

לְאוּמִי

leumi

Leumi Group Results

30 June 2004

Important notice

This presentation has been prepared by Bank Leumi le-Israel B.M. (the “Bank”) and is provided to you solely for your information and is not to be copied or distributed to any other person. This presentation does not purport to be all-inclusive or to contain all of the information that may be relevant in making any decision concerning an investment in the securities of the Bank.

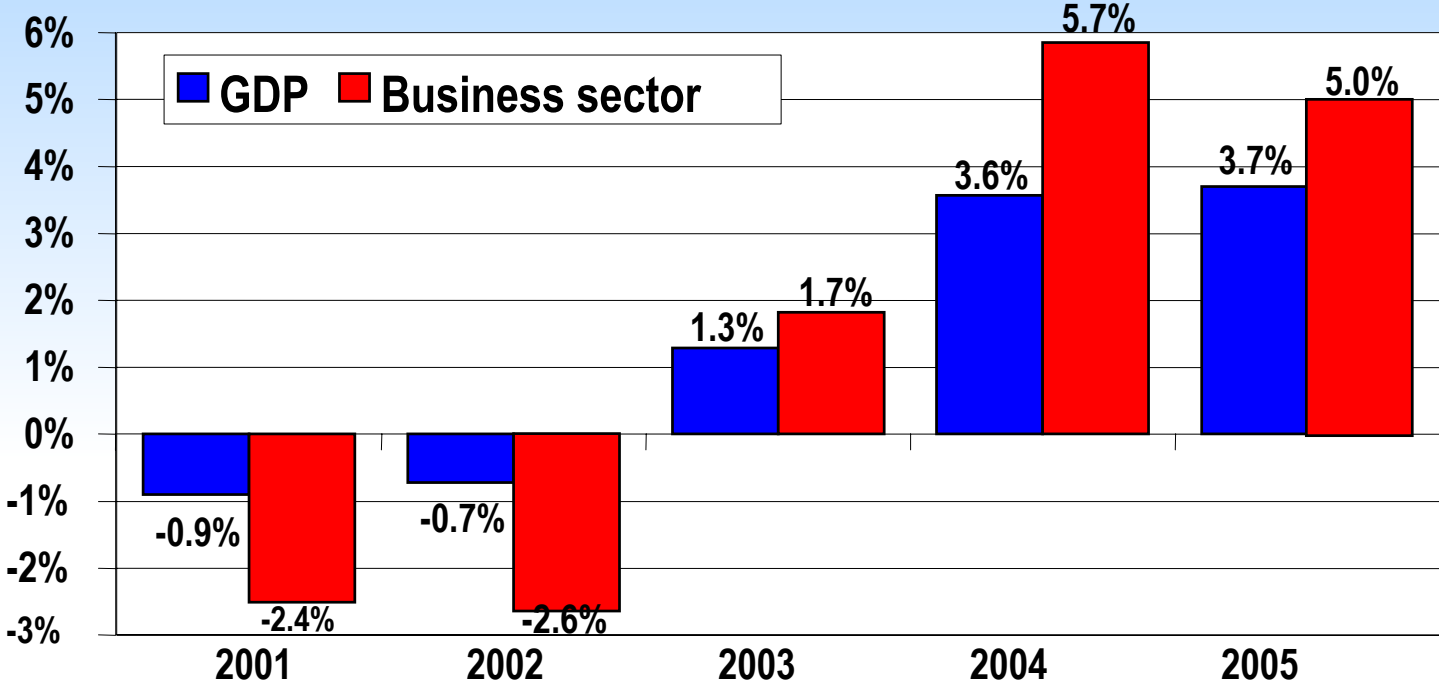
No representation of warranty, expressed or implied, is made by any person as to the accuracy or completeness of any of the information contained herein. In particular, no representation or warranty is given as to the achievement or reasonableness of any forecasts about the future prospects of the Bank.

This presentation does not constitute an offer or invitation to purchase or subscribe for any securities, and neither this presentation nor anything contained herein shall form the basis of or be relied upon in connection with any contract or commitment whatsoever.

GDP: Entire Economy and Business Sector

Real term rates of change

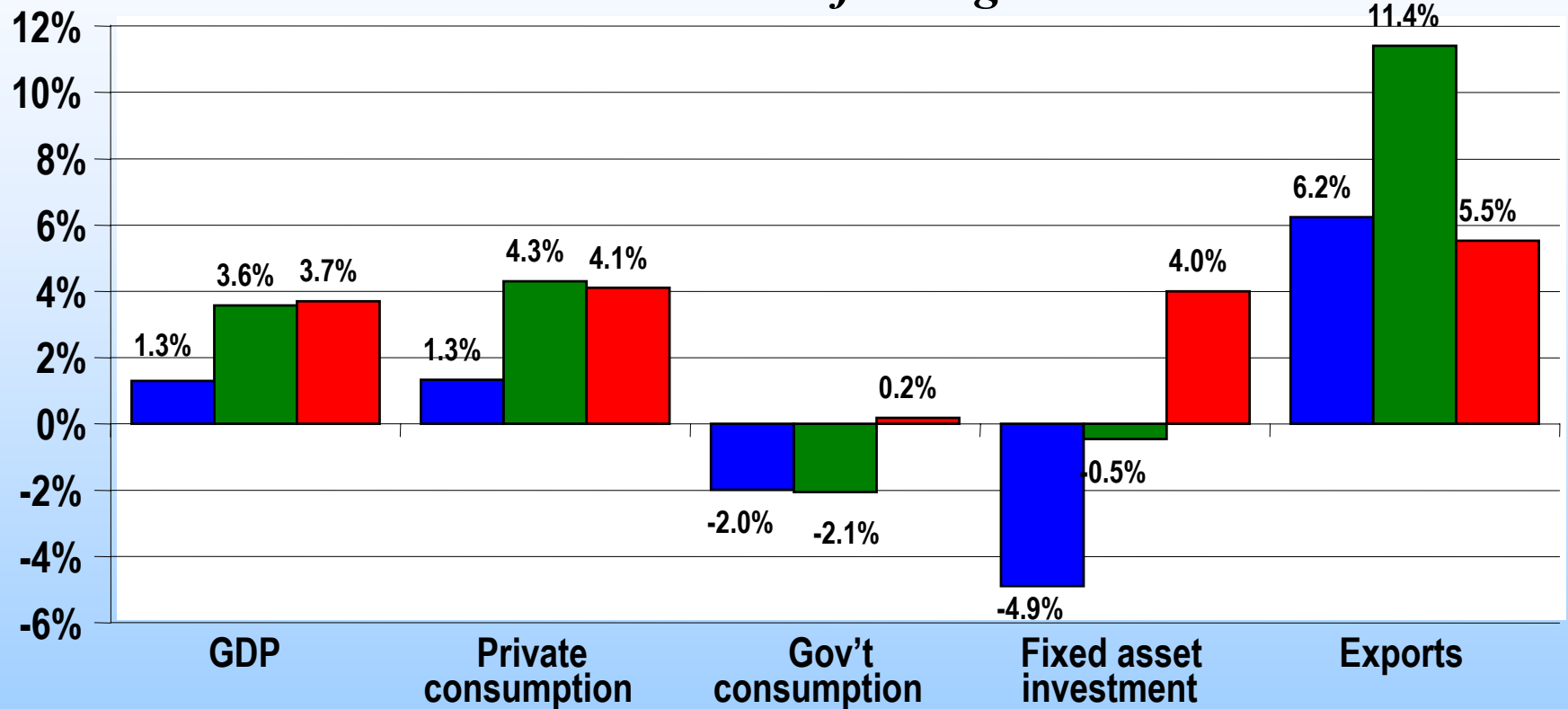
- Recession 2001/2
- Export led recovery 2003/4
- Domestic demand increase 2005



