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leumi

Leumi Group

Results

30 September 2004

Important notice

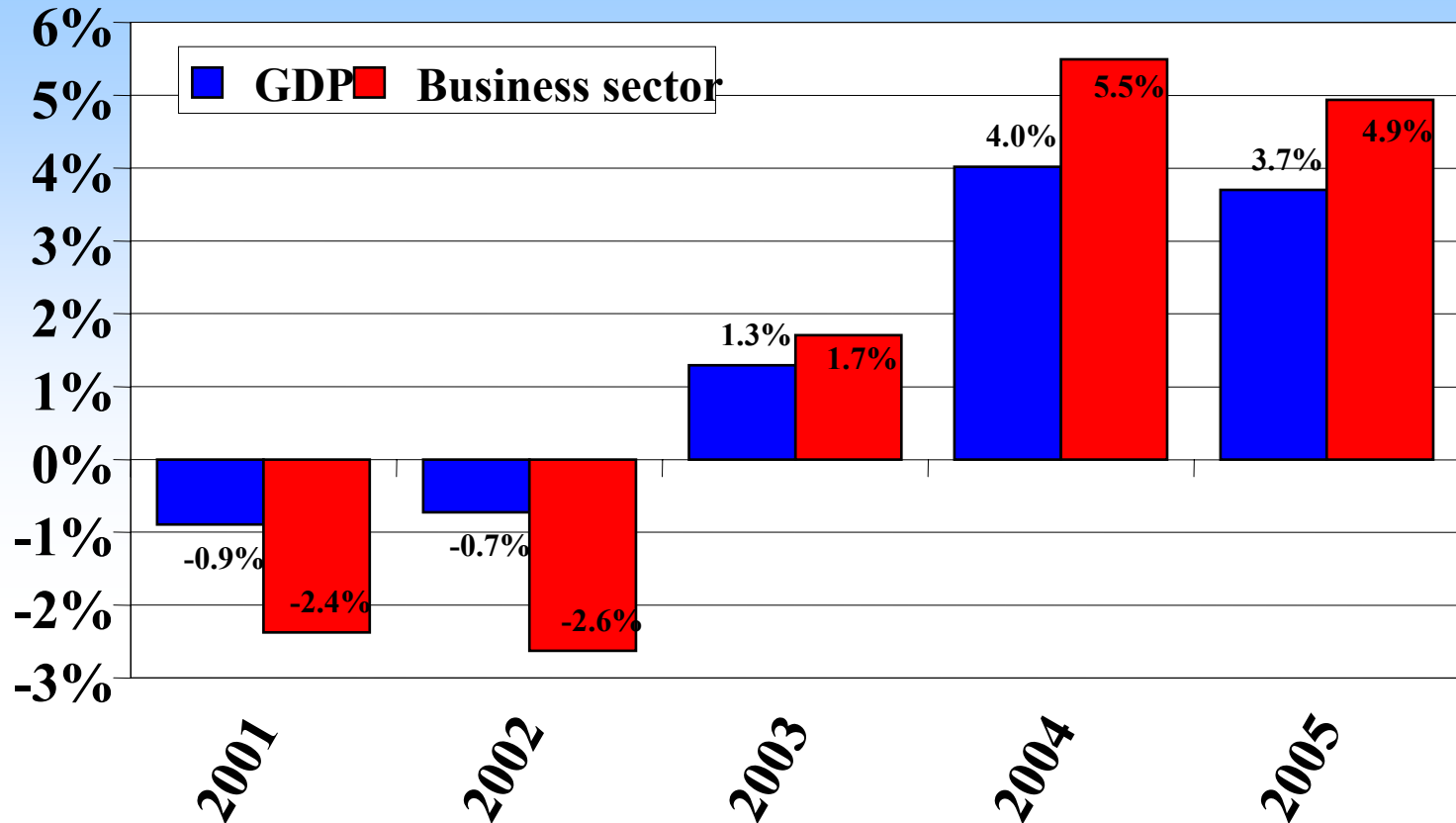
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GDP: entire economy and business sector

