

Financial Results

31 March 2005

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Main Macroeconomic Variables 2004 Actual Data and Forecast for 2005-2006

	<u>2004</u>	<u>2005</u>	<u>2006</u>
<i>Annual rates of change in real terms</i>			
GDP	4.3%	4.0%	4.1%
GDP of the business sector	6.1%	5.4%	5.3%
Private consumption	5.7%	4.8%	4.6%
Public consumption	-1.9%	0.9%	0.6%
Investment in fixed assets	-1.7%	1.0%	2.7%
Export of goods and services	14.9%	8.3%	6.9%
Import of goods and services	12.0%	5.3%	4.9%
<i>Percentage of GDP</i>			
Current account	0.4%	0.4%	0.2%
<i>Annual average</i>			
Rate of unemployment	10.4%	9.4%	9.0%

The Leumi Group *Higher profits in 2005*

Net profit in millions

<u>Q1 2005</u>	<u>Q1 2004</u>	<u>% change</u>	<u>ROE</u>
NIS 528 \$121.1	NIS 429* \$98.4	23.1	14.9%

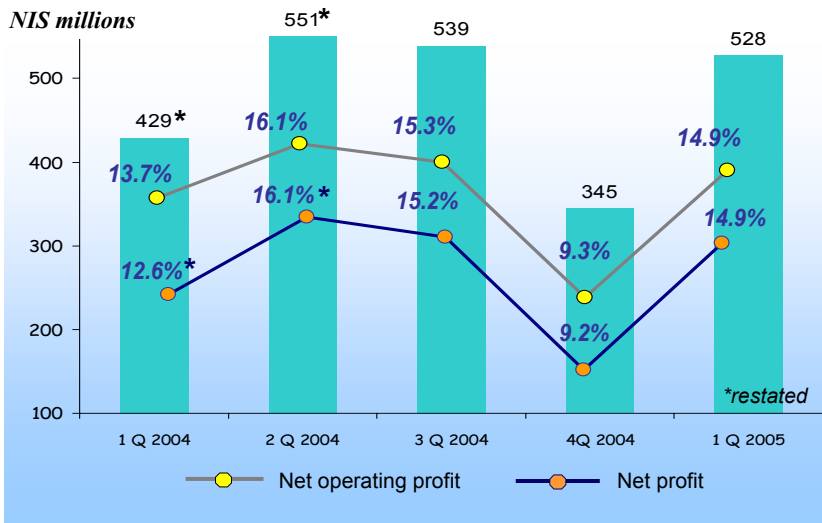
*restated

Main Financial Data

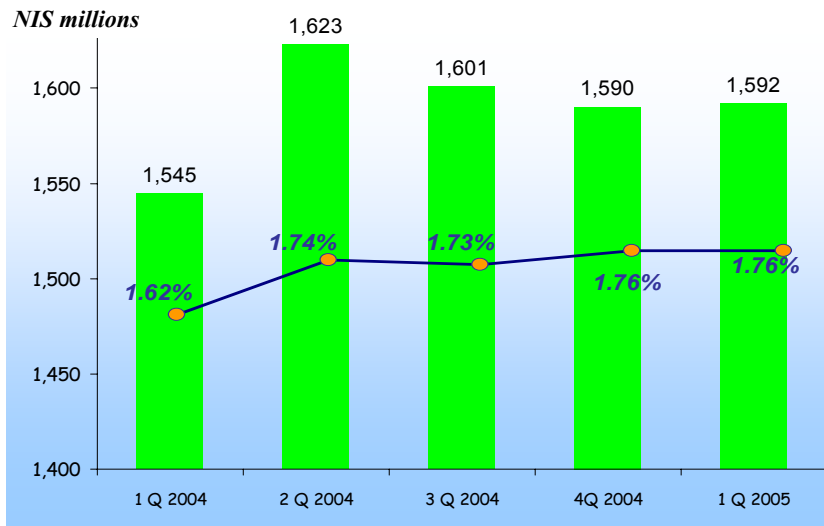
	3 months ended March 2005	3 months ended March 2004	% change
<i>NIS millions</i>			
Net interest income before provision	1,592	1,545	3.0
Provision for doubtful debts	445	401	11.0
Total operating and other income	887	845	5.0
Total operating and other expenses	1,420	1,360	4.4
Companies included on the equity basis	141	61	131.1
Net profit for the period	528	429*	23.1