Forecast: 2004/5

The business sector has been the engine of growth throughout the recovery; to facilitate this, the share of government spending has declined

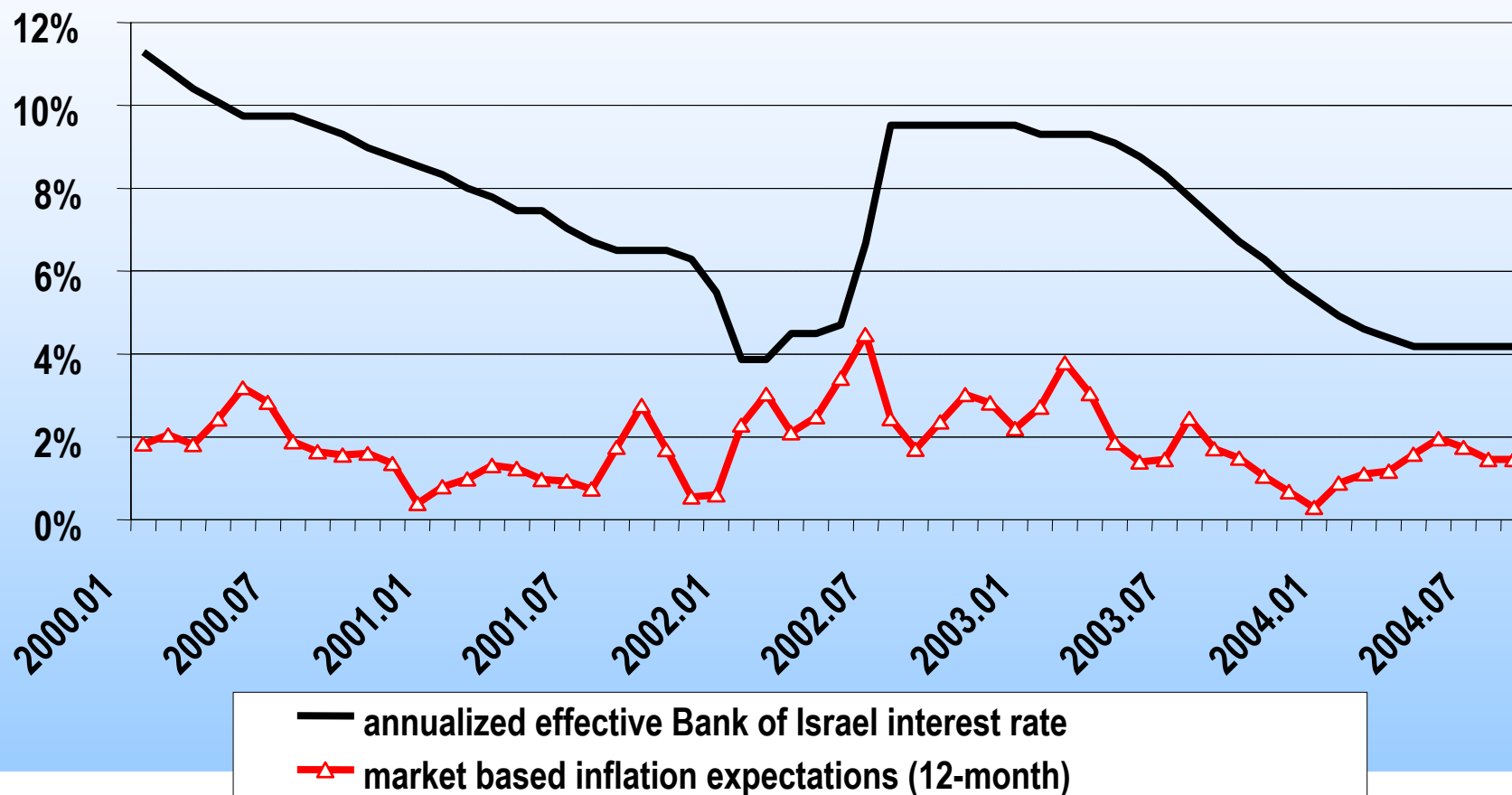
*Main components of economic activity
real term rates of change*