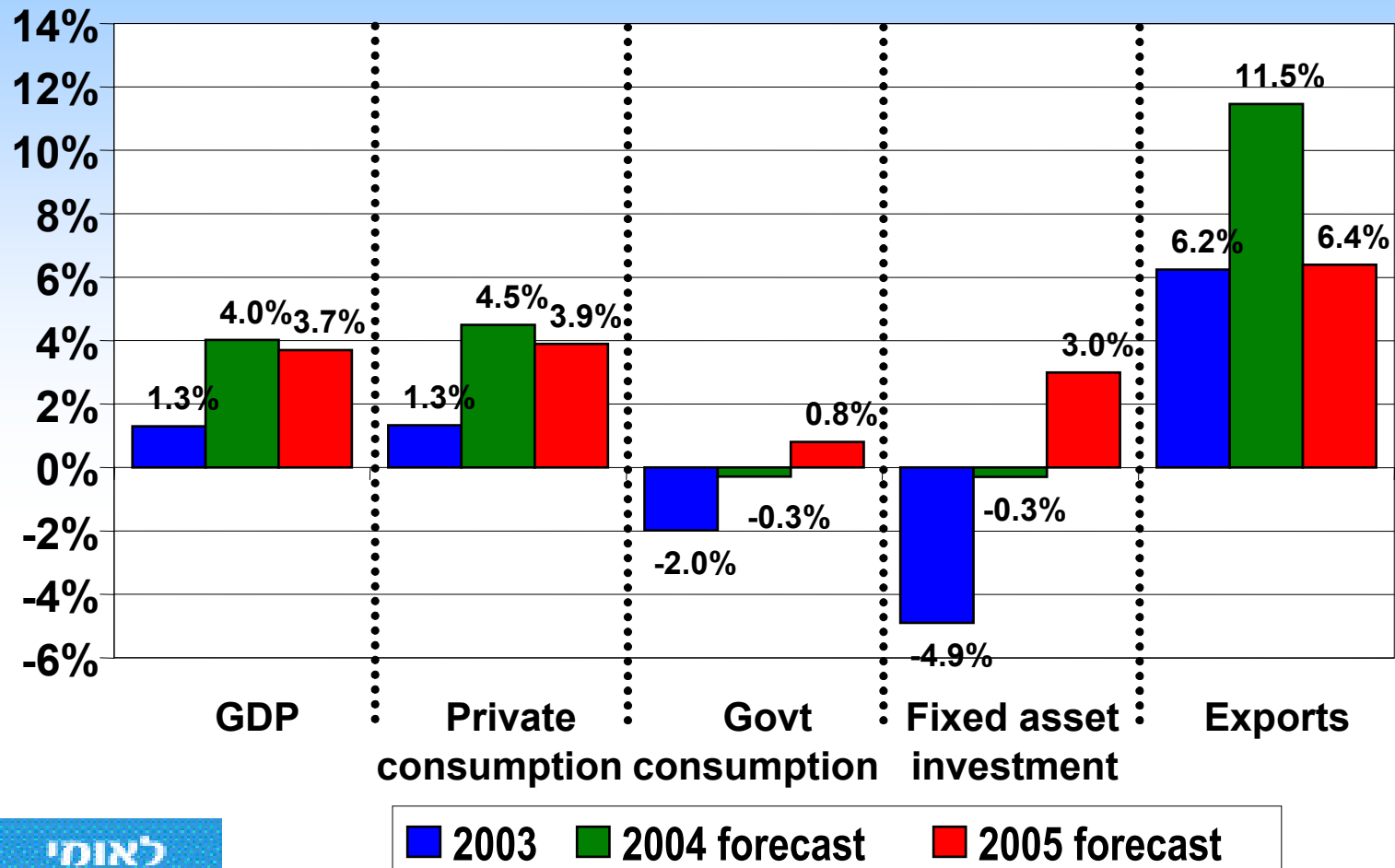
real term rates of change



Forecast: 2004/5

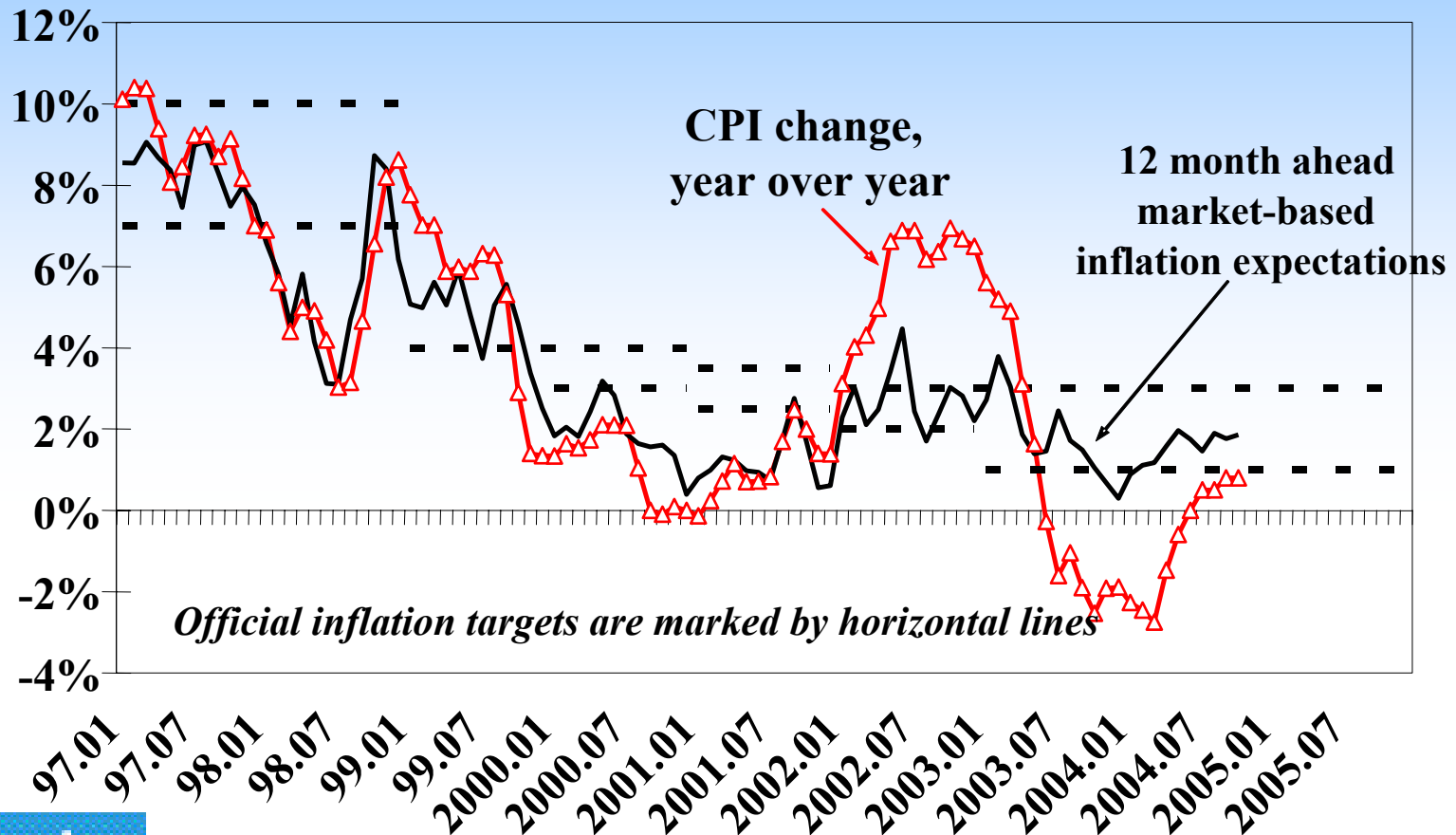
The business sector has been the engine of growth throughout the recovery; to facilitate this, the share of government spending has declined

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



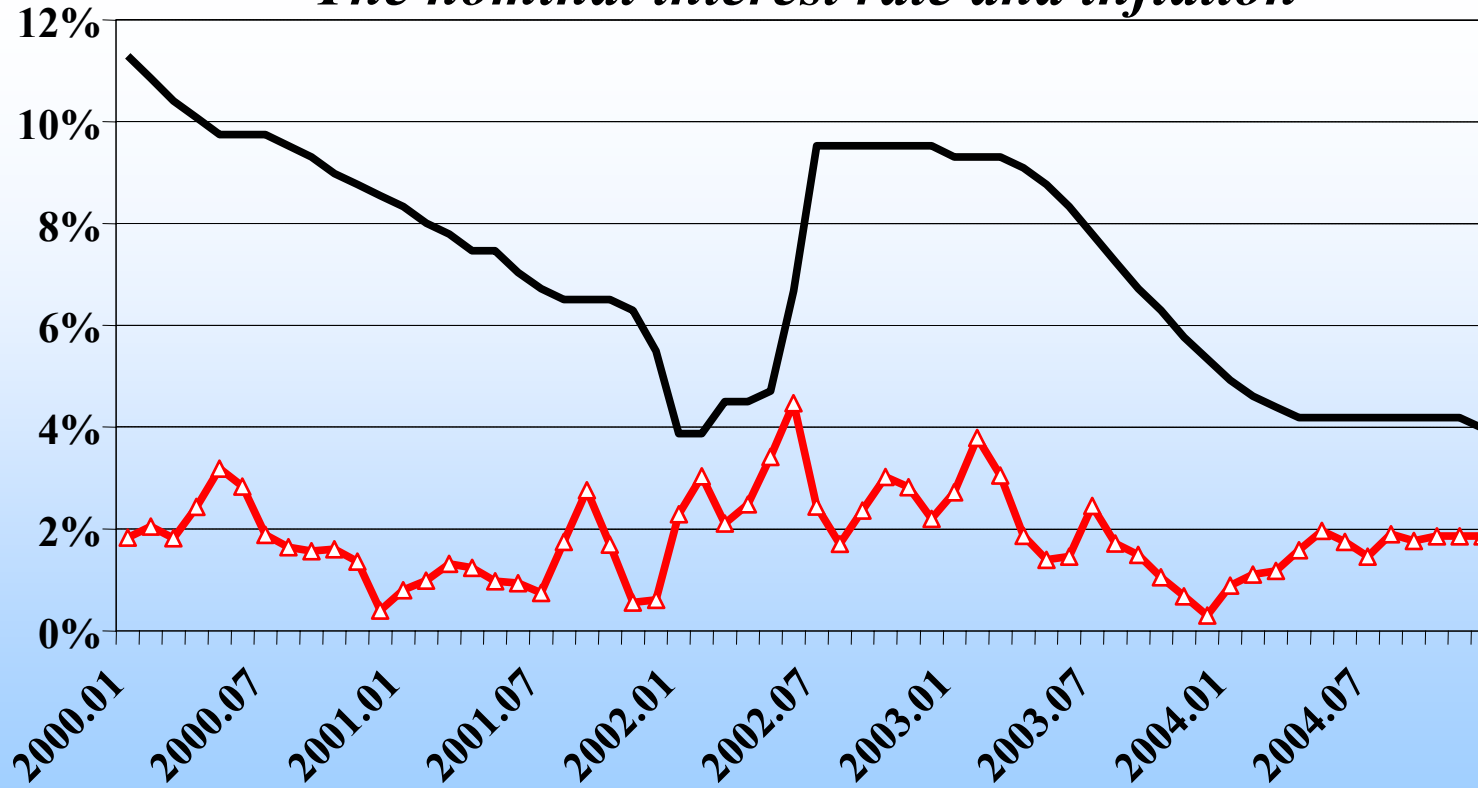
The rate of inflation has returned to the targeted range of price stability