*restated

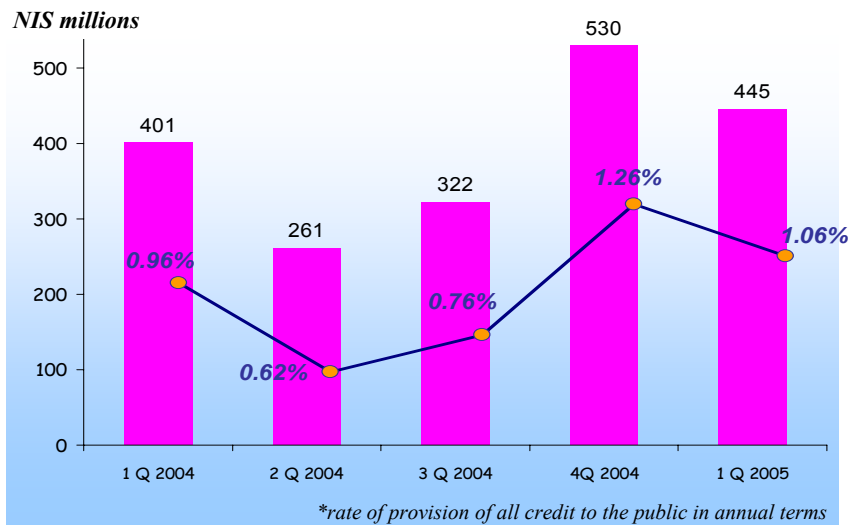
Net Profit and ROE in annual terms



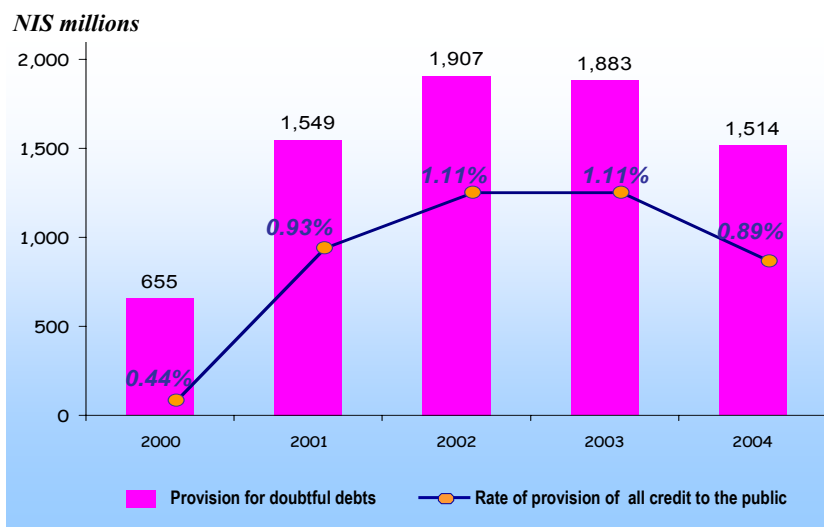
Net Interest Income and Interest Margin



Quarterly Provisions for Doubtful Debts*



Annual Provisions for Doubtful Debts

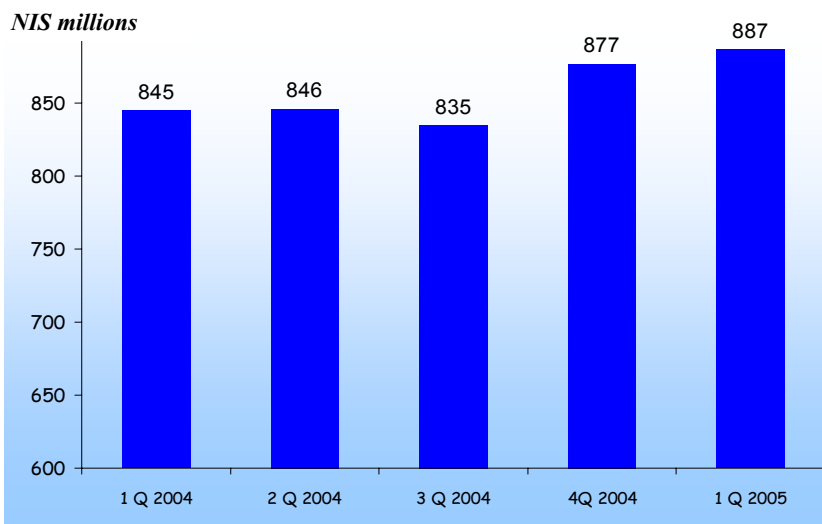


Problematic Loans