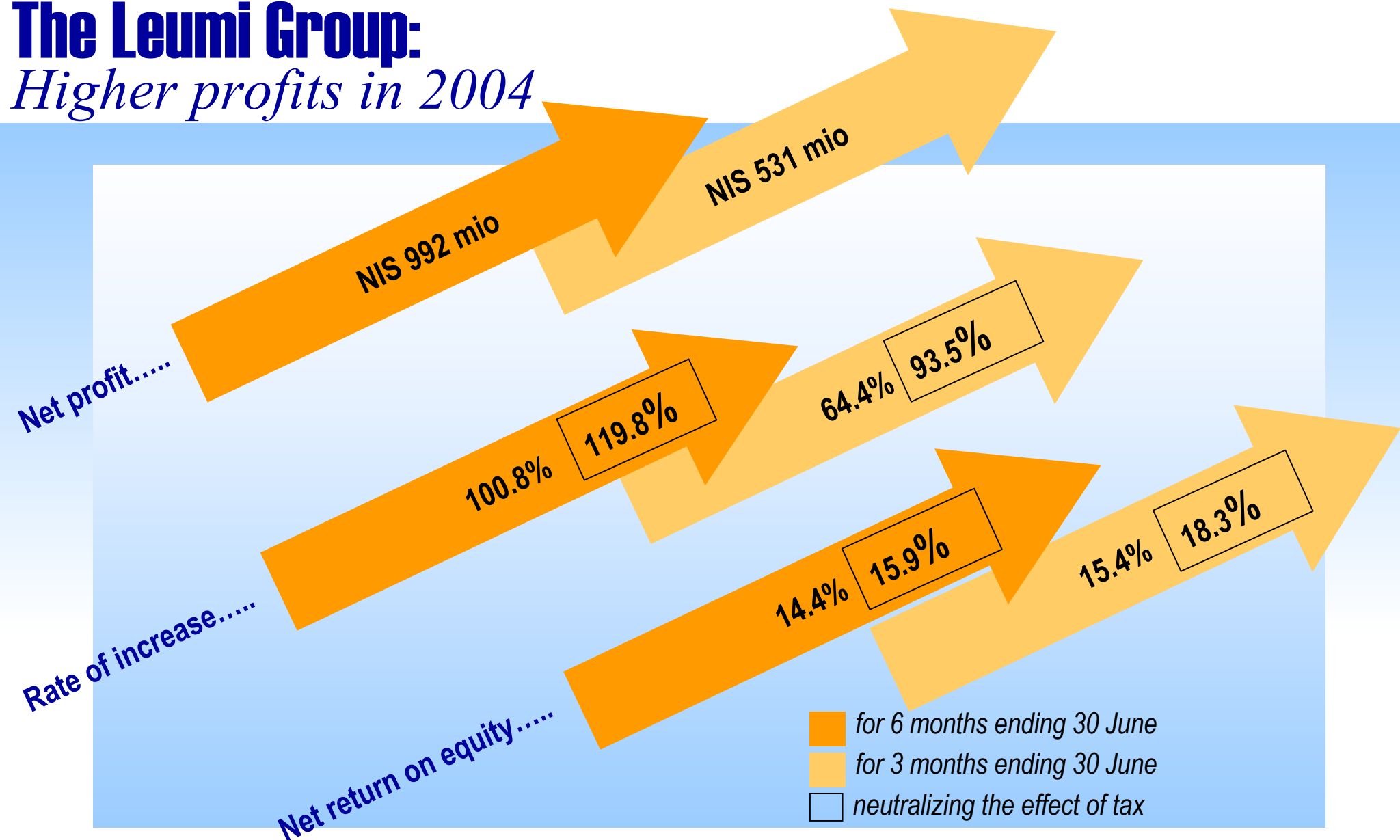
■ 2003 ■ 2004 forecast ■ 2005 forecast

A gradual and sustainable reduction of the interest rate; balanced policy mix and stronger fundamentals