Inflation: Actual, expected and targets



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

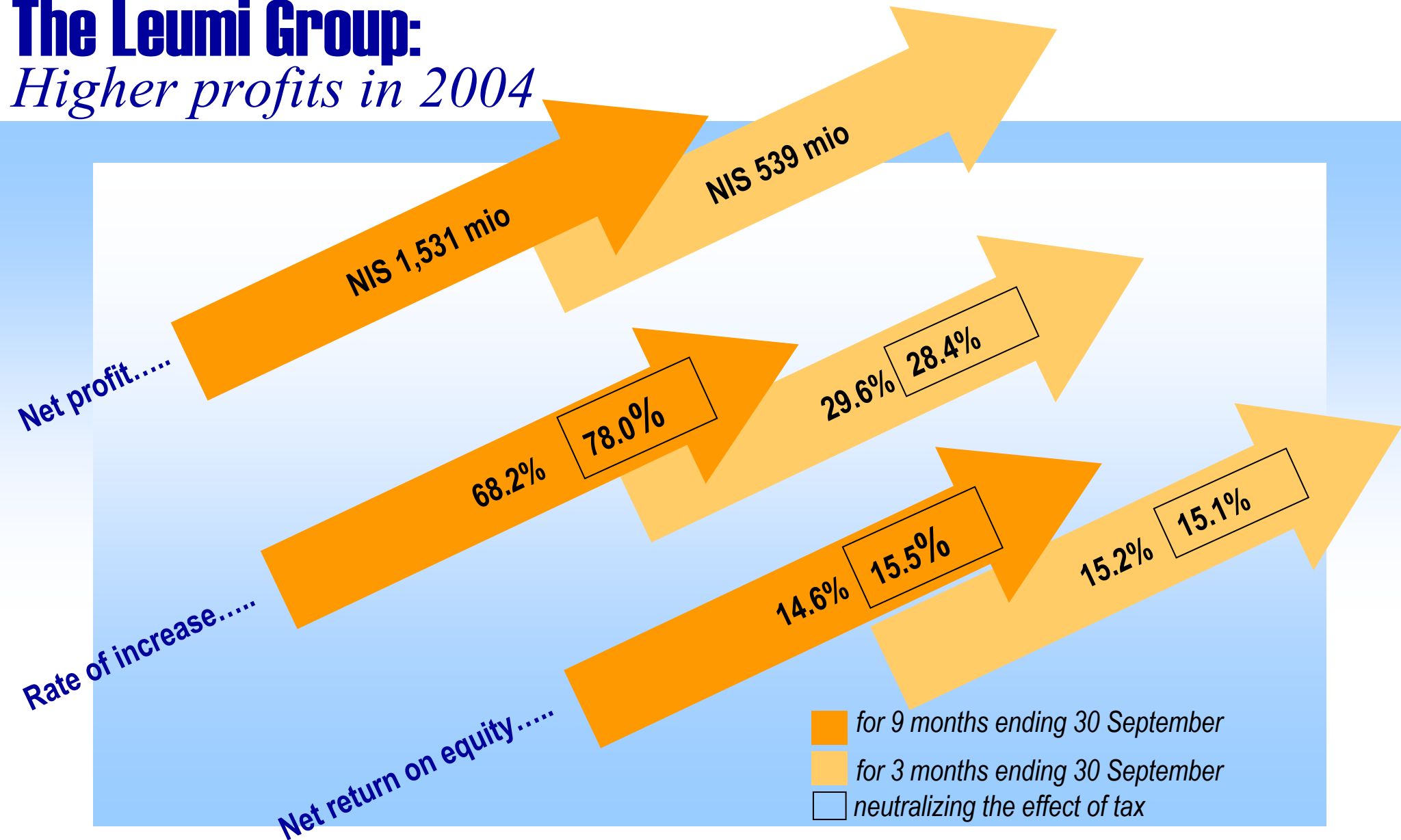
The nominal interest rate and inflation



— annualized effective Bank of Israel interest rate
—△ market based inflation expectations (12-month)

The Leumi Group:

Higher profits in 2004

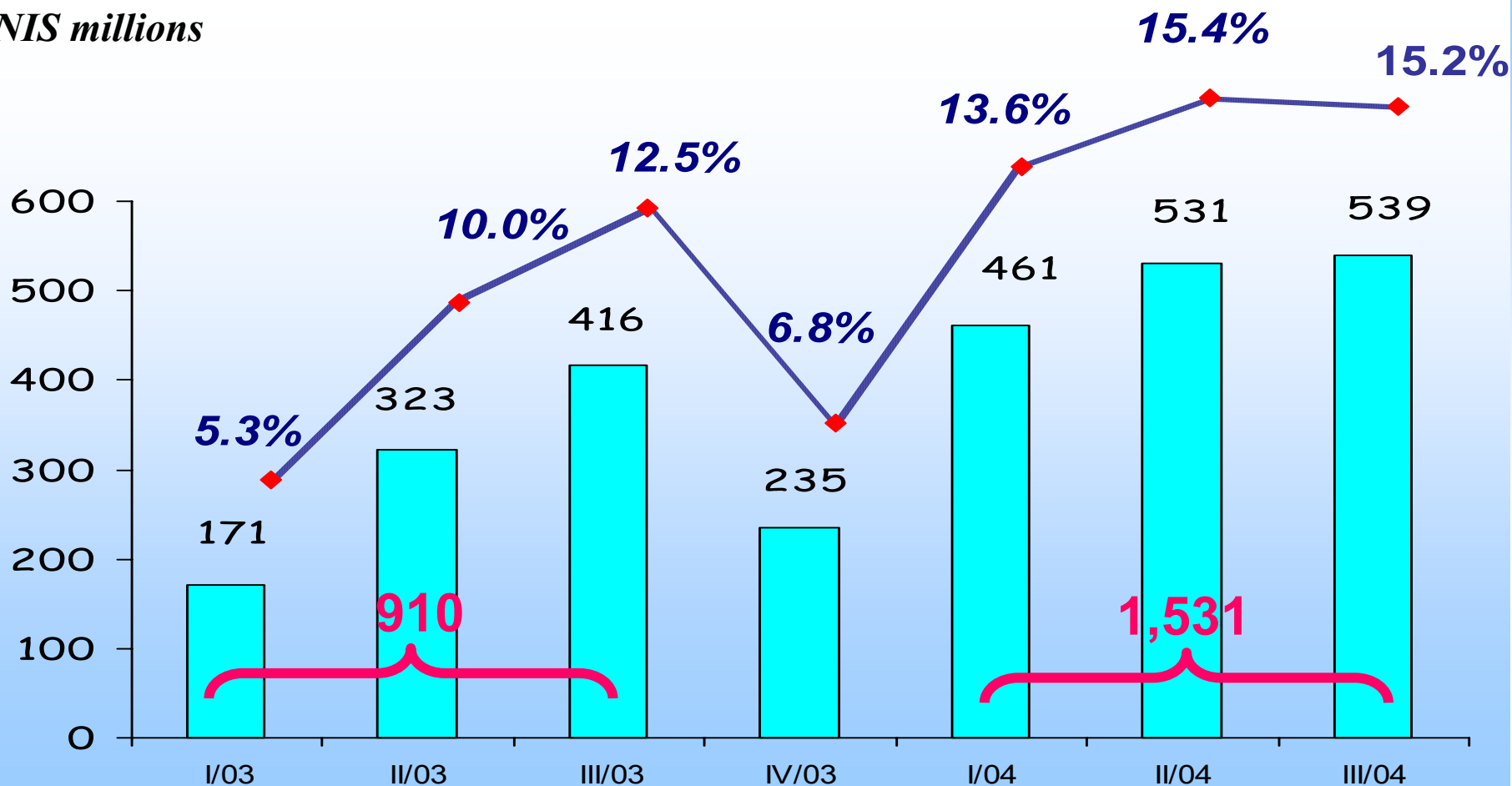


Main Financial Data

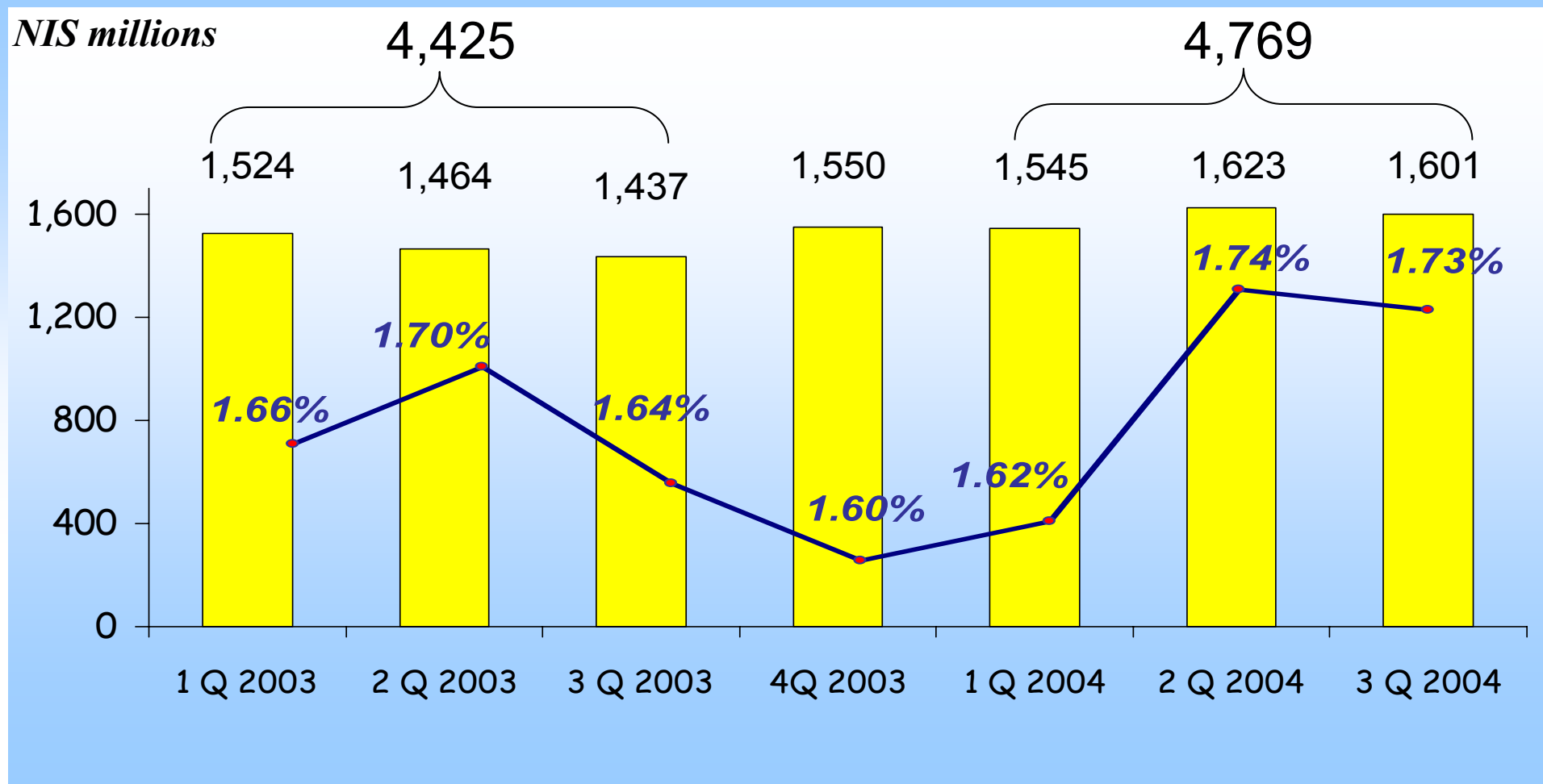
<i>NIS millions</i>	Nine months ended September 2004	% Change For 9 months	% Change For 3 months
Net interest income before provision for doubtful debts	4,769	7.8	11.4
Provision for doubtful debts	984	(22.5)	(15.0)
Total operating and other income	2,526	6.8	12.7
Total operating and other expenses	4,016	(1.4)	1.7
Companies included on the equity basis	294	164.9	200.0
Net profit for the period	1,531	68.2	29.6

Net Profit and ROE (in annual terms)

