



Leumi Group

Financial Results 2004

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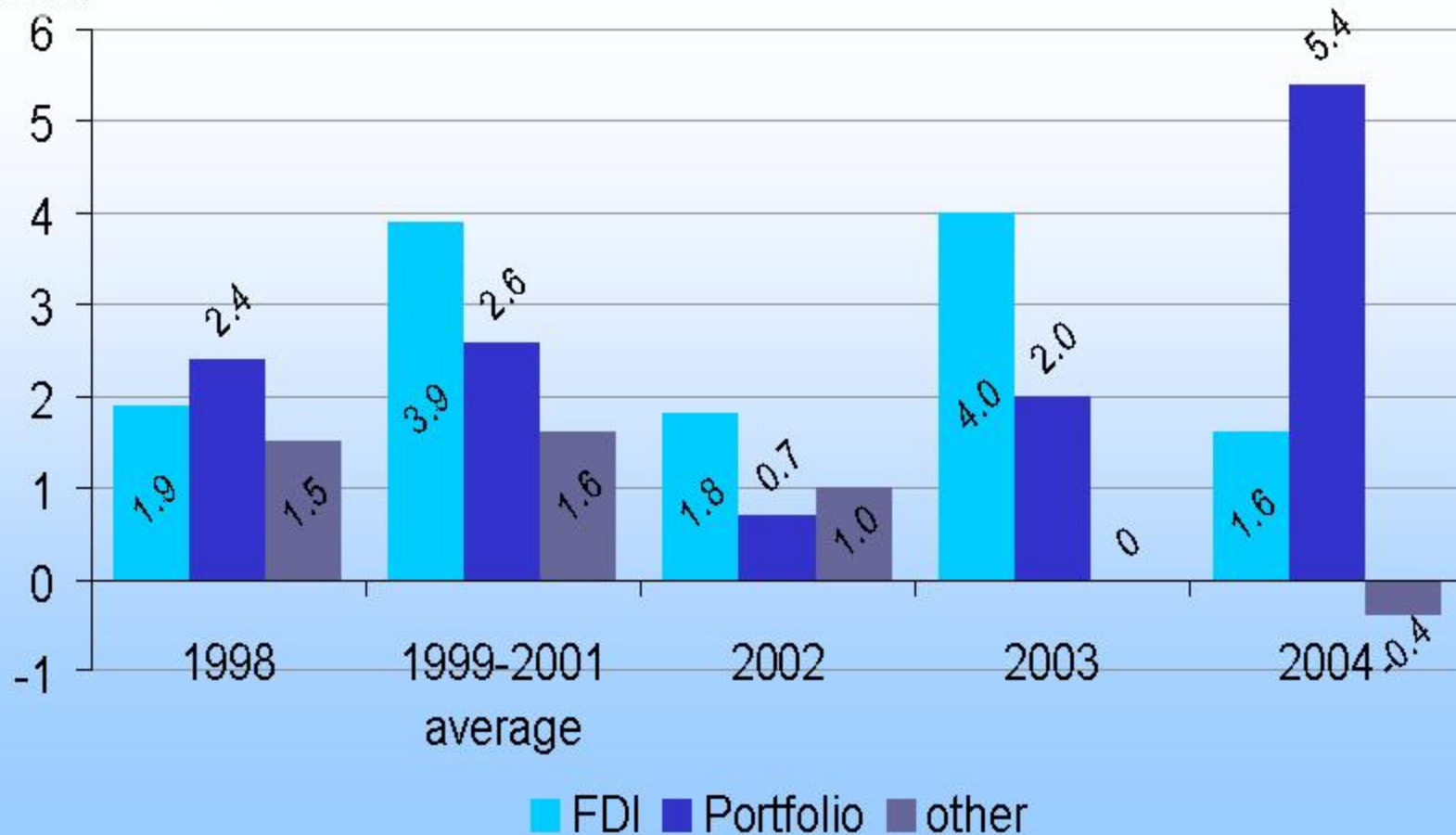
Main Macroeconomic Variables