The nominal interest rate and inflation



The Leumi Group: Higher profits in 2004

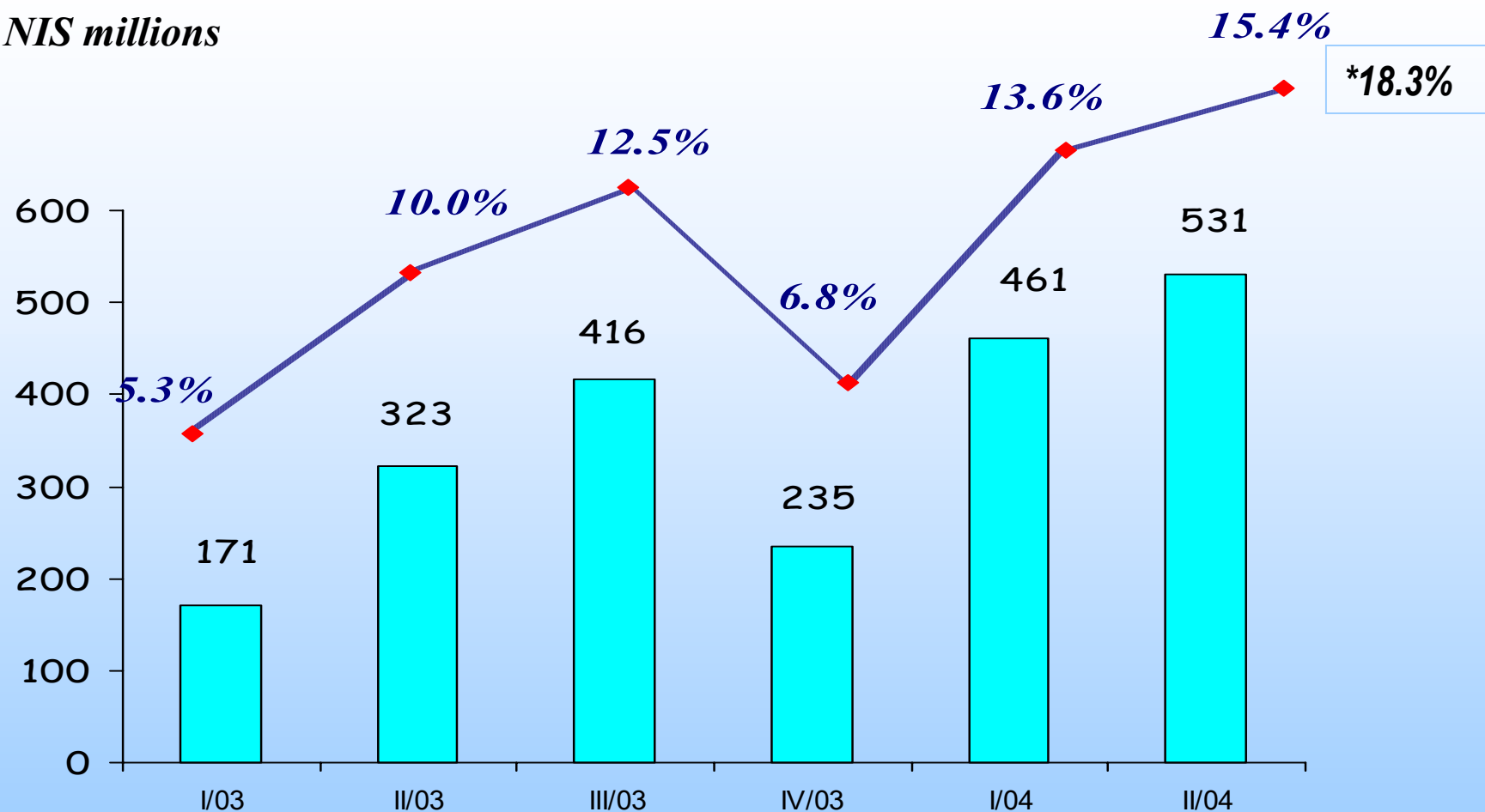


Main Financial Data

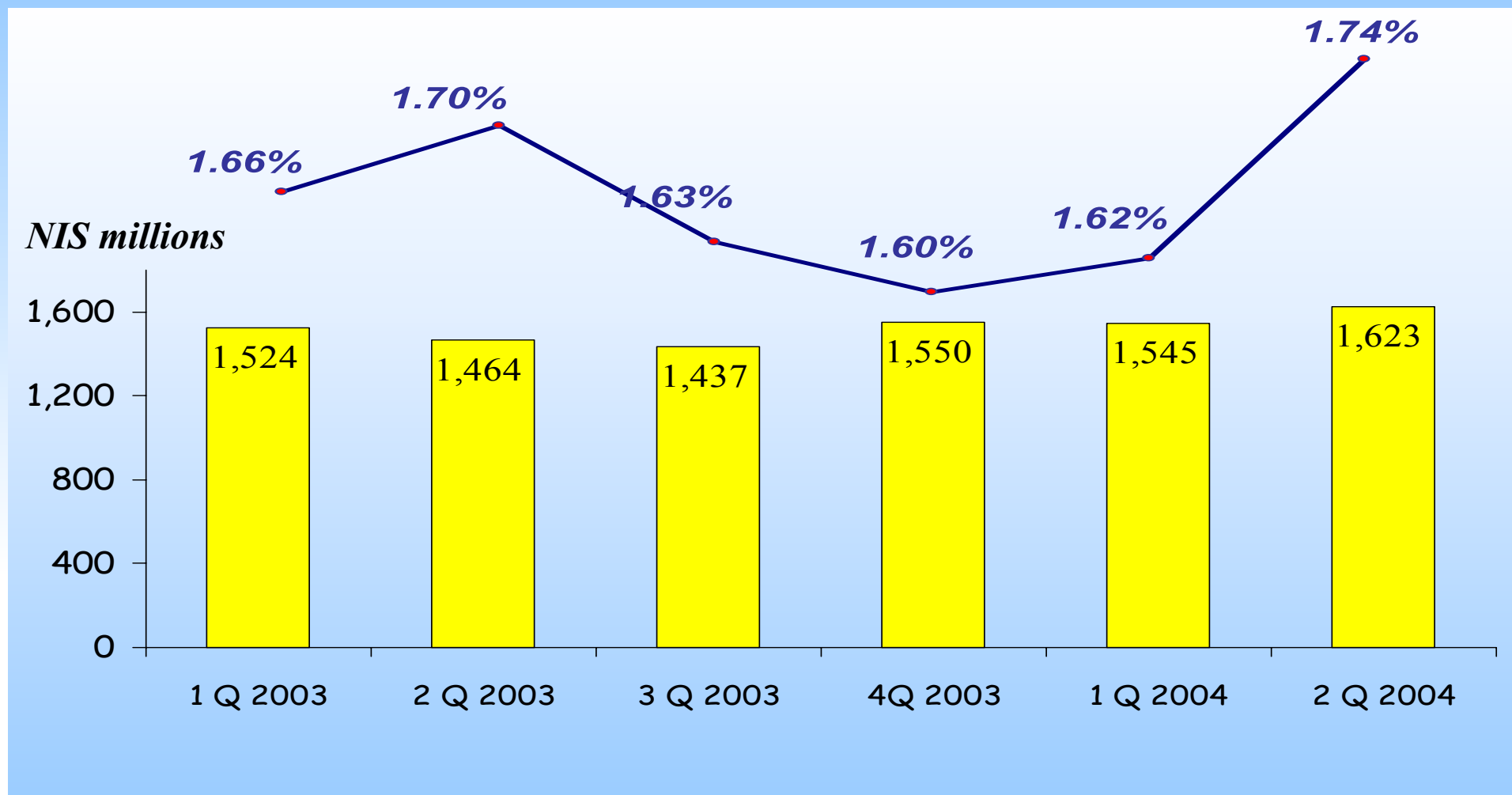
<i>NIS millions</i>	Six months ended June 2004	% Change For 6 months	% Change For 3 months
Net interest income before provision for doubtful debts	3,168	6.0	10.9
Provision for doubtful debts	662	(25.7)	(48.7)
Total operating and other income	1,691	4.8	(3.8)
Total operating and other expenses	2,662	(2.6)	2.8
Companies included on the equity basis	183	147.3	212.8
Net profit for the period	992	100.8	64.4

Net Profit and ROE (in annual terms)