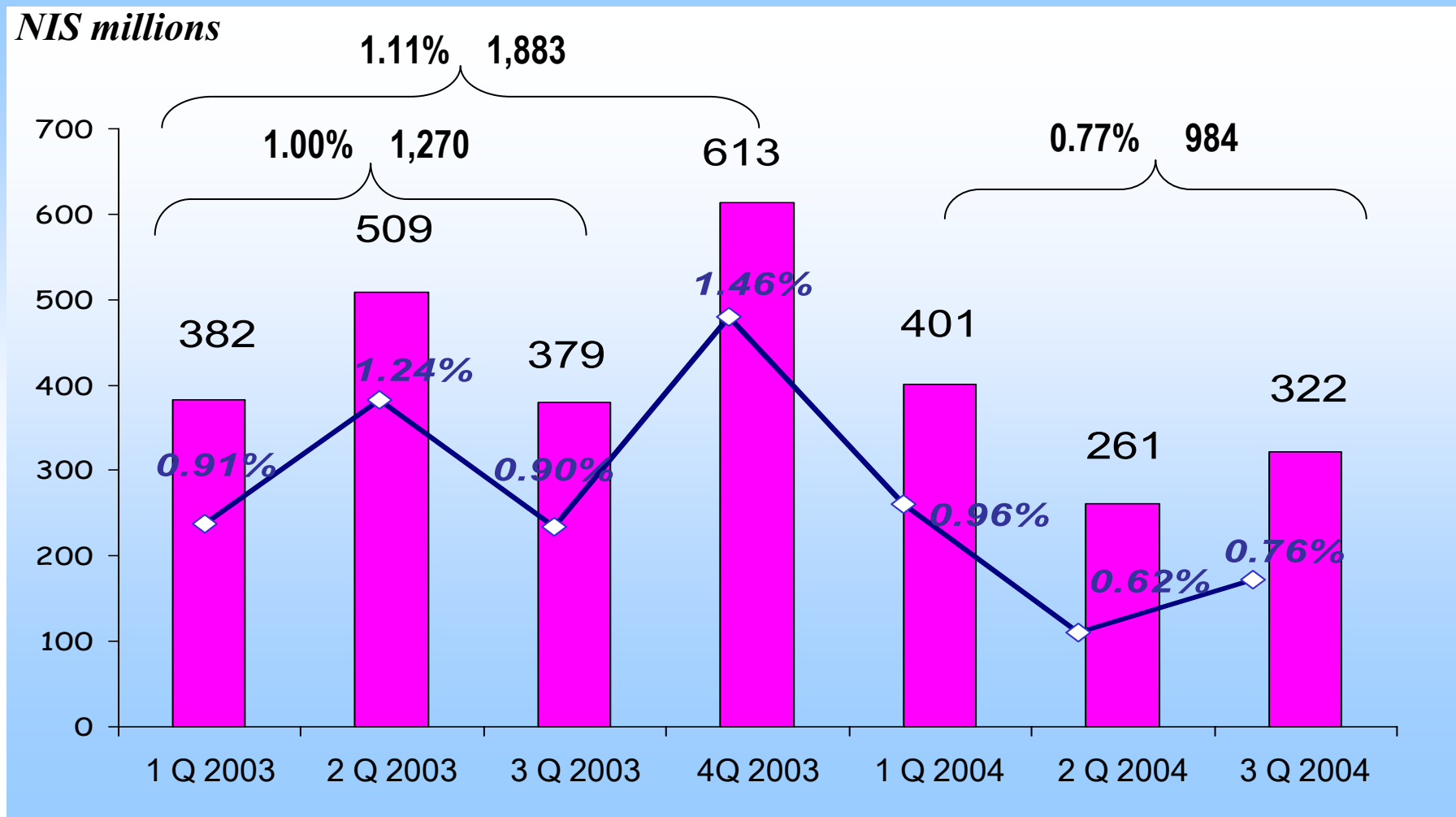
NIS millions



Net Interest Income and Interest Spread*



Quarterly Provisions for Doubtful Debts*



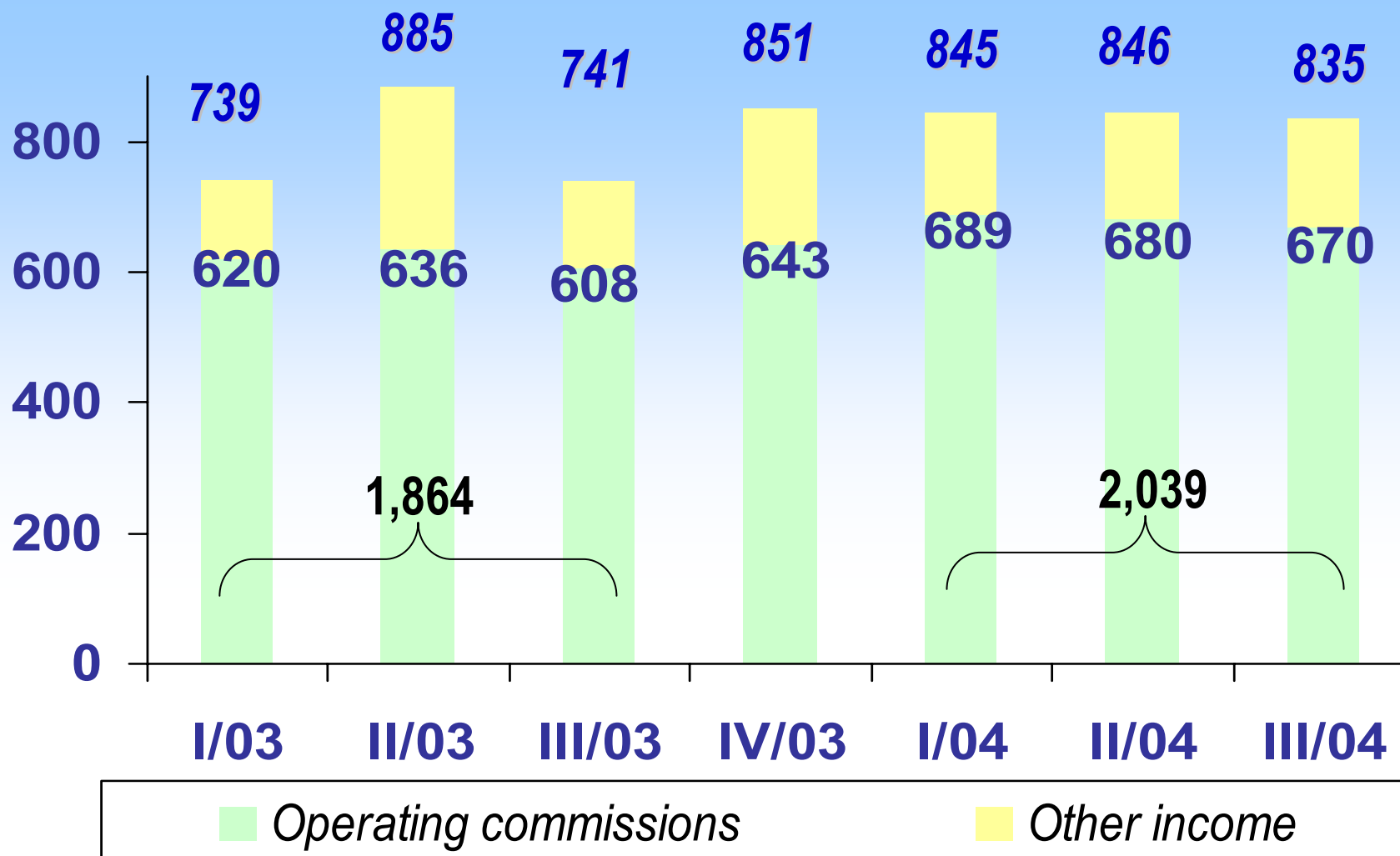
**Annualized rate of provision for all credit to the public*

Problematic Loans

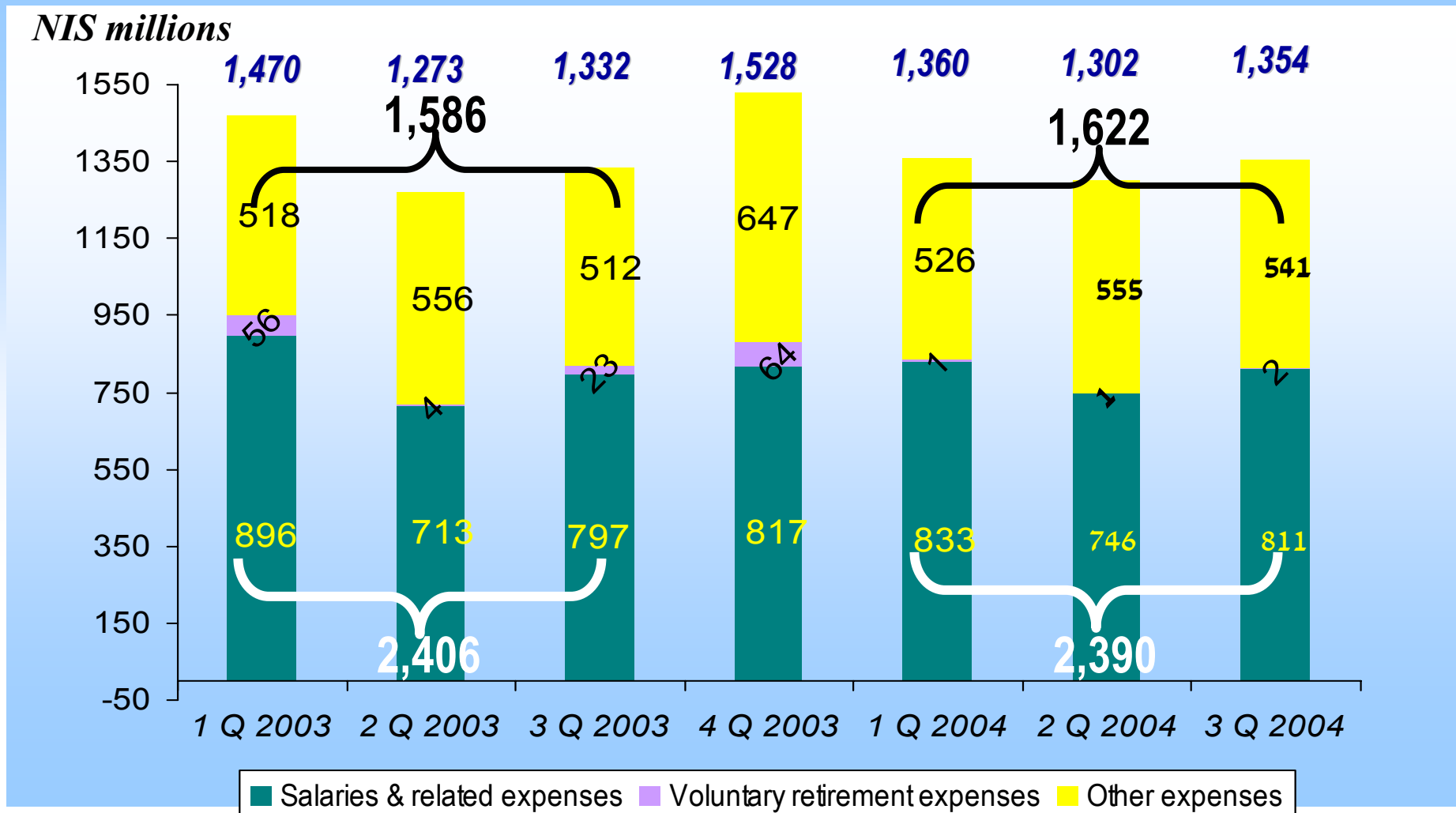
<i>NIS millions</i>	31.12 2003	30.6 2004	30.9. 2004	% Change For 9 months
Non-accrual	3,845	3,305	2,773	(28.0)
Restructured	511	982	925	
To be restructured	81	94	86	
In temporary arrears	931	850	866	
Under special supervision	11,133	13,434	14,351	+29.0
Total balance sheet credit risk	16,501	18,665	19,001	
Off balance sheet credit risk	1,780	2,177	2,366	
Total overall credit	18,281	20,842	21,367	+17.0

