

4/2

BEST AVAILABLE COPY



82- SUBMISSIONS FACING SHEET

Follow-Up Materials

MICROFICHE CONTROL LABEL

REGISTRANT'S NAME

Bank Leumi Israel

\*CURRENT ADDRESS

\*\*FORMER NAME

\*\*NEW ADDRESS

PROCESSED  
APR 21 2008  
THOMSON  
FINANCIAL

FILE NO. 82- 35716

FISCAL YEAR 12-9-07

• Complete for initial submissions only •• Please note name and address changes

INDICATE FORM TYPE TO BE USED FOR WORKLOAD ENTRY:

2G3-2B (INITIAL FILING)

AR/S (ANNUAL REPORT)

2G32BR (REINSTATEMENT)

SUPPL (OTHER)

EP 14A (PROXY)

OICF/BY:

lee lee

DATE:

4/17/08

5/19

# 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

Abbreviated Name: Leumi

34 Yehuda Halevi Street, Leumi House, Tel Aviv 65546

Phone: + 972 3 5148111, + 972 3 5149419; Facsimile: + 972 3 5149732

Electronic Mail: jennifer@bll.co.il

RECEIVED

2008 APR - 2 4

OFFICE OF INTELLIGENCE  
CORPORATE NAME

Furnished pursuant to  
Bank Leumi le-Israel B.M.  
File No. 02-3511U

SEC Mail  
Mail Processing Section  
31 March 2008

APR 01 2008

To: Israel Securities Authority  
The Tel Aviv Stock Exchange

### Immediate Report on Distribution of Cash Dividend

Regulation 37(a) of the Securities (Periodic and Immediate Reports) Regulations,  
1970

1. We hereby give notice that on 30 March 2008 the Board of Directors of the Corporation resolved to distribute a dividend.
2. The amount of the dividend to be distributed is NIS 270,000,000.  
The dividend is at the rate of 18.5% of the issued and paid-up share capital.
3. Dividend record date: 17 June 2008  
"Ex" date: 18 June 2008  
Date of dividend distribution: 30 June 2008
4. Rate of tax to be deducted at source: 20%
5. Balance of profits of the Corporation, as defined in Section 302 of the Companies Law, 1999, following the distribution detailed in this report is NIS 11,029,000,000.  
The Corporation, being a banking corporation, is subject to additional restrictions regarding distributions in addition to those contained in Section 302 of the Companies Law, 1999.
6. Procedure for approval of distribution of the dividend: Subject to the approval of the upcoming General Meeting of Stockholders.

7.

Tel Aviv Stock

Exchange Registration

Dividend Amount Per

Number of Eligible

Share to be Distributed in

Currency of

Date of

Security

NIS or Other Currency

Payment

Payment

604611

0.185

NIS

30 June 2008

8. The Corporation does not have any dormant shares that are not entitled to payment of the dividend and therefore no waivers are required.

9. The Corporation has outstanding securities convertible into capital. The effect of the distribution of the dividend on these securities is as follows:

Regarding the exercise shares arising from the exercise of the options allocated to employees of the Leumi Group on 24 January 2006 (Leumi Option 01/06), the gross dividend to which each aforementioned share is entitled on the record date for determining entitlement to participate in the dividend distribution shall be deducted from the exercise price, such amount being linked to the CPI from the record date for determining the right to participate in such dividend distribution, until the actual date of the exercise of the options.

Note to Clauses 2 and 7 above: The dividend is at a rate of some 52.2% of the net profit for the fourth quarter of 2007. Based on the paid-up share capital as of 10 March 2008, the said dividend is at a rate of some 18.5% of the paid-up capital. Should additional options be exercised up until the record date, the rate of the dividend in relation to the paid-up capital, and the amount of the dividend per share will be reduced accordingly.

The total dividends for 2007 will amount to NIS 1,684 million, which is some 50.2% of the net profit for 2007 and NIS 1.185 per ordinary share (subject to changes in the consequence of the exercise of options as previously mentioned).

---

Name of Electronic Reporter: Jennifer Janes, Position: Executive Vice President, Group Secretary  
POB 2 Tel Aviv 61000, Phone: + 972 3 5149419, Facsimile: + 972 3 5149732,  
Electronic Mail: jennifer@bil.co.il

Furnished pursuant to Rule 12g3-2(b)  
Bank Leumi le-Israel B.M.  
File No. 023 5114

## 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

Abbreviated Name: Leumi

Leumi House, 34 Yehuda Halevi Street, Tel Aviv 65546

Phone: + 972 3 5148111, + 972 3 5149419; Facsimile: + 972 3 5149732

Electronic Mail: jennifer@bll.co.il

SEG Mail  
Mail Processing  
Section 31 March 2008

APR 01 2008

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

Washington, DC  
109

Furnished pursuant to Rule 12g3-2(b)  
Bank Leumi le-Israel B.M.  
File No. 02-35170

### **Immediate Report regarding an Event or Matter falling outside the Ordinary Course of Business of the Corporation**

Pursuant to Regulation 36(a) of the Securities (Periodic and Immediate Reports)  
Regulations, 1970

Nature of the Event: Compensation of Senior Officers

Bank Leumi le-Israel B.M. (the "Bank") hereby announces:

On 30 March 2008, following the approval of the Audit Committee, the Board of Directors of the Bank approved, as detailed below, compensation in respect of 2007 for: Mr. Eitan Raff, Chairman of the Board of Directors (subject to the approval of the General Meeting), Mrs. Galia Maor, President and Chief Executive Officer, Mr. Zeev Nahari, Senior Deputy Chief Executive Officer, all the other members of the Management of the Bank and the Chief Internal Auditor (the "Bonuses to the Chairman of the Board of Directors and the Management").

