

Bank Leumi Group Results

30 September 2003

IMPORTANT NOTICE

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MAIN MACROECONOMIC VARIABLES

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ANNUAL RATE OF CHANGE, REAL TERMS

	2002 Actual Data	2003 Official Estimate	2004 Forecast
<i>GDP</i>	-0.8%	1.1%	2.2%
<i>Gross product of the business sector</i>	-2.8%	1.3%	3.4%
<i>Private consumption</i>	0.1%	1.1%	1.6%
<i>Public consumption</i>	5.7%	-0.1%	-0.4%
<i>Investment in fixed assets</i>	-9.2%	-2.7%	0.5%
<i>Exports of goods and services</i>	-3.0%	2.5%	5.0%
<i>Imports of goods and services</i>	-2.3%	-3.5%	4.1%

PERCENTAGE OF GDP

<i>Current account</i>	-1.3%	0.0%	-1.2%
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ANNUAL AVERAGE

<i>Rate of unemployment</i>	10.3%	10.7%	10.6%
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The four main recession triggers

External:

- The crash of global high tech demand (2nd half of 2000).
- The global economic slowdown (2001-02).

Domestic:

- The security situation (late 2000+).
- A temporary loss of economic policy credibility (late 2001-02).

The markets have sensed that
something has changed

(Jan-Nov 27 2003)

TA-100+53.6%

Tel-Tech+114.0%

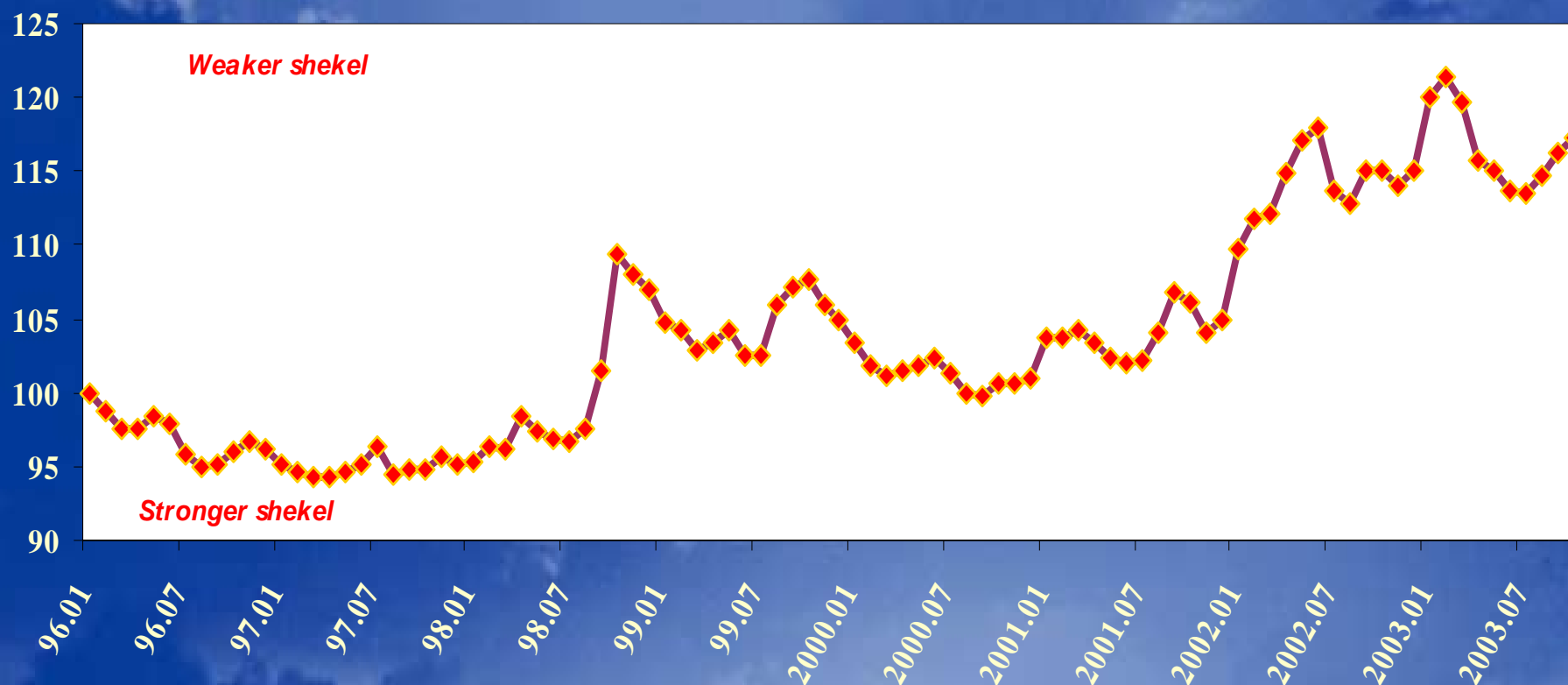
Shachar 5+ bond index+33.5%

Govt CPI-linked bond index +10.3%

NIS/US\$ - 6.0% appreciation

The real exchange rate of the shekel against the currency basket is at a competitive level

The real exchange rate of the shekel (against the trade weighted basket), index 96.01=100



Net Profit

NIS millions

	Net Profit		%	ROE
	2003	2002	Change	
For the nine months ended 30 Sept.	914	413	121.3	9.3%
For the three months ended 30 Sept.	418	113	269.9	12.6%

Main financial data

NIS millions

For the nine months ended	30 September		%
	2003	2002	Change
Net interest income before provision for doubtful debts	4,545	3,667	23.9
Provision for doubtful debts	1,267	1,302	(2.7)
Total operating and other income	2,323	2,212	5.0
Total operating and other expenses	4,051	3,811	6.3
Companies included on the equity basis	111	4	+
Net profit for the period	914	413	121.3