Operating Income

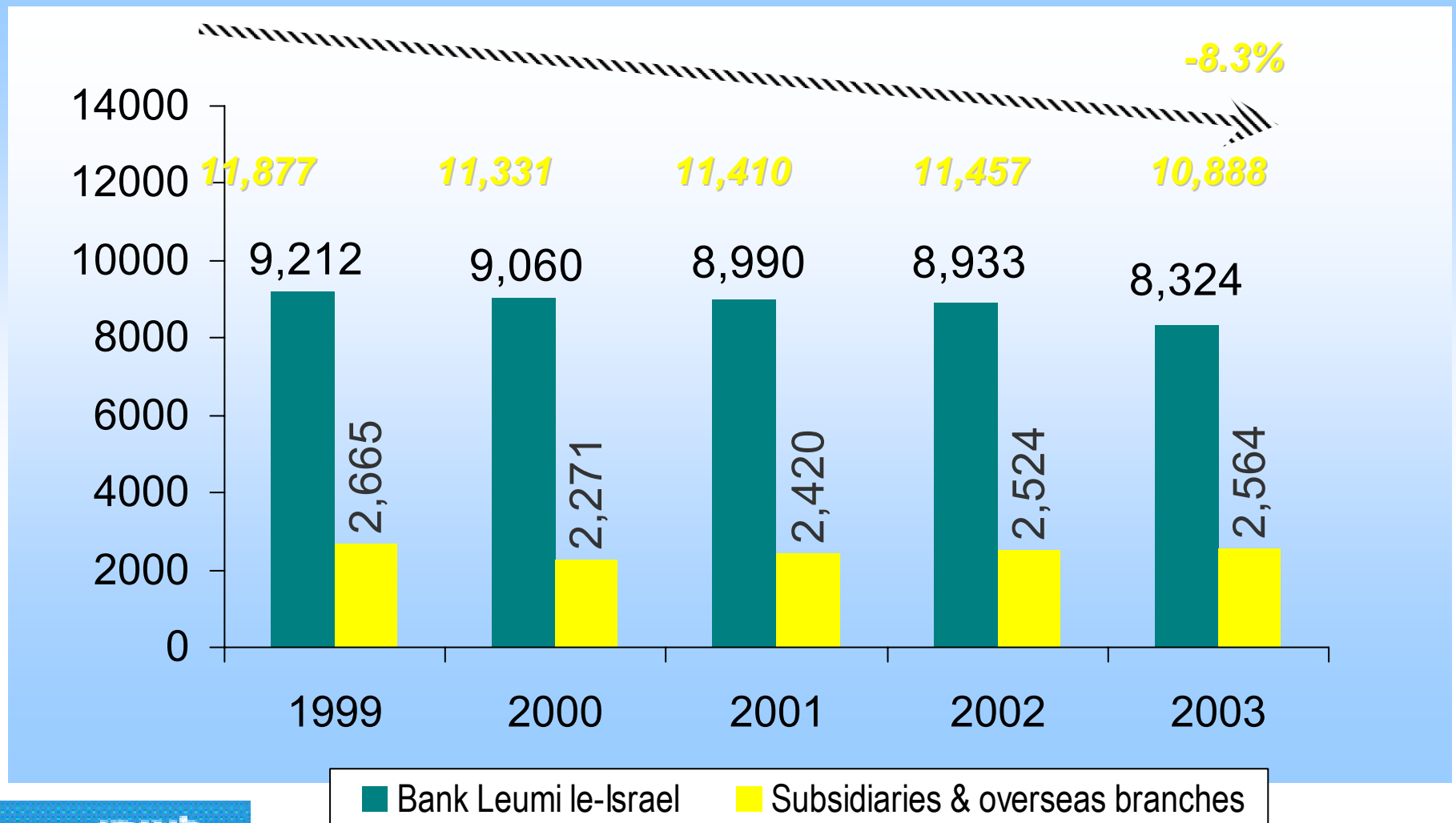
NIS millions



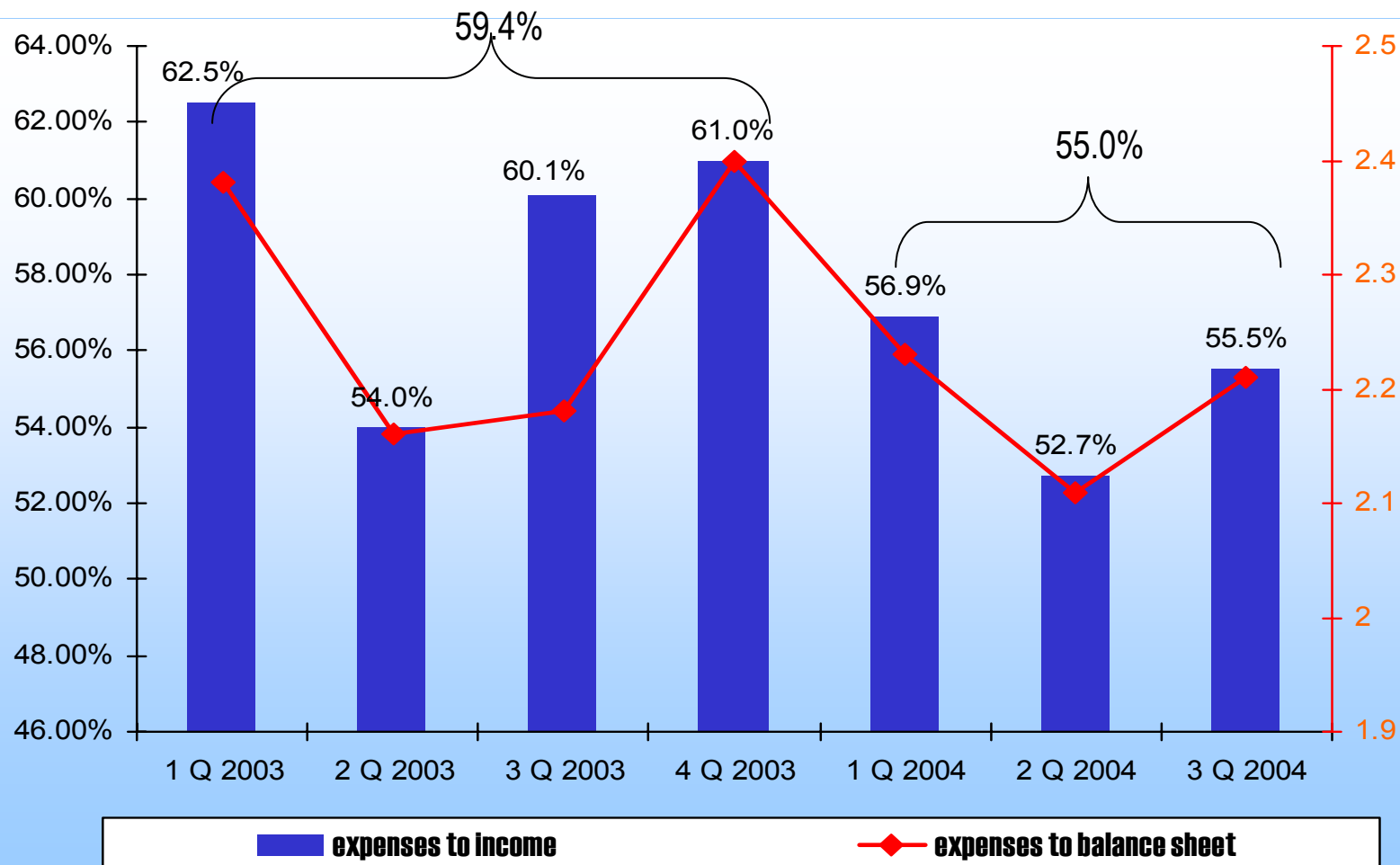
Operating Expenses



Employees - Group Total: Year End Positions



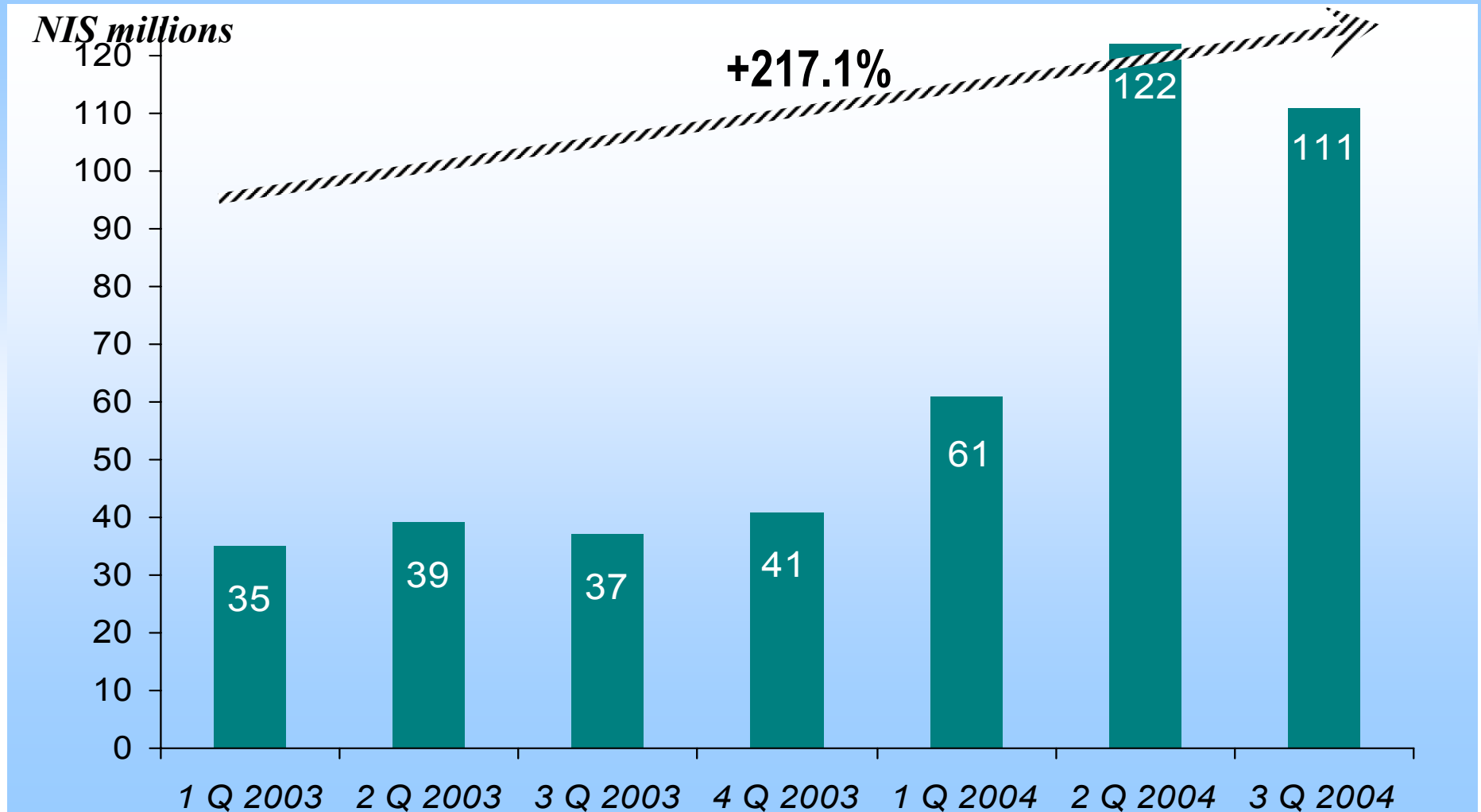
Efficiency Ratio on Quarterly Basis *



* Excluding voluntary retirement

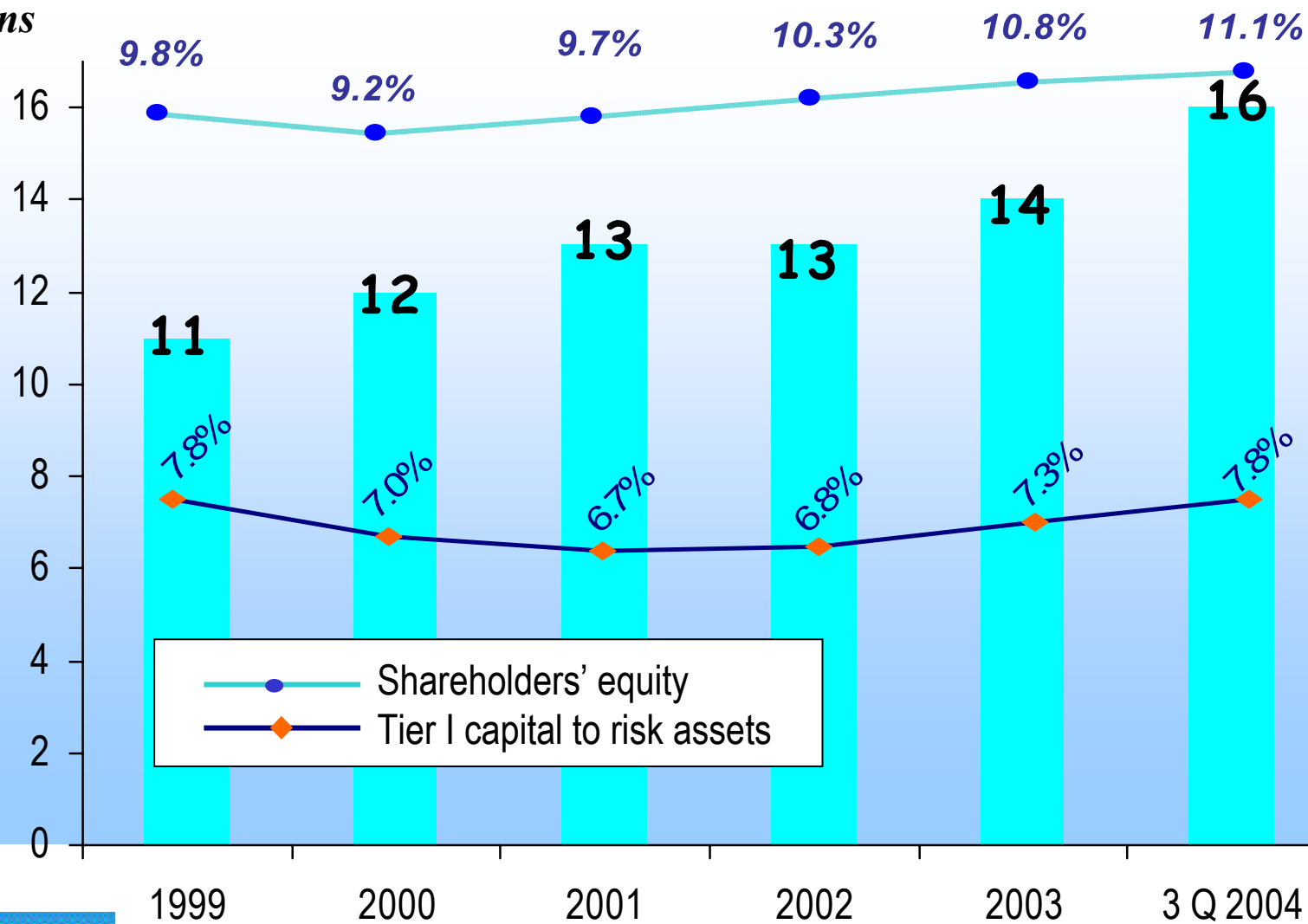
Companies included on Equity Basis

(Bank's share in the net profits after taxes)



Indices of Financial Strength

NIS billions

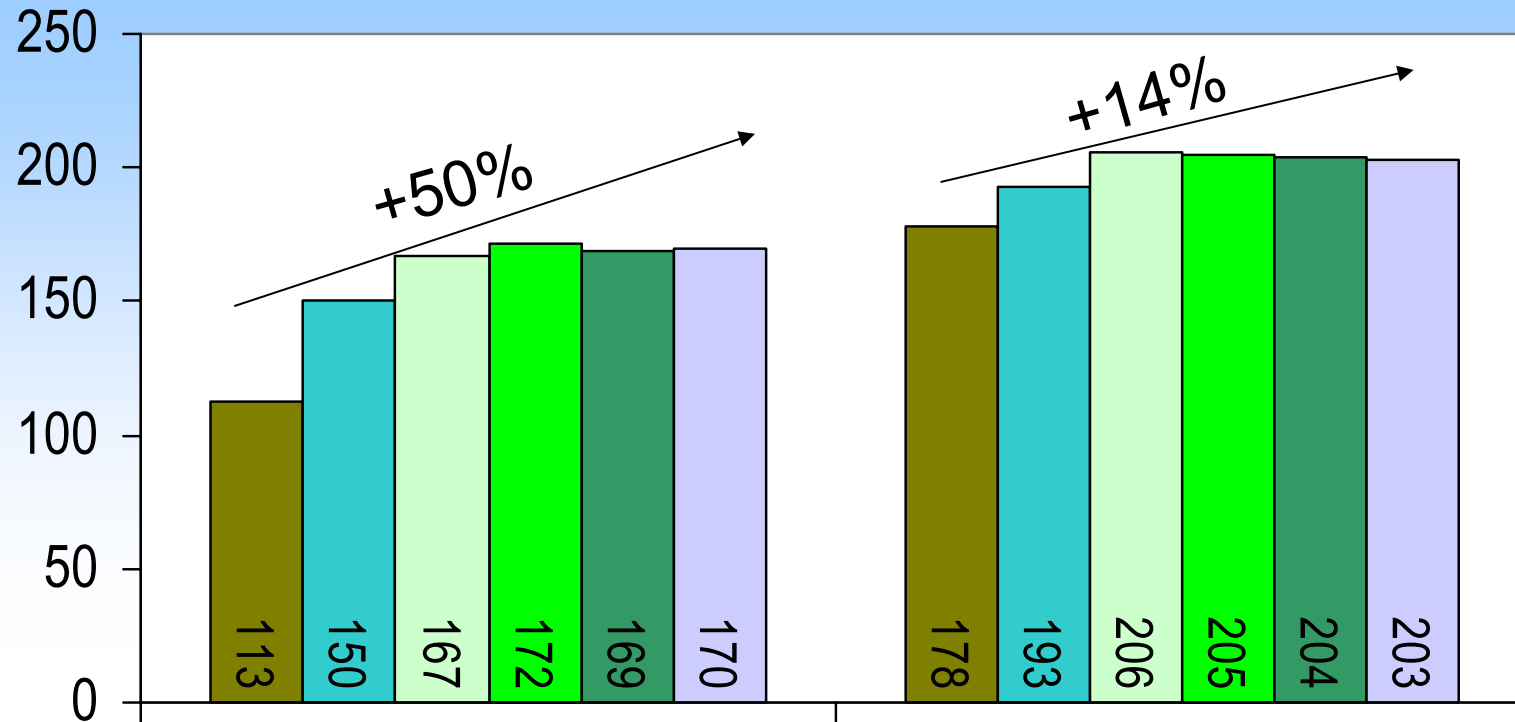


Balance Sheet Highlights

<i>NIS billions</i>	30.9. 2004	30.9 2003	31.12 2003
Total assets	246.9	241.9	246.6