2003-04 Actual Data and Forecast for 2005

		<u>2003</u>	<u>2004</u>	<u>2005</u>
<i>Annual rates of change in real terms</i>	GDP	1.3%	4.3%	4.4%
	GDP of the business sector	1.7%	6.1%	5.8%
	Private consumption	1.3%	5.7%	4.8%
	Public consumption	-2.0%	-1.9%	0.9%
	Investment in fixed assets	-4.9%	-1.7%	2.8%
	Export of goods and services	6.2%	14.9%	9.4%
	Import of goods and services	-1.8%	12.0%	6.6%
<i>Millions of Dollars</i>	Current account	579	504	273
<i>Percentage of GDP</i>	Current account	0.5%	0.4%	0.2%
<i>Annual average</i>	Rate of unemployment	10.7%	10.4%	9.3%

Capital Inflows to Israel by Foreign Parties

NIS billions



The Leumi Group

...continuing increase in profits in 2004

	<u>Net operating profit</u>	<u>Net profit</u>
Profit	NIS1,904 mio (\$442mio)	NIS1,864 mio (\$433mio)
Rate of Increase	64.3%	62.8%
Net return on equity	13.4%	13.1%

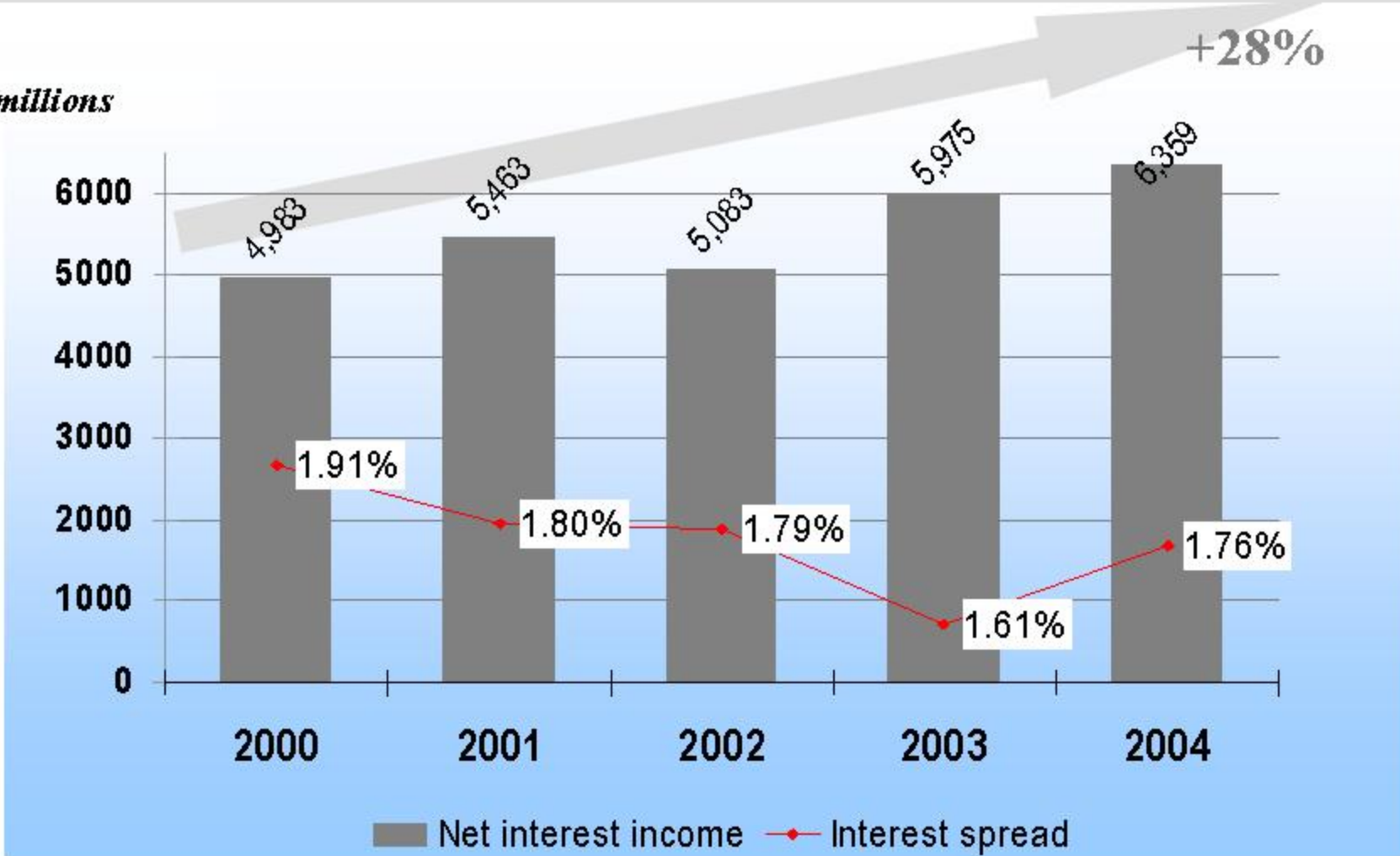
Increase in Profit Derived from:

NIS millions

	<i>12 Months ended 12/04</i>	<i>Change from 2003</i>	<i>% Change from 2003</i>
Net interest income before provision	6,359	+384	6.4
Total operating and other income	3,403	+187	5.8
Total income	9,762	+571	6.2
Total operating and other expenses	5,488	(115)	(2.1)
Provision for doubtful debts	1,514	(369)	(19.6)
Companies included on the equity basis	410	+258	169.7
Net profit for the period	1,864	+719	62.8

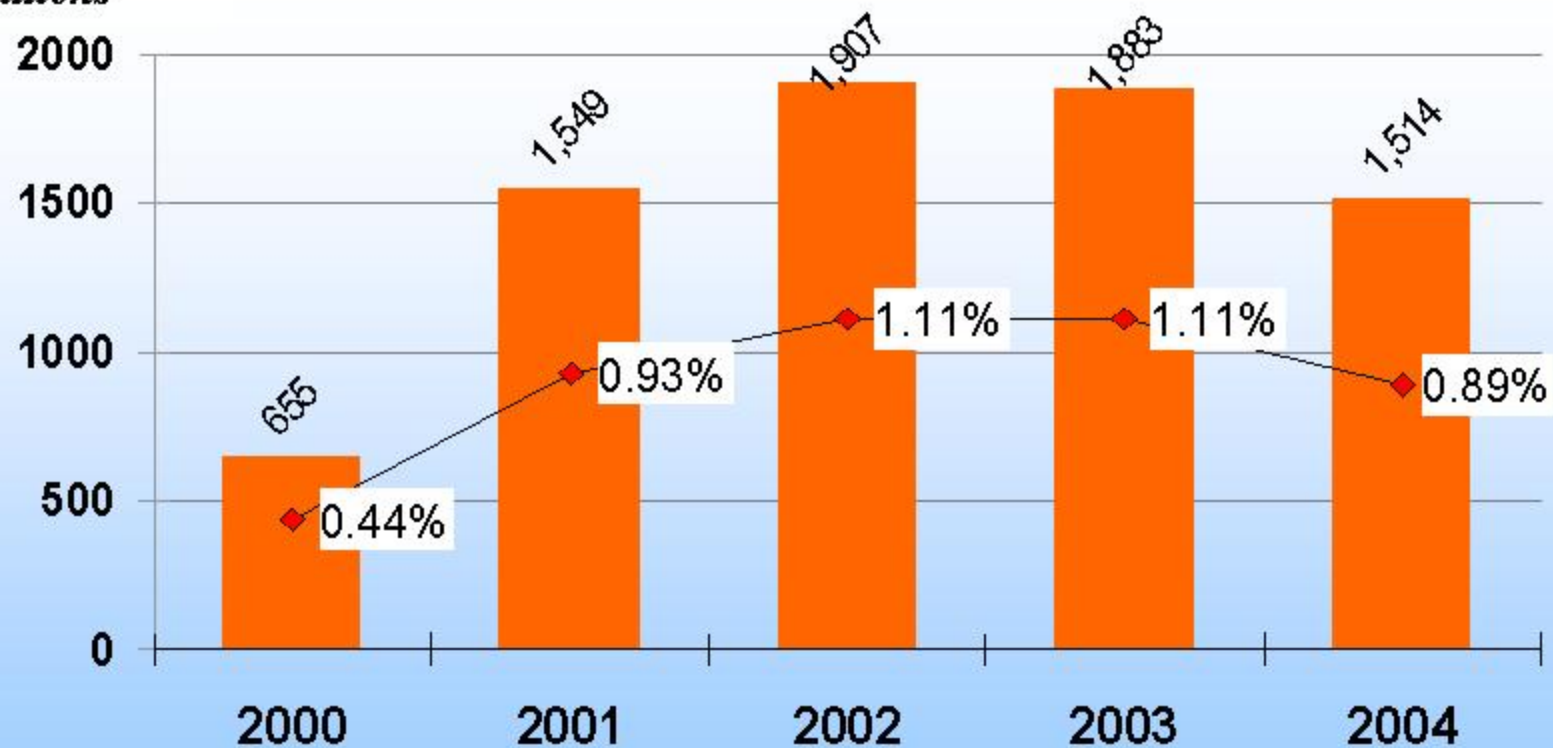
Increase in Net Interest Income and Interest Spread

