

Summary Translation of Immediate Report

Bank Leumi le-Israel B.M.

Registration No. 520018078
Securities of the Corporation are listed on The Tel Aviv Stock Exchange
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17 November 2009

To: Israel Securities Authority (www.isa.gov.il)
The Tel Aviv Stock Exchange (www.tase.co.il)

Immediate Report

Nature of the Event: Arab Israel Bank – Financial Statements

Bank Leumi le-Israel B.M. announces that a subsidiary of the Bank, Arab Israel Bank Ltd., today published its financial statements for the first nine months of 2009.

- Net profit in the first nine months of 2009 amounted to NIS 65.7 million, compared with NIS 63.6 million in the corresponding period of 2008, an increase of 3.3%.
- Net profit in the third quarter of 2009 amounted to NIS 16.5 million, compared with NIS 15.9 million in the corresponding period of 2008, an increase of 3.8%.
- Net return on shareholders equity (on an annual basis) in the reported period amounted to 24.5%, compared with 23.7% in the corresponding period of 2008.
- Total income in the first nine months of 2009 amounted to NIS 250.5 million, compared with NIS 251.9 million in the corresponding period of 2008, a decrease of 0.6%.
- The increase in the net profit was affected mainly by the following:
 - An increase of NIS 0.6 million in net interest income before provision for doubtful debts, which arose from realization of net profits from securities available for sale in the amount of NIS 14.2 million, compared with NIS 0.4 million in the corresponding period in 2008, an increase of NIS 13.8 million, which was mostly offset by a decrease in financial margins.
 - A decrease of NIS 15.3 million in salary expenses, mainly as a result of positive returns on the severance pay fund and provident fund used as a reserve for hedging employee pension obligations, compared with negative returns in the corresponding period in 2008.

- However, the following factors offset the increase in profit:
 - An increase of NIS 7.5 million in the provision for doubtful debts, which amounted to NIS 18.3 million, compared with NIS 10.8 million in the corresponding period in 2008.
 - A decrease of NIS 6.1 million in operating income from operating commissions, mainly as a result of the reform relating to commissions, which was partially offset by an increase in other income in the amount of NIS 4.1 million, which derived from surplus profits of the retirement severance reserve.
- Net interest income before provision for doubtful debts in the first nine months of 2009 amounted to NIS 175.0 million, compared with NIS 174.4 million in the corresponding period of 2008, an increase of 0.3%.
- Net interest income before provision for doubtful debts in the third quarter of 2009 amounted to NIS 54.2 million, compared with NIS 58.4 million in the corresponding period of 2008, a decrease of 7.2%.
- Provision for doubtful debts in the first nine months of 2009 amounted to NIS 18.3 million, compared with NIS 10.8 million in the corresponding period of 2008, an increase of 69.4%.
- Provision for doubtful debts in the third quarter of 2009 amounted to NIS 5.3 million, compared with NIS 3.0 million in the corresponding period of 2008, an increase of 76.7%.
- Operating and other income in the first nine months of 2009 amounted to NIS 75.5 million, compared with NIS 77.5 million in the corresponding period of 2008, a decrease of 2.6%.
- Operating and other income in the third quarter of 2009 amounted to NIS 25.5 million, compared with NIS 23.3 million in the corresponding period of 2008, an increase of 9.4%.
- Total income after deducting provision for doubtful debts in the first nine months of 2009 amounted to NIS 232.2 million, compared with NIS 241.1 million in the corresponding period of 2008, a decrease of 3.7%.
- Total income after deducting provision for doubtful debts in the third quarter of 2009 amounted to NIS 74.4 million, compared with NIS 78.7 million in the corresponding period of 2008, a decrease of 5.5%.
- Operating and other expenses in the first nine months of 2009 amounted to NIS 122.5 million, compared with NIS 136.3 million in the corresponding period of 2008, a decrease of 10.1%.

- Operating and other expenses in the third quarter of 2009 amounted to NIS 42.0 million, compared with NIS 51.0 million in the corresponding period of 2008, a decrease of 17.6%.
- Total assets as at 30 September 2009 amounted to NIS 4,841.7 million, compared with NIS 4,561.5 million as at 30 September 2008 (an increase of 6.1%), and NIS 4,771.8 million as at 31 December 2008 (an increase of 1.5%).

Date and time at which the corporation first became aware of the event or matter:

16 November 2009 at 14:13

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** Immediate Reports are filed in Hebrew on the the distribution website of the Israel Securities Authority. In case of any discrepancy between the English translation and the Hebrew report, the Hebrew will prevail.*