Credit to the public	170.0	169.4	169.2
Deposits of the public	202.8	201.0	203.6
Shareholders' equity	15.6	14.2	14.2
Off-balance sheet items:			
Provident & supplementary training fund assets	40.8	37.9	40.3
Securities portfolio managed by the Leumi Group	179.2	114.2	158.1
Total managed assets	466.9	396.8	445.0
Total managed assets- US\$	104.2	88.5	99.2

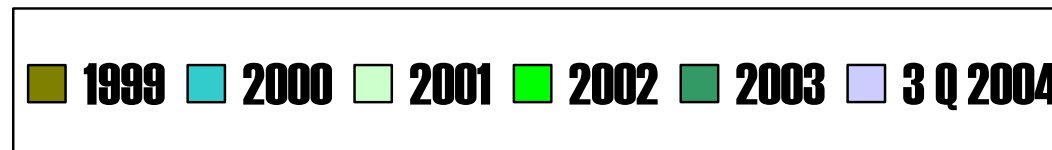
Development of Credit to the Public and Deposits of the Public

NIS billions



credit to the public

deposits to the public



Summary

<i>Net operating profit</i>	1,556	as at 9/04	an increase of	67.7%	compared with 9/03
<i>Net operating profit to shareholders' equity</i>	14.9%	as at 9/04	compared with	9.5%	as at 9/03
<i>Provision for doubtful debts</i>	984	as at 9/04	a decrease of	(22.5%)	compared with 9/03
<i>Total income</i>	7,295	as at 9/04	an increase of	7.4%	compared with 9/03
<i>Efficiency ratio (excluding voluntary retirement)</i>	55.0%	as at 9/04	compared with	58.8%	as at 9/03
<i>Shareholders' equity to risk weighted assets</i>	11.1%	as at 9/04	compared with	11.0%	as at 9/03
<i>Credit to the public</i>			an increase of	0.3%	compared with 9/03
<i>Deposits of the public</i>			an increase of	0.9%	compared with 9/03