Pursuant to the Directive of the Israel Securities Authority regarding disclosure relating to the approval of compensation of senior officers, the following details are provided by the Bank:

1. Payment of the Bonuses to the Chairman of the Board of Directors and the Management was discussed at a number of meetings of the Compensation Committee of the Board of Directors, and a number of meetings of the Administration Committee of the Board of Directors, was discussed and approved by the Audit Committee of the Board of Directors on 30 March 2008, and following discussions held by the Board of Directors of the Bank on 26 February 2008 and 17 March 2008, was approved by the Board of Directors on 30 March 2008. Payment of the bonus to the Chairman of the Board of Directors is subject to the approval of the General Meeting of the Bank.
2. The financial results of the Bank for 2007 were presented to the said organs of the Bank, together with comparisons with recent years and comparisons with

**BANK LEUMI LE-ISRAEL B.M. AND SUBSIDIARIES AND AFFILIATES**

BEB Mail  
Mail Processing  
Section

APR 07 2008

Washington, DC  
109

**Annual Report 2007**

ARIS  
12-31-07

RECEIVED  
2008 APR -2 A 7:45  
FEDERAL RESERVE  
OFFICE OF INTERNATIONAL  
CORPORATE FINANCE

**Bank Leumi le-Israel B.M. Head Office: 34 Yehuda Halevi Street, Tel Aviv 65546, Israel**

The Bank has received the consent of the Supervisor of Banks to the publication of the annual financial report on a consolidated basis only, with condensed statements of the Bank (not consolidated) in Note 30 to the Financial Statements.

The figures of the Bank alone are available on request from the offices of the Bank at 34 Yehuda Halevi Street, Tel Aviv or on its website: [www.bankleumi.com](http://www.bankleumi.com).

This is a translation from the Hebrew and has been prepared for convenience only. In the case of any discrepancy, the Hebrew will prevail.

# Bank Leumi le-Israel B.M. and its Consolidated Companies

## Annual Report 2007

### Index

	Page
<b>Directors' Report</b>	
<b>A. General</b>	
Board of Directors	3
Management	4
<b>B. General Developments in the Group's Business</b>	
Description of the Leumi Group's Business Activities and their General Development	5
Business Strategy	10
Control of the Bank	13
Description of Operational Segments	14
Capital Resources and Transactions in the Shares of the Bank	19
Distribution of Dividends	23
Principal Five Year Data	25
<b>C. Other Information</b>	
Principal Developments in the Economy	26
General Environment and Effect of External Factors on Activities	31
Legislation Affecting the Banking System	36
Accounting Policy on Critical Subjects	44
Disclosure Regarding the Process of Approval of the Financial Statements	48
<b>D. Description of the Group's Business according to Sectors and Spheres of Activity</b>	
Development of Income, Expenses and Tax Provision	50
Structure and Development of Assets and Liabilities	65
Fixed Assets and Installations	87
Intangible Assets	90
Operational Segments and Profit Centers in the Group	91
Investments:	
- Activities of Major Subsidiaries and Affiliates	145
- Capital Market and Financial Services Activities	160
- Non-Banking Activities of Companies included on the Equity Basis	162
Exposure to Risk and Methods of Risk Management	162
Linkage Status, Repayment Periods and Liquidity Status	194
Preparations for Basel II	198
Legal Proceedings	200
Restrictions and Supervision of Activities of the Banking Corporation	203
Material Contracts	204
Description of the Taxation Position	205
Human Resources (Human Capital)	207
Organizational Structure	211
<b>E. Additional Matters</b>	
Leumi for the Community - Donations and Sponsorships	214
Internal Auditor	217
Evaluation of Disclosure Controls and Procedures for the Financial Statements	220
Remuneration of Senior Office Holders	222
Auditors' Fees	225
Board of Directors	226
Report on Directors with Accounting and Financial Expertise	228
<b>Management Review</b>	
Consolidated Balance Sheets as at Year End 2003-2007	234
Consolidated Statements of Profit and Loss for the Years 2003-2007	235
Rates of Financing Income and Expenses	237
Exposure to Interest Rate Fluctuations	242
Credit to the Public - Risk by Economic Sector	244
Multi-quarter Data - Consolidated Balance Sheets	246
Multi-quarter Data - Consolidated Statements of Profit and Loss	247

Classification of Loan Balances to Less Developed Countries	249
Certification	250
Board of Directors and Management Report on Responsibility for the Annual Report	252
<b>Financial Statements</b>	
Joint Auditors' Report	253
Balance Sheet – Consolidated	254
Statements of Profit and Loss – Consolidated	255
Statements of Changes in Shareholders' Equity - Consolidated	256
Statements of Cash Flow – Consolidated	258
Notes to the Financial Statements – Consolidated	261
Condensed Financial Statements of Major Subsidiaries in Israel and Abroad	422