NIS millions



Continuing Improvement in Provisions for Doubtful Debts

NIS millions

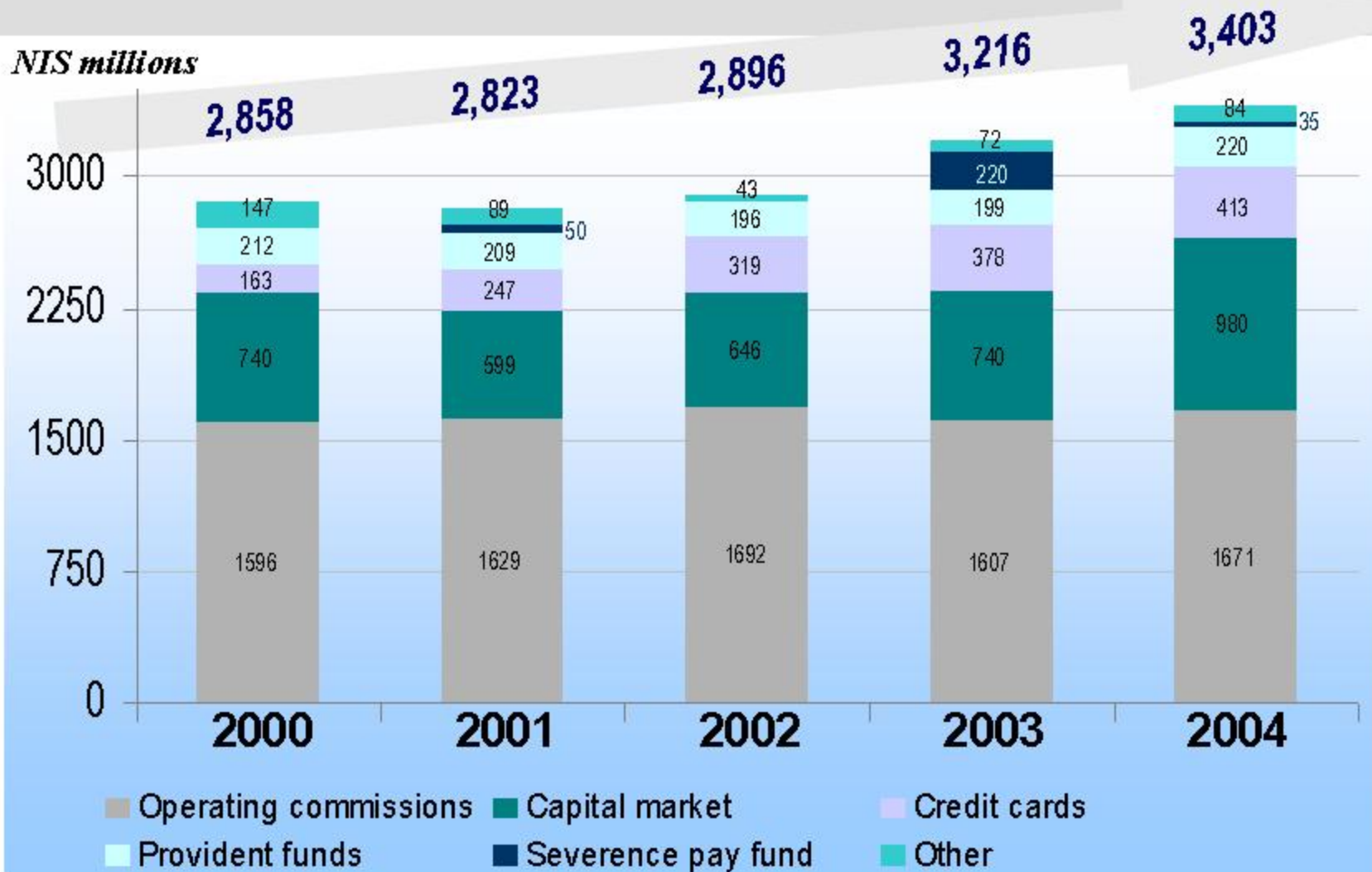


■ Provision for doubtful debts

◆ Rate of provision of all credit to the public

Continuing Growth in Operating Income

+19%



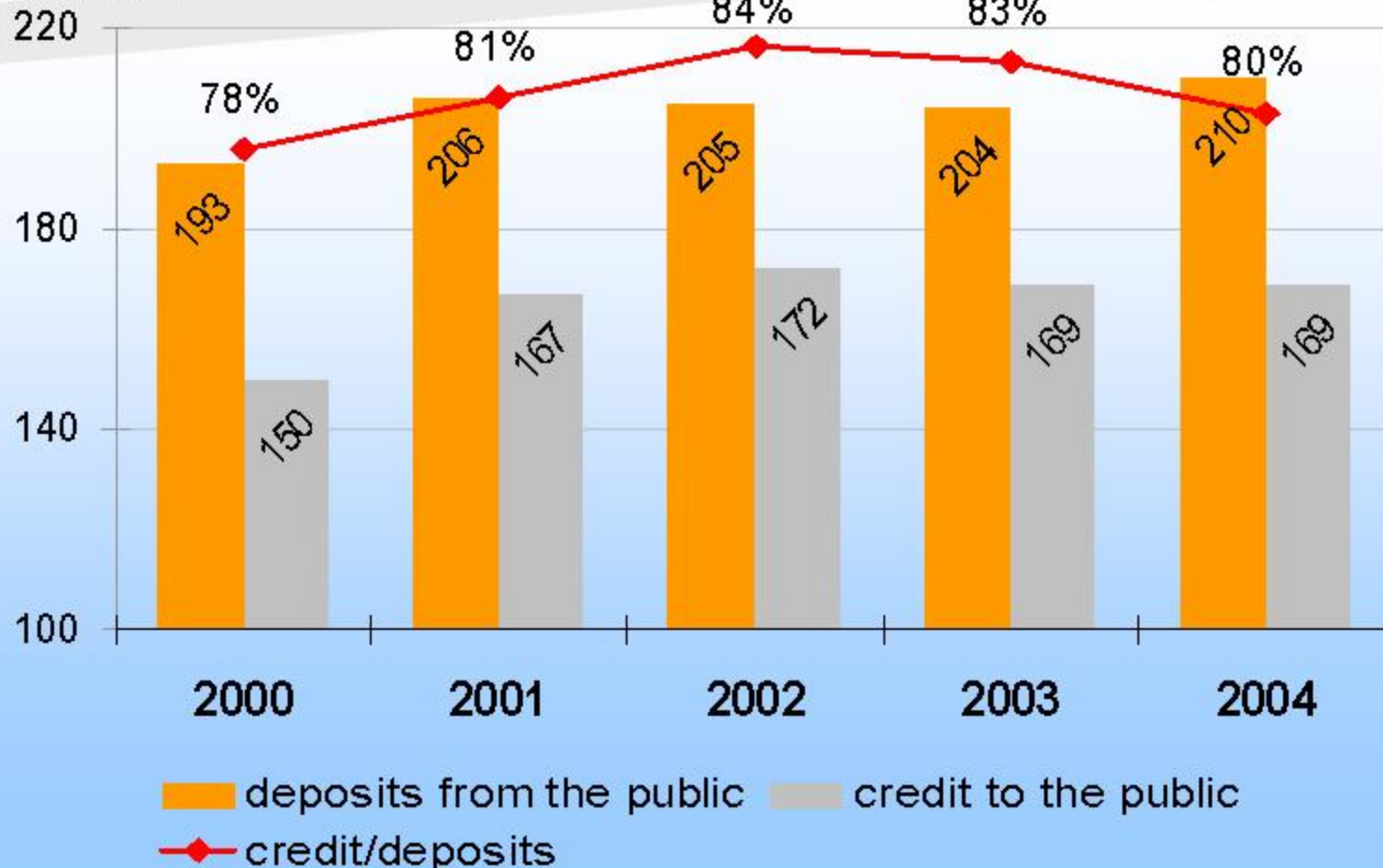
Balance Sheet Highlights

<i>NIS billions</i>	<u>31.12.04</u>	<u>31.12.03</u>	<u>%change</u>
Total assets	255.8 (\$59.4b)	246.6	3.7
Credit to the public	169.4 (\$39.3b)	169.2	0.1
Deposits from the public	209.7 (\$48.7b)	203.6	3.0
Shareholders' equity	15.0 (\$3.5b)	14.2	5.6
<i>Off-balance sheet items:</i>			
Provident & supplementary training fund assets	43.0 (\$10.0b)	40.4	6.4
Securities portfolio managed by the Leumi Group	189.0 (\$43.9b)	158.1	19.5
Total managed assets	\$113b	\$102b	10.8