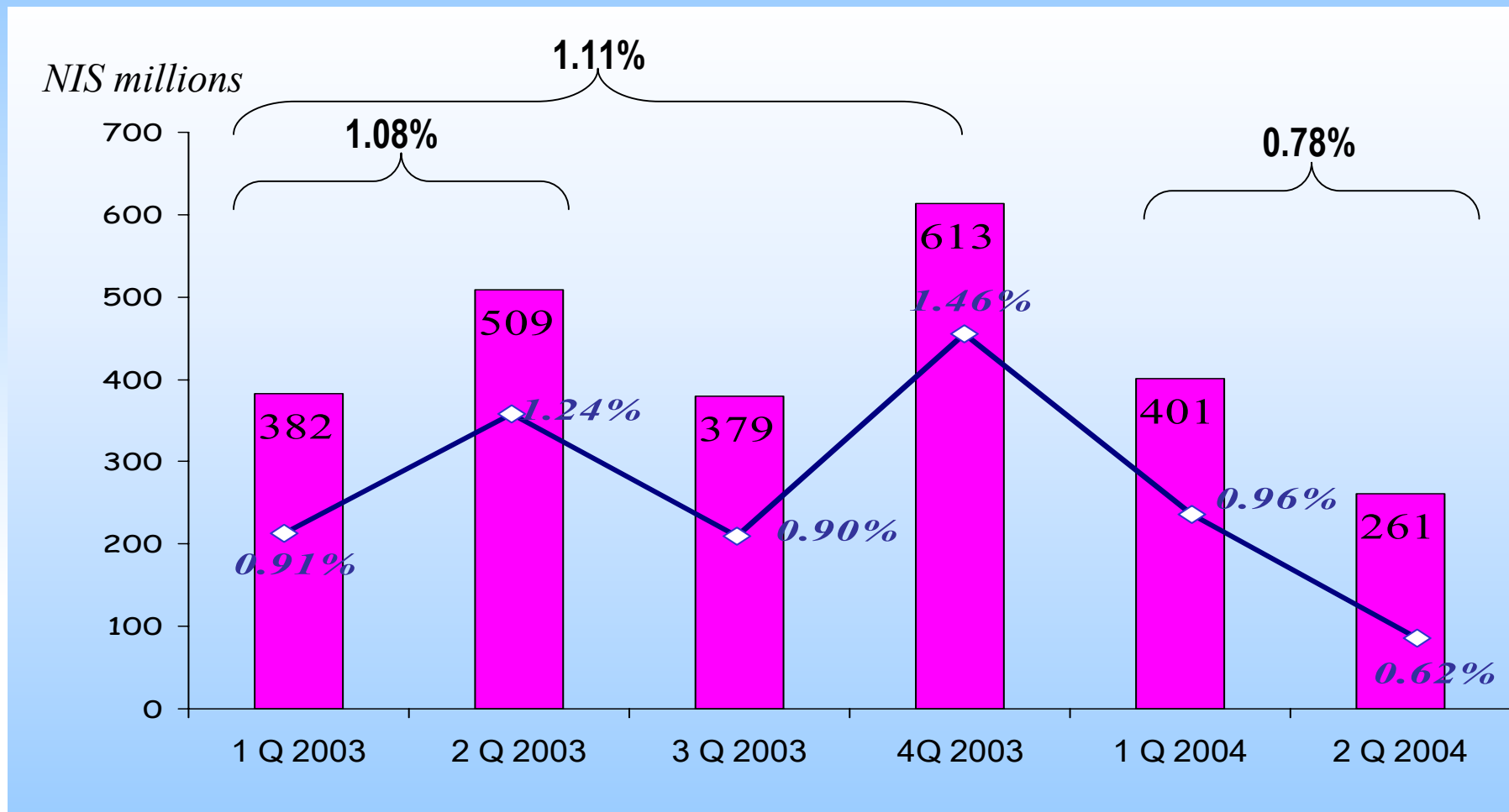
NIS millions



Net Interest Income and Interest Spread*



Quarterly Provisions for Doubtful Debts*



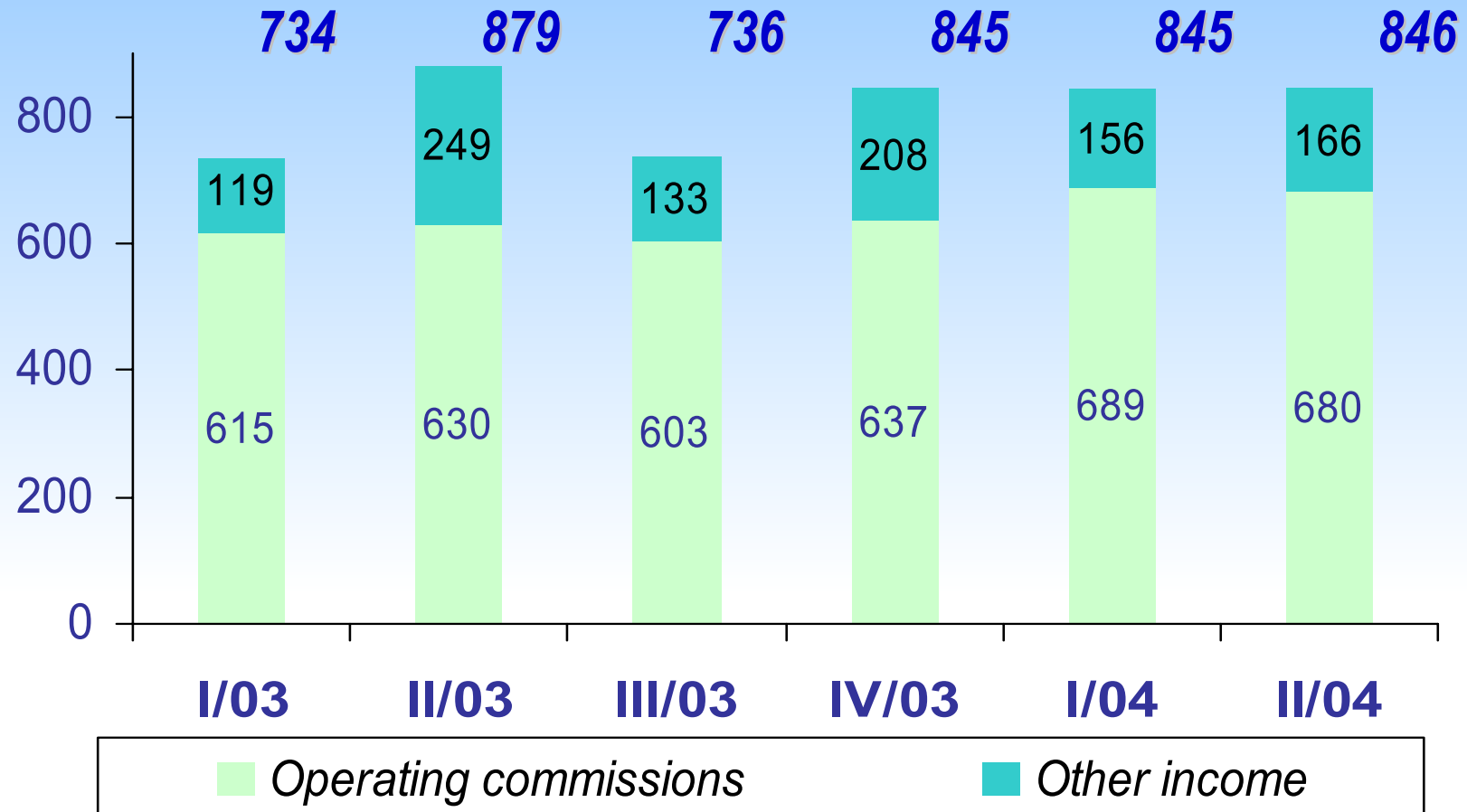
*Annualized rate of provision for all credit to the public