Main financial data,

3-d Quarter

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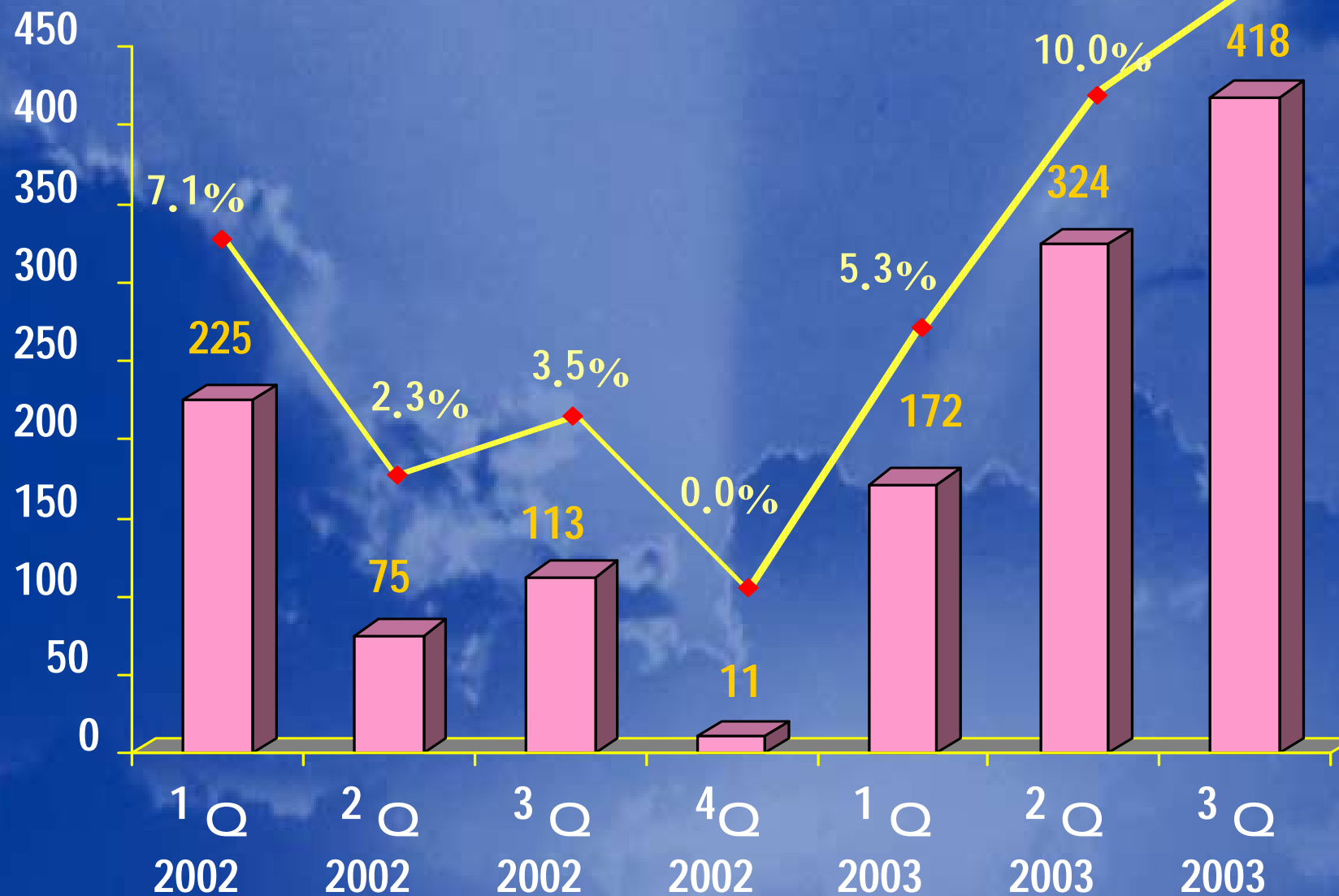
NIS millions

For the three months ended	30 September		%
	2003	2002	Change
Net interest income before provision for doubtful debts	1,553	1,403	10.7
Provision for doubtful debts	387	615	(37.1)
Total operating and other income	731	714	2.4
Total operating and other expenses	1,351	1,320	2.3
Companies included on the equity basis	37	(2)	
Net profit for the period	418	113	269.9

Development of net profit and ROE

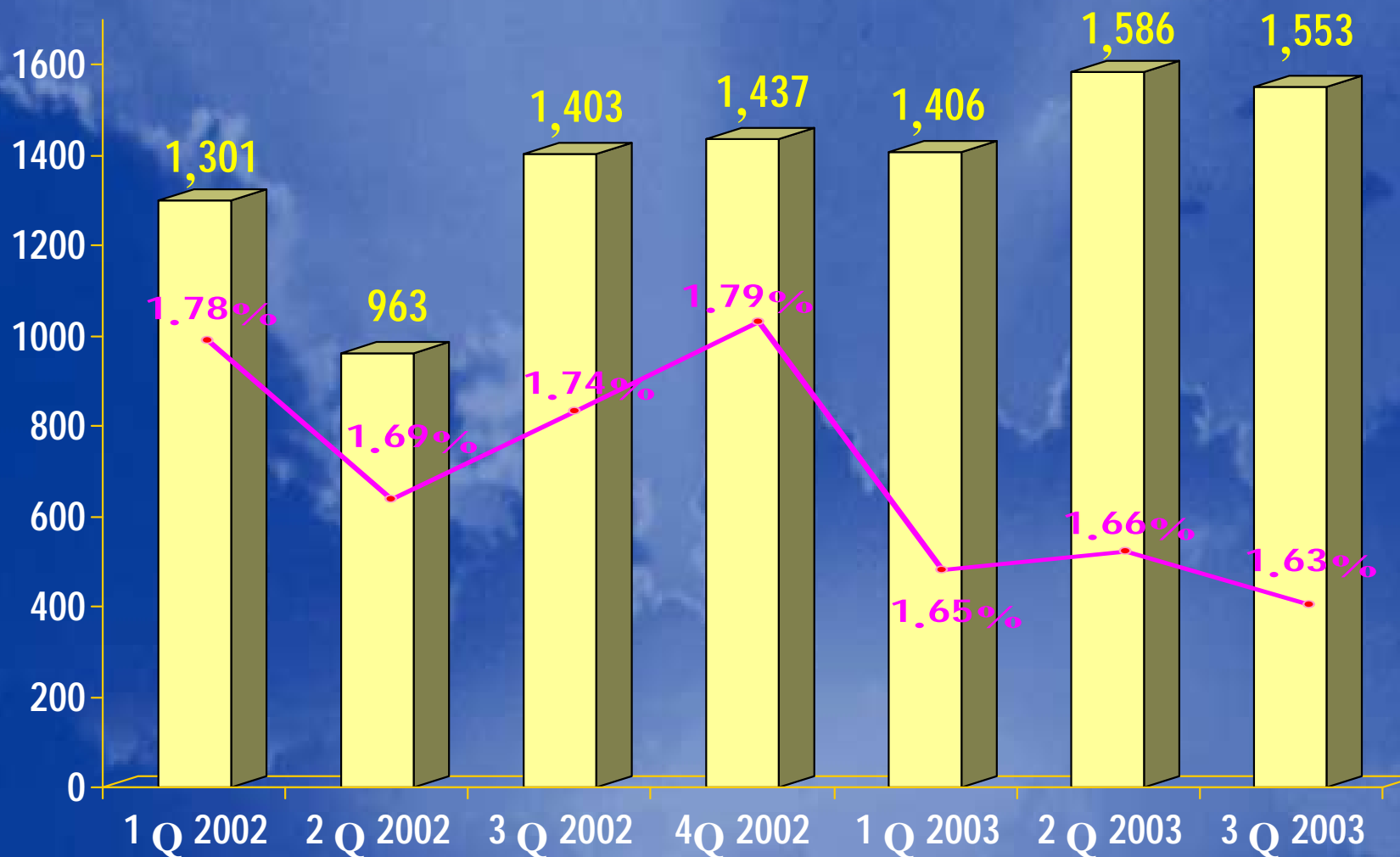
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NIS millions



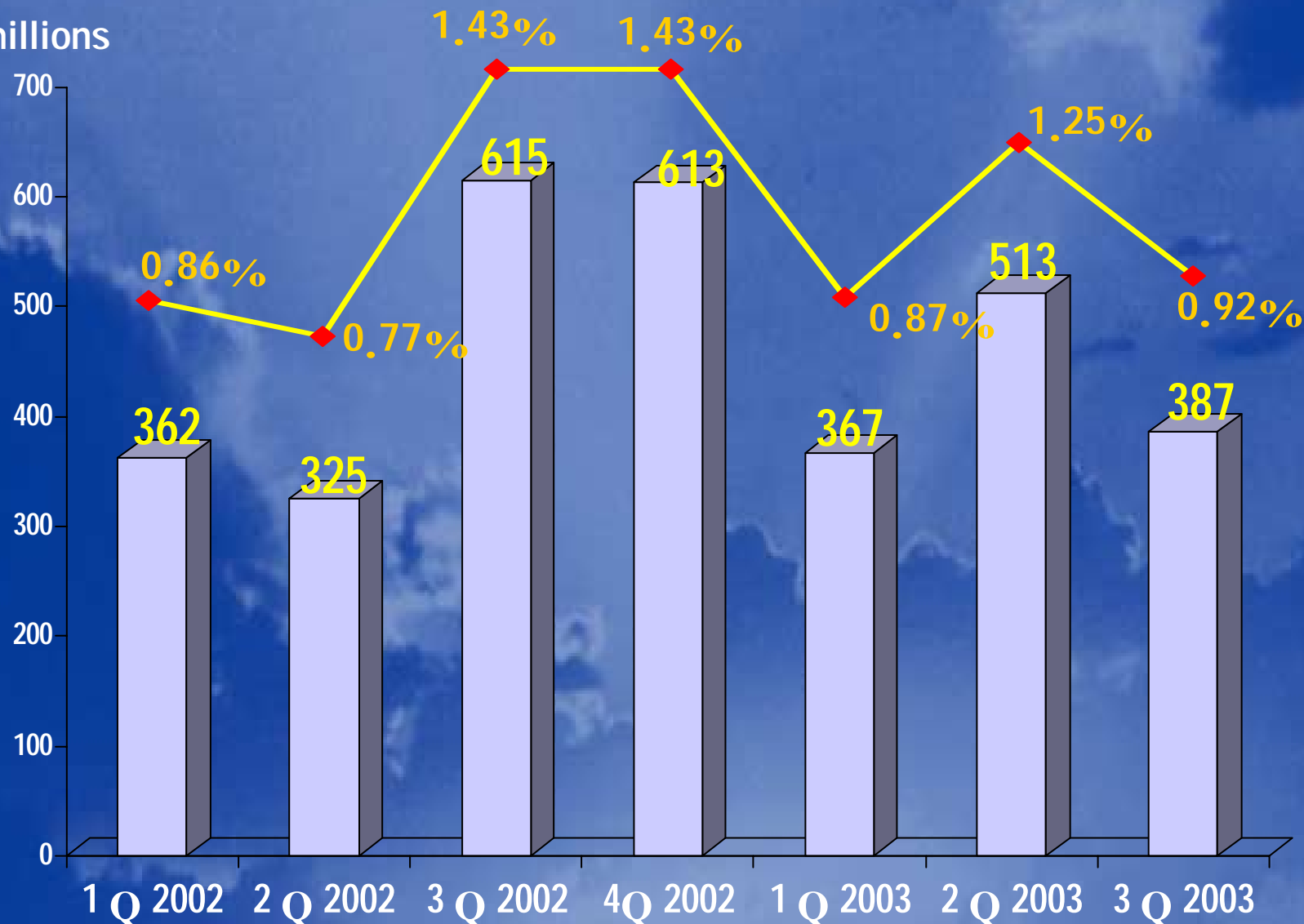
Development of net interest income and interest margin

NIS millions



Development of quarterly provisions for doubtful debts

NIS millions



Rate of provision for all credit to the public - annualized

Problematic loans

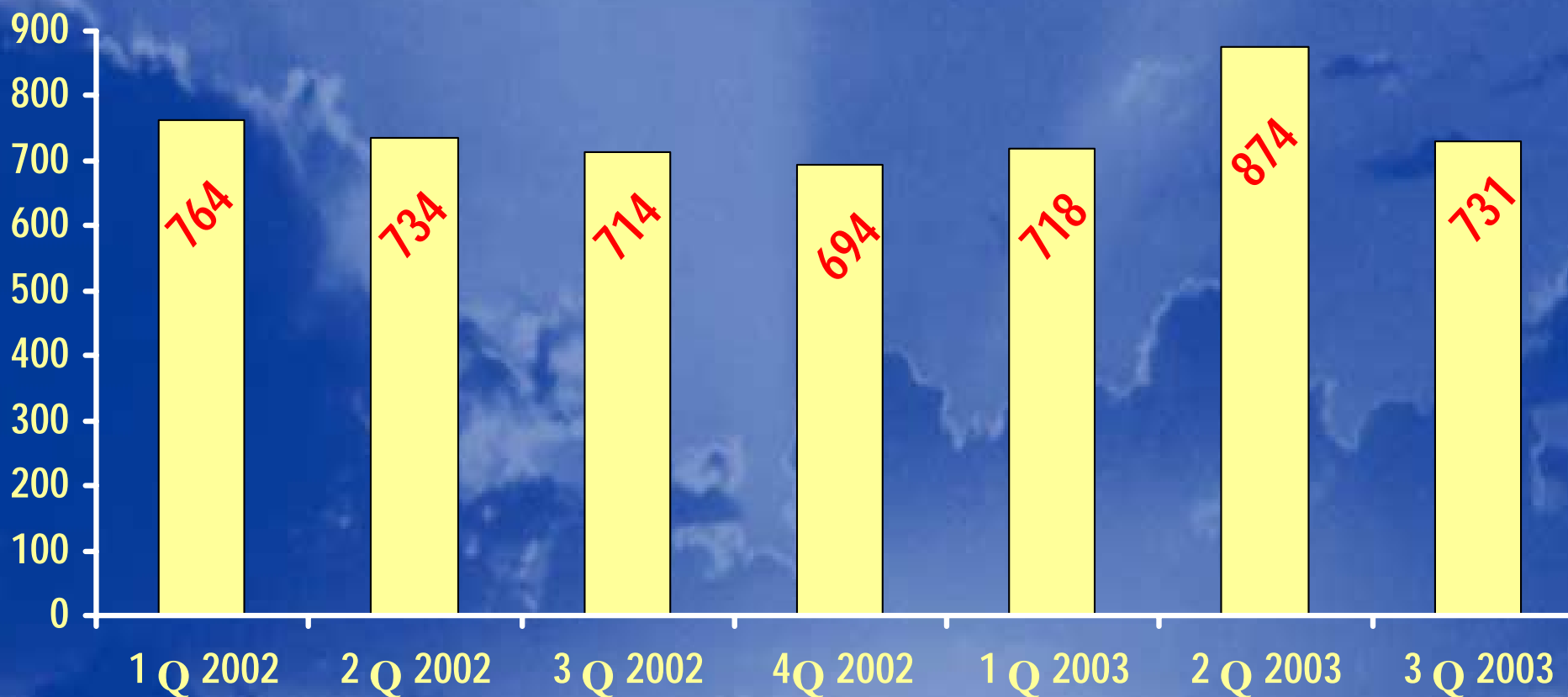
NIS millions

	30 Sept.2003	30 Sept.2002	31 Dec.2002
Non-accrual	3,911	4,338	4,014
Restructured	227	543	561
To be restructured	84	144	74
In temporary arrears	1,500	1,353	1,312
Under special provision	10,760	10,533	10,698
Total balance sheet credit	16,482	16,911	16,659
Off-balance sheet risk	1,817	1,425	1,874
Total overall credit risk	18,299	18,336	18,533

Development of operating income

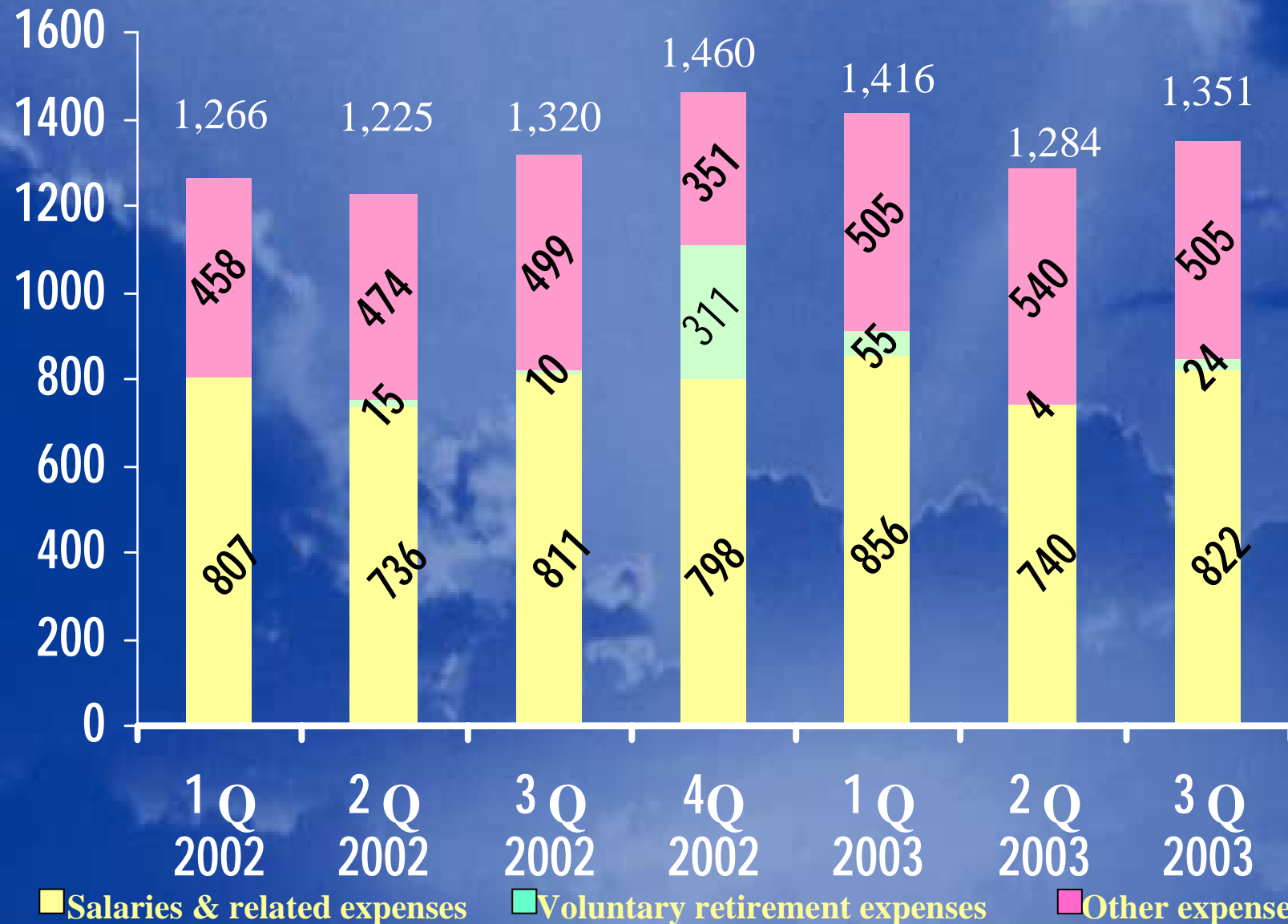
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NIS millions



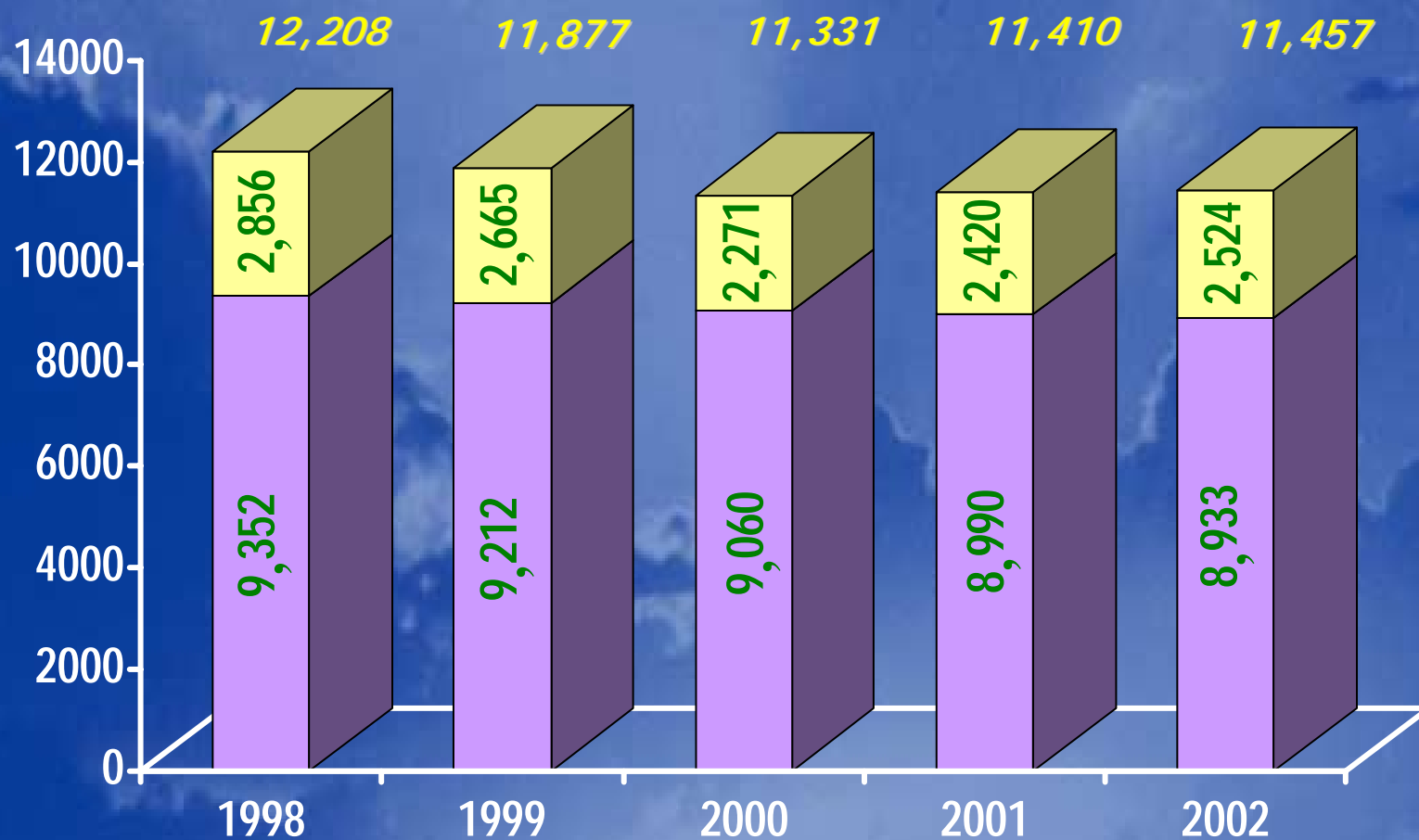
Development of operating expenses

NIS millions



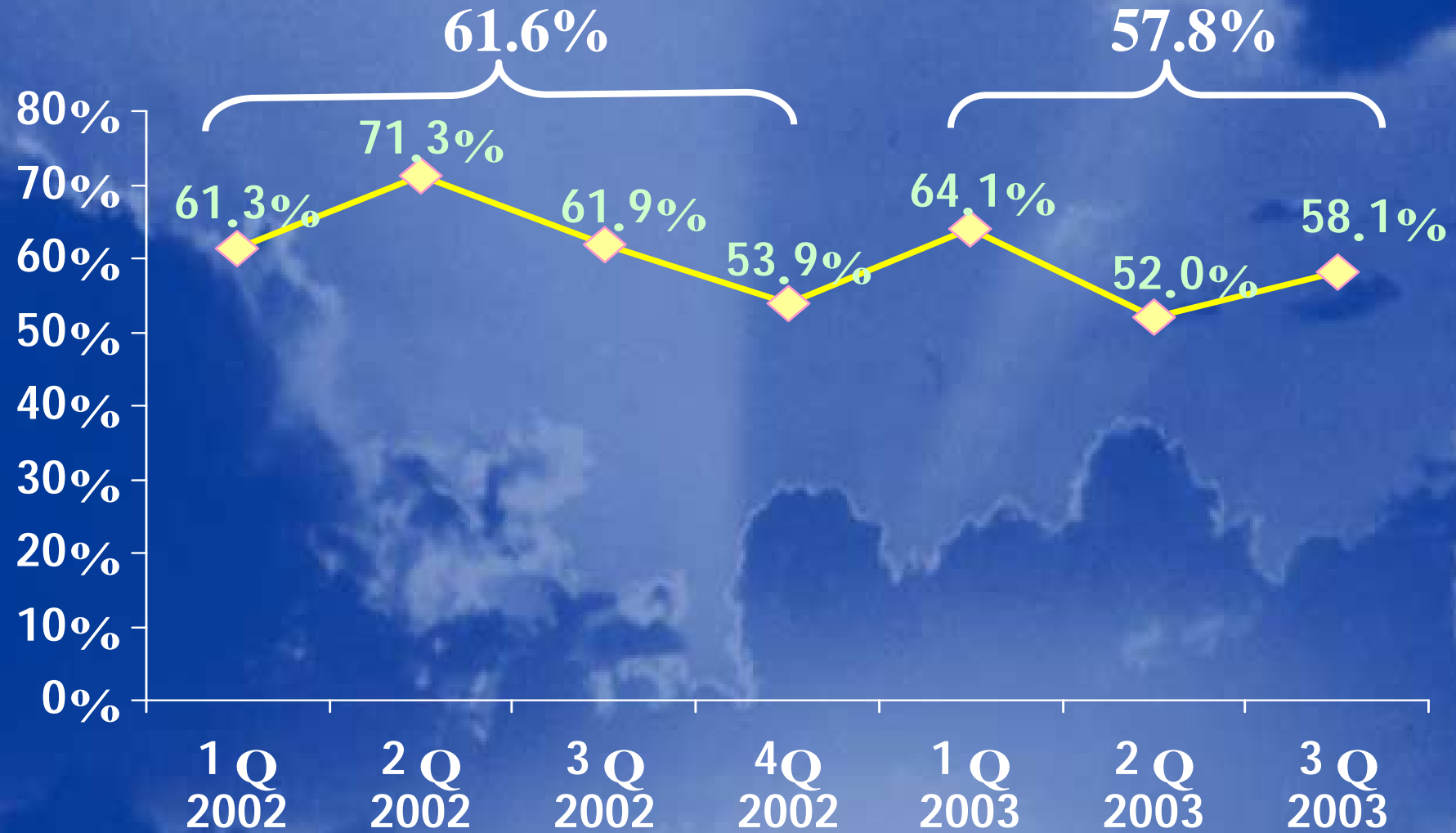
Employees - Group total: year-end positions

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Development of quarterly efficiency ratio *

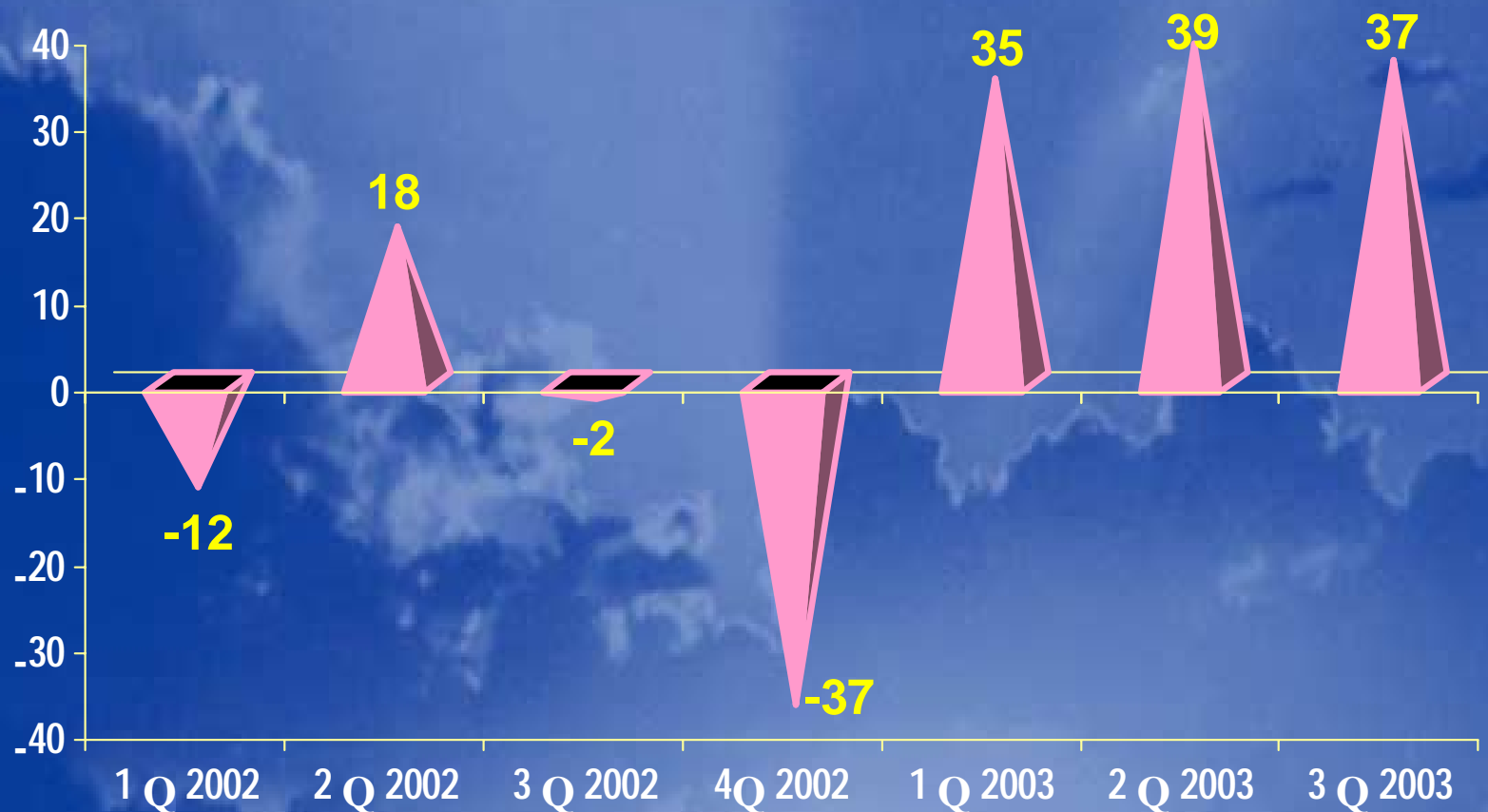
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* Excluding voluntary retirement

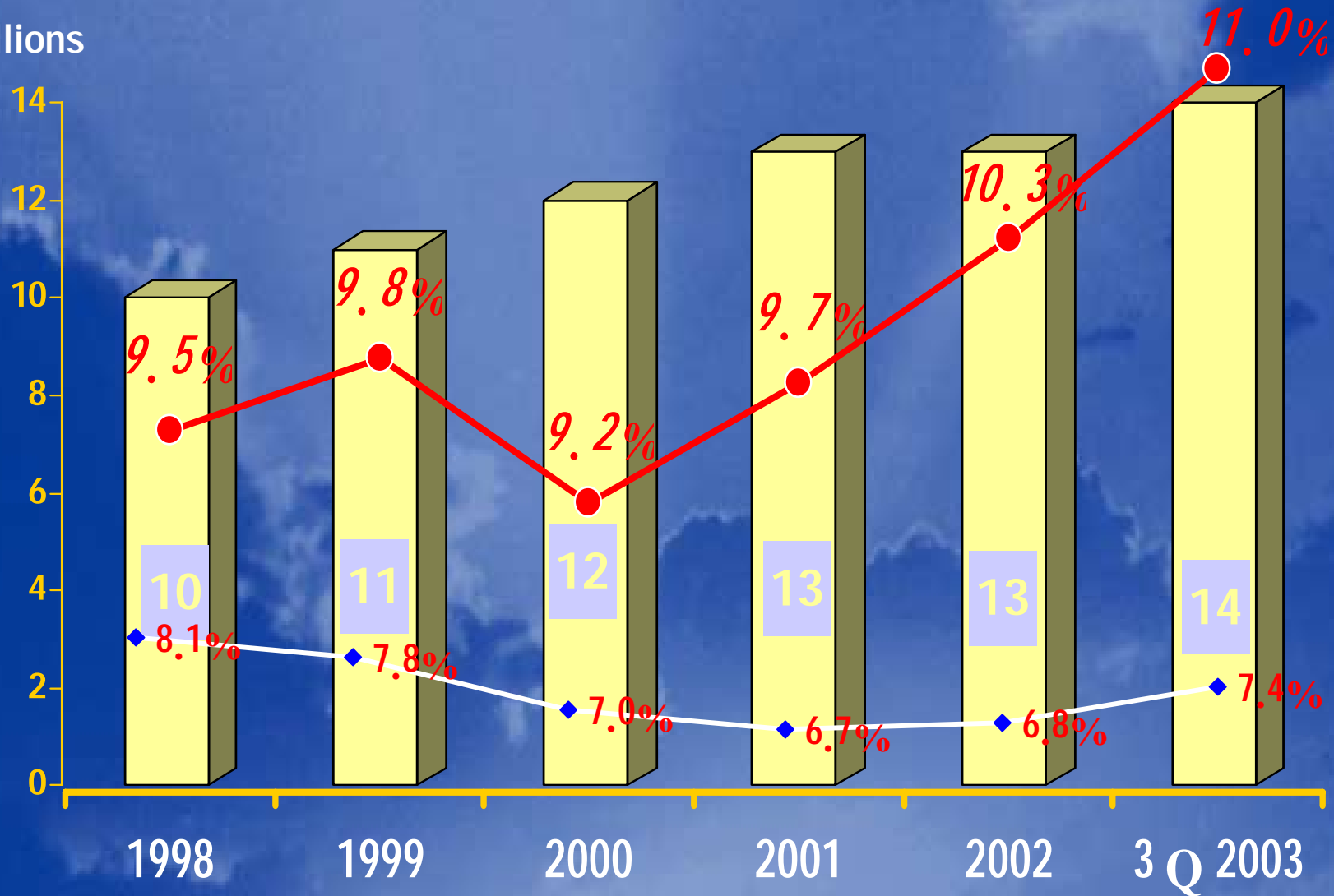
Companies included on equity basis

NIS millions



Shareholders' equity to risk weighted assets

NIS billions



Shareholders' equity

Tier I capital to risk assets

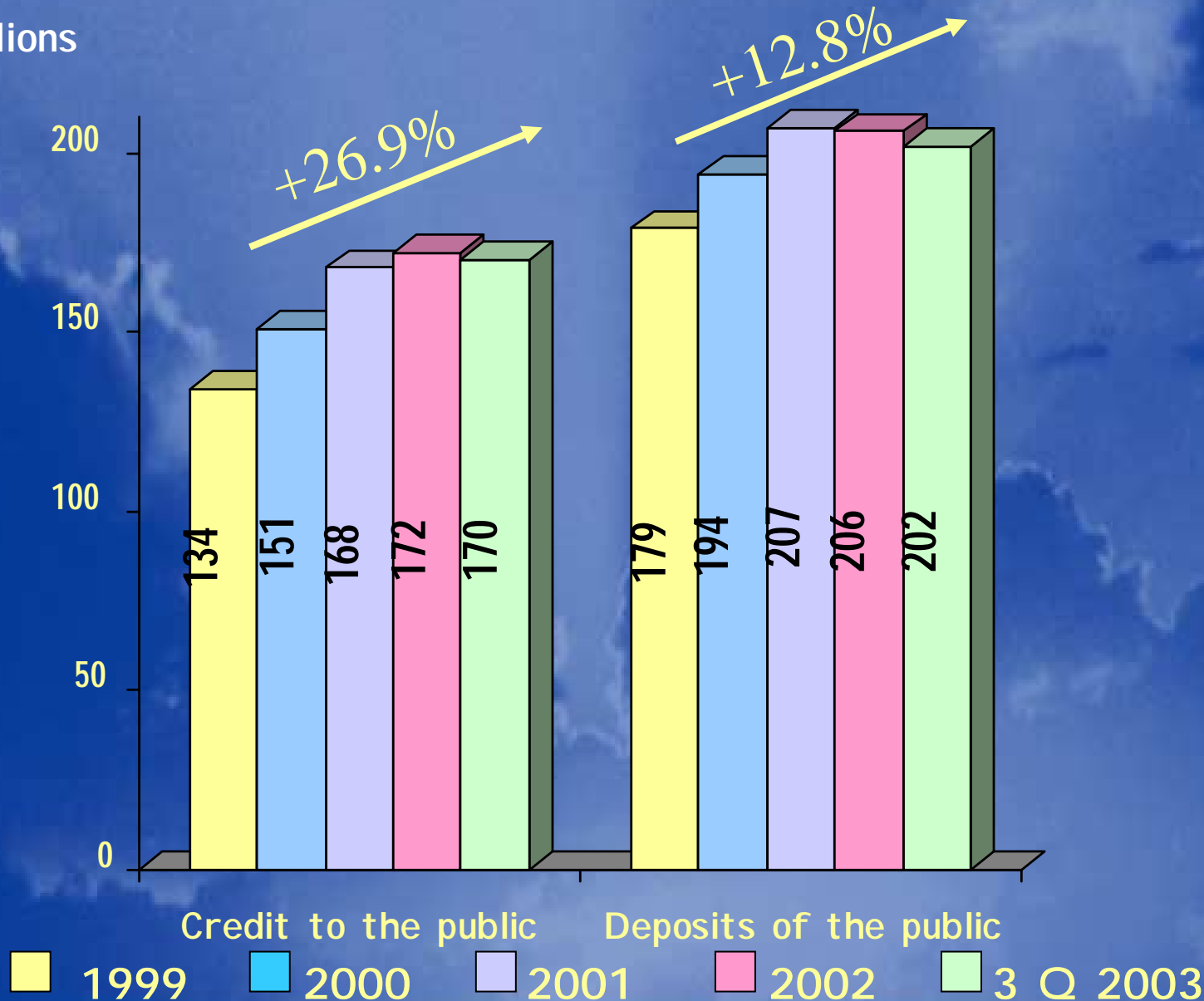
Balance Sheet Highlights

NIS billions

	30 Sept.2003	30 Sept.2002	31 Dec. 2002
Total assets	242.9	244.0	244.5
Credit to the public	170.1	172.9	172.5
Deposits of the public	201.8	203.1	205.8
Shareholders' equity	14.3	13.2	13.2
Off balance sheet items:			
Provident & supplementary training fund assets	38.1	34.8	35.6
Securities portfolio managed by the Leumi Group	132.8	114.8	113.1
Total managed assets	413.8	393.7	393.2
Total managed assets - \$	93.2	88.6	88.5

Development of credit to the public and deposits of the public

NIS billions



Summary

<i>Net operating profit</i>	932	as at 9/03	an increase of	124.0%	compared with 9/02
<i>Net operating profit to shareholders' equity</i>	9.5%	as at 9/03	compared with	4.3%	as at 9/02
<i>Provision for doubtful debts</i>	1,267	as at 9/03	a decrease of	(2.7%)	compared with 9/02
<i>Total income</i>	6,868	as at 9/03	an increase of	16.8%	compared with 9/02
<i>Efficiency ratio (excluding voluntary retirement)</i>	57.8%	as at 9/03	compared with	64.4%	as at 9/02
<i>Shareholders' equity to risk weighted assets</i>	11.0%	as at 9/03	compared with	10.2%	as at 9/02
<i>Credit to the public</i>		a decrease of		(1.6%)	compared with 9/02
<i>Deposits of the public</i>		a decrease of		(0.7%)	compared with 9/02

Leumi. Tomorrow, Today.

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Leumi is a strong local and global brand

Leumi has a focused strategy and proven ability to implement it

Leumi is poised to take full advantage of the economic recovery

Leumi has diverse sources of income

Leumi invests in infrastructure and technology for dealing with future competition

Leumi has managerial breadth and depth