Development of Credit to the Public and Deposits from the Public

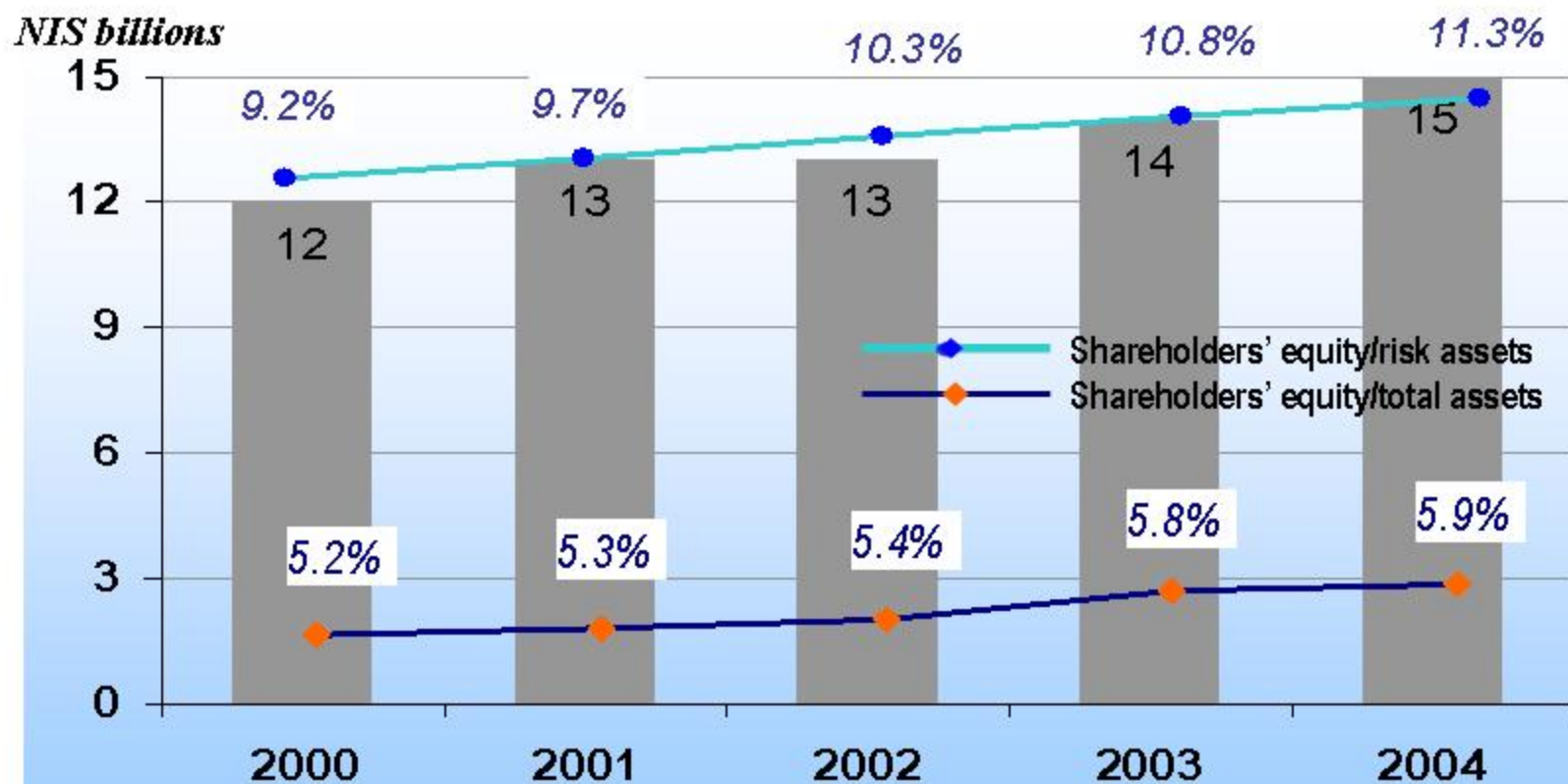
+9% +13%

NIS billions



Indices of Financial Strength

... an upward trend



Tier I capital: NIS 15.2 billion

Tier II capital: NIS 7.5 billion

Total capital calculated for risk ratio: NIS 22.7 billion

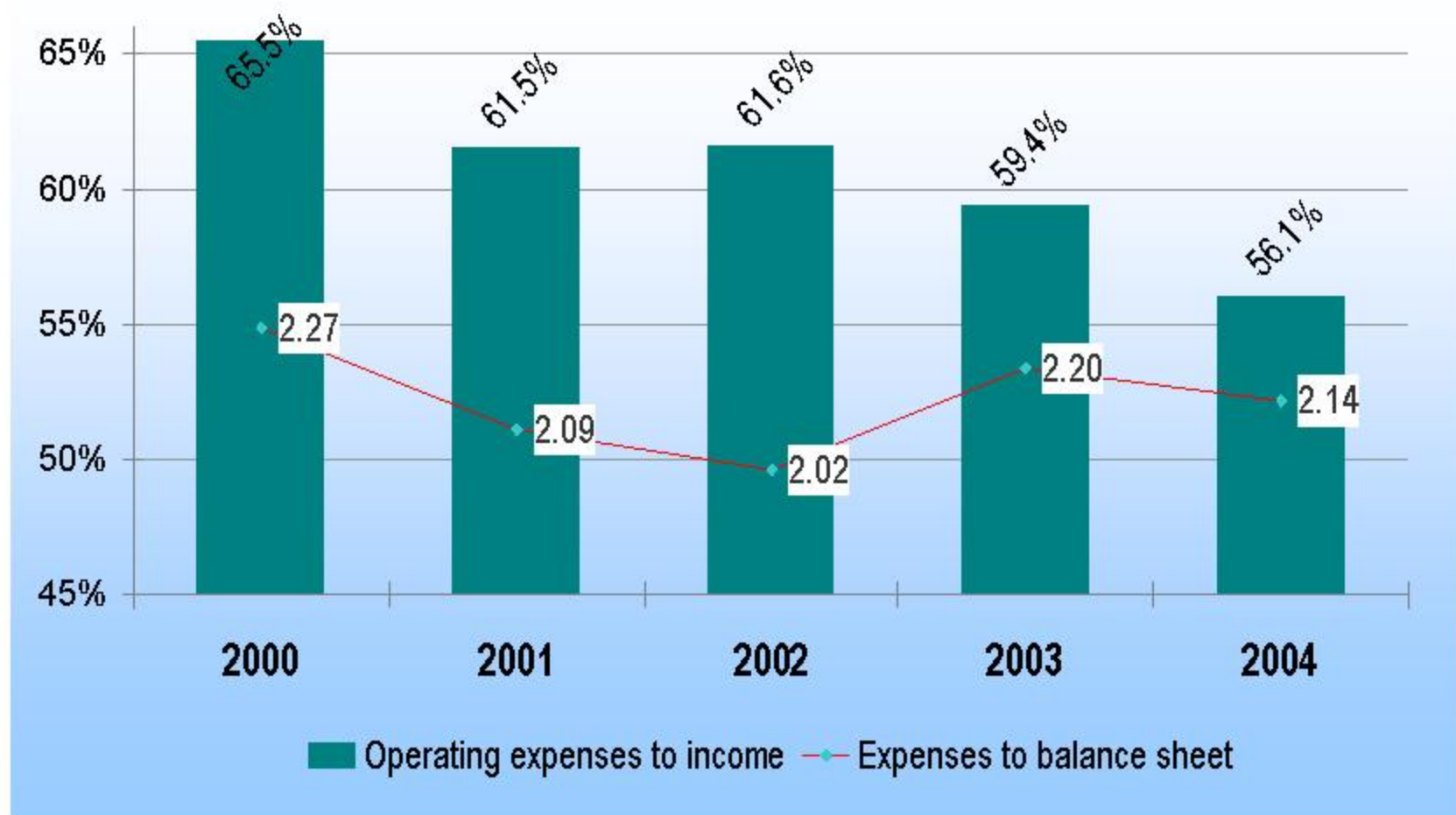
Business results

...systematic application of the strategic plan

- Distribution network strategy
- Service and customer base
- Human resources
- Technology development
- International activity
- Capital market reform
- Risk management
- Group synergy

Efficiency Ratio *

...*systematic activity bringing about results*



The Results...

NIS millions