Problematic Loans

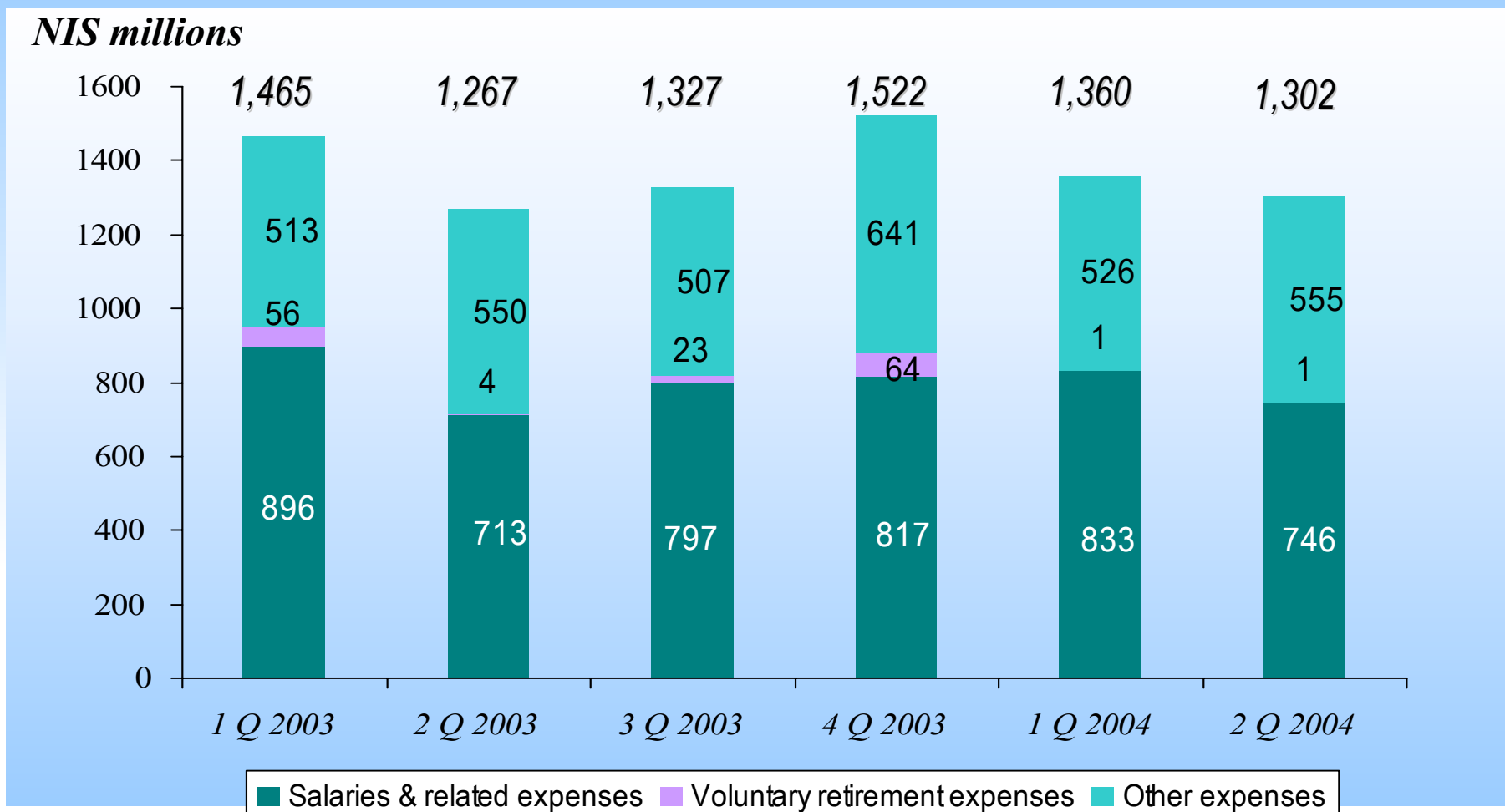
<i>NIS millions</i>	30.6. 2004	31.12 2003
Non-accrual	3,305	3,845
Restructured	982	525
To be restructured	94	81
In temporary arrears	850	931
Under special supervision	13,434	11,120
Total balance sheet credit risk	18,665	16,502
Off balance sheet credit risk	2,177	1,780
Total overall credit	20,842	18,282

