
Minority interest in after-tax operating profits of subsidiaries	(2)	(1)	(3)	(2)	—
Net operating profit	913	367	1,571	767	1,454
After-tax profit from extraordinary items	—	11	259	723	2,080
Net profit for the period	<u>913</u>	<u>378</u>	<u>1,830</u>	<u>1,490</u>	<u>3,534</u>

Earnings per share

(NIS)

Net operating profit	0.65	0.26	1.11	0.54	1.03
After-tax profit from extraordinary items	—	0.01	0.18	0.51	1.47
Total	<u>0.65</u>	<u>0.27</u>	<u>1.29</u>	<u>1.05</u>	<u>2.50</u>

(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>
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(A) Reclassified.

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 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 30 June 2007, according to which the financial statements have been prepared, was NIS 4.249.

(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 (431) millions (30 June 2006 - NIS (341) 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 818 millions (30 June 2006 - NIS 115 millions, 31 December 2006 - NIS 623 millions).

(B) Reclassified.

**Condensed Consolidated Statement of Changes in Shareholders' Equity
for the Periods Ended 30 June 2007 (NIS millions)**

Reported amounts

For the Three Months Ended 30 June (Unaudited)

	2007			2006		
	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	7,423	11,076	18,499	7,043	10,240	17,283
Net profit for the period	—	913	913	—	378	378
Benefit in respect of share options and shares to employees	70	—	70	219(B)	—(B)	219
Adjustments in respect of presentation of securities available for sale at fair value	—	261	261	—	(134)	(134)
Related tax effect	—	(83)	(83)	—	58	58
Translation adjustments for companies included on equity basis	—	(17)	(17)	—	13	13
Loans to employees for purchase of the Bank's shares	—	5	5	—	(466)	(466)
Balance at the end of the period	<u>7,493</u>	<u>12,155(A)</u>	<u>19,648</u>	<u>7,262</u>	<u>10,089(A)</u>	<u>17,351</u>

For the Six Months Ended 30 June (Unaudited)

	2007			2006		
	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	7,405	10,086	17,491	7,010	8,990	16,000
Net profit for the period	—	1,830	1,830	—	1,490	1,490
Benefit in respect of share options and shares to employees	88	—	88	252(B)	—(B)	252
Adjustments in respect of presentation of securities available for sale at fair value	—	311	311	—	111	111
Related tax effect	—	(116)	(116)	—	(42)	(42)
Translation adjustments for companies included on equity basis	—	(28)	(28)	—	1	1
Loans to employees for purchase of the Bank's shares	—	72	72	—	(461)	(461)
Balance at the end of the period	<u>7,493</u>	<u>12,155(A)</u>	<u>19,648</u>	<u>7,262</u>	<u>10,089(A)</u>	<u>17,351</u>

For the Year Ended 31 December 2006 (Audited)

	Capital and capital 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	<u>7,405</u>	<u>10,086(A)</u>	<u>17,491</u>

28 August 2007