Operating Income

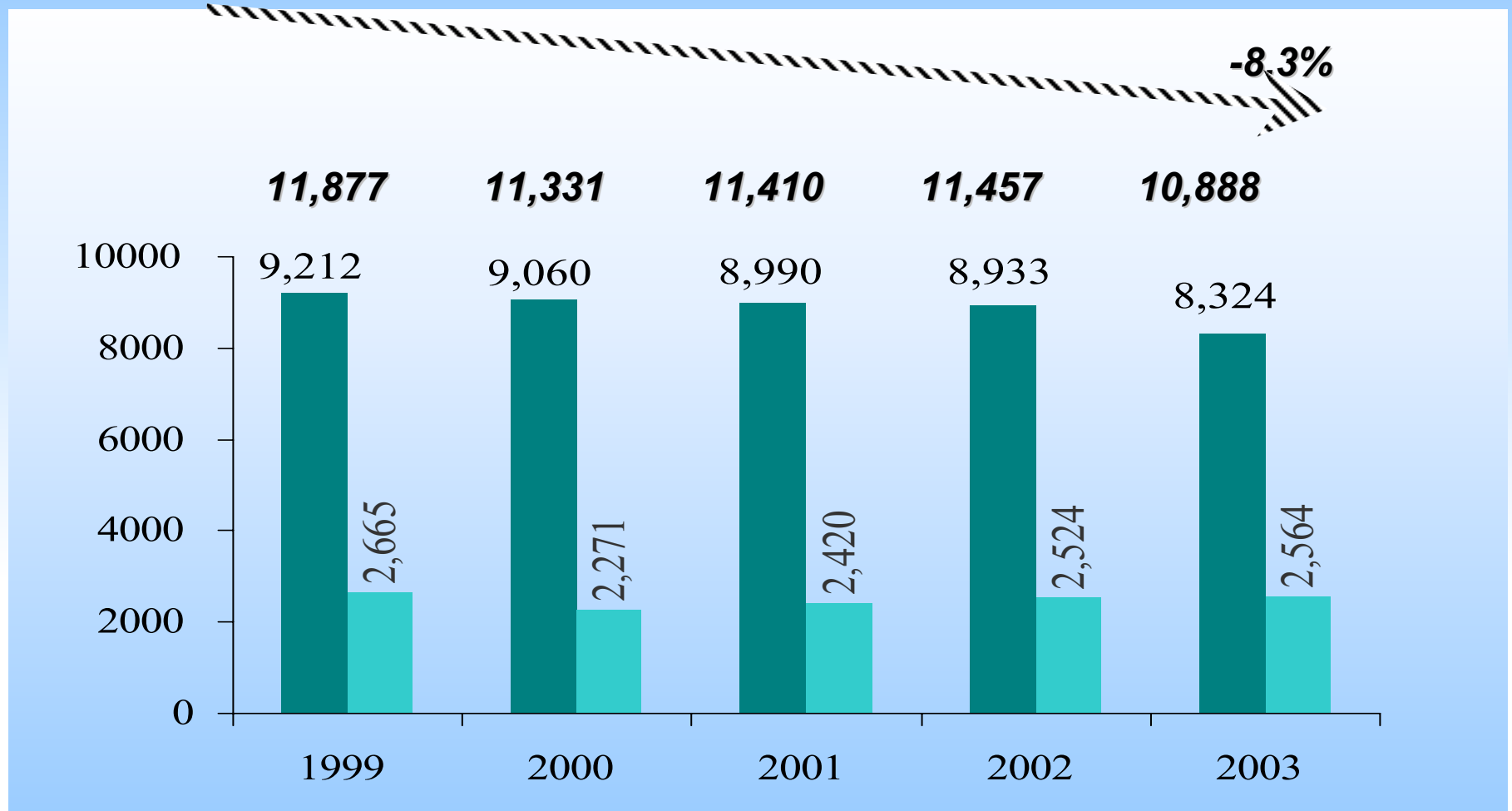
NIS millions



Operating Expenses

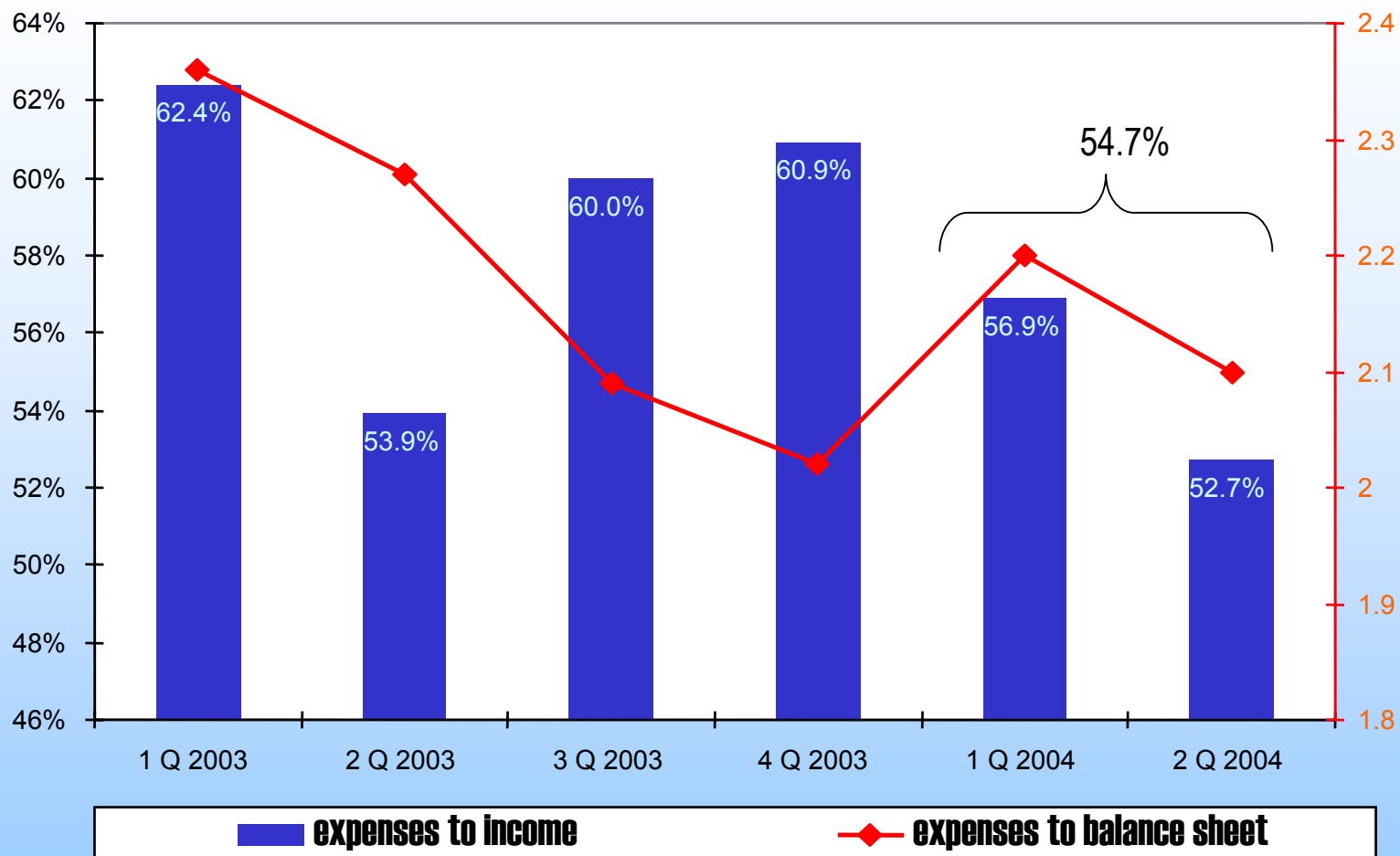


Employees - Group Total: Year End Positions



■ Bank Leumi le-Israel ■ Subsidiaries & overseas branches

Efficiency Ratio on Quarterly Basis *

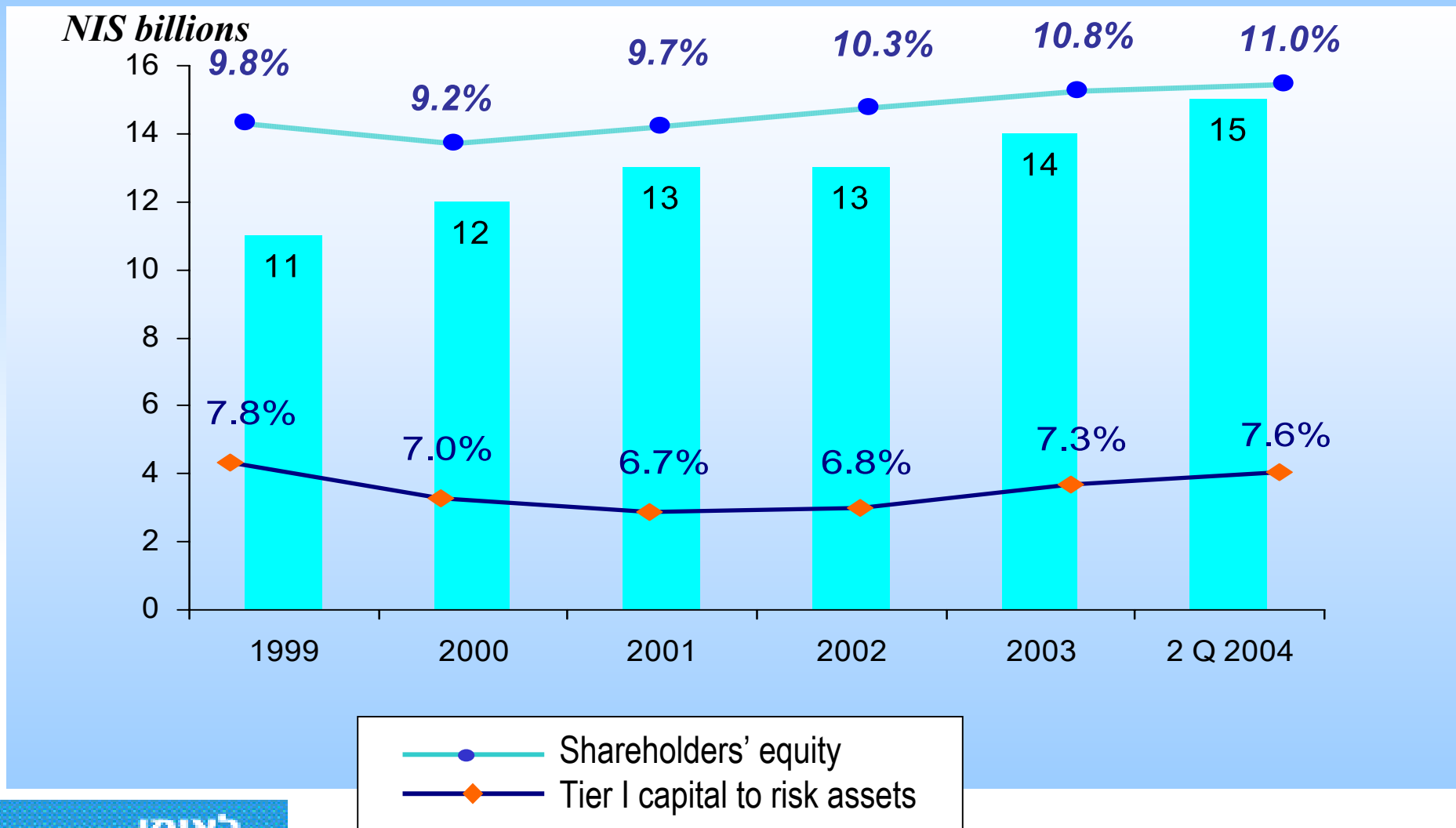


* Excluding voluntary retirement

Companies included on Equity Basis



Indices of Financial Strength

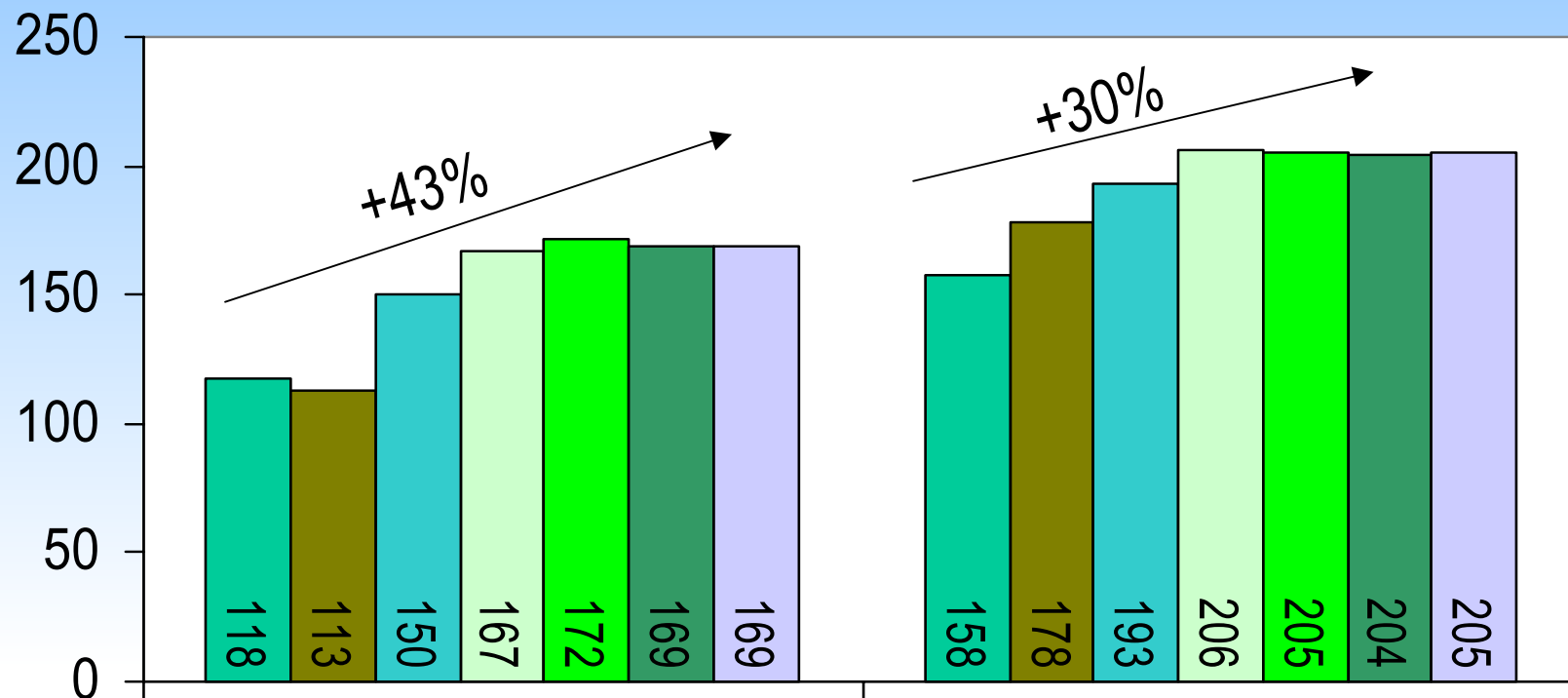


Balance Sheet Highlights

<i>NIS billions</i>	30.6. 2004	30.6 2003	31.12 2003
Total assets	248.1	237.0	246.6
Credit to the public	169.4	165.0	169.2
Deposits of the public	204.5	197.5	203.6
Shareholders' equity	15.0	13.9	14.2
Off-balance sheet items:			
Provident & supplementary training fund assets	41.1	37.6	40.3
Securities portfolio managed by the Leumi Group	193.4	133.3	158.1
Total managed assets	482.6	395.2	445.0
Total managed assets- US\$	107.3	87.3	98.3

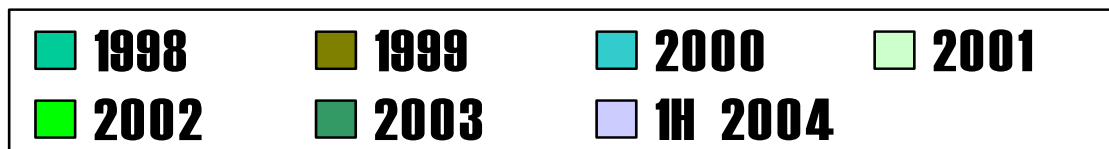
Development of Credit to the Public and Deposits of the Public

NIS billions



credit to the public

deposits of the public



Summary

<i>Net operating profit</i>	1,015	as at 6/04	an increase of	95.9%	compared with 6/03
<i>Net operating profit to shareholders' equity</i>	14.8%	as at 6/04	compared with	8.0%	as at 6/03
<i>Provision for doubtful debts</i>	662	as at 6/04	a decrease of	(25.7%)	compared with 6/03
<i>Total income</i>	4,859	as at 6/04	an increase of	5.6%	compared with 6/03
<i>Efficiency ratio (excluding voluntary retirement)</i>	54.7%	as at 6/04	compared with	58.1%	as at 6/03
<i>Shareholders' equity to risk weighted assets</i>	11.0%	as at 6/04	compared with	11.1%	as at 6/03
<i>Credit to the public</i>			an increase of	2.7%	compared with 6/03
<i>Deposits of the public</i>			an increase of	3.5%	compared with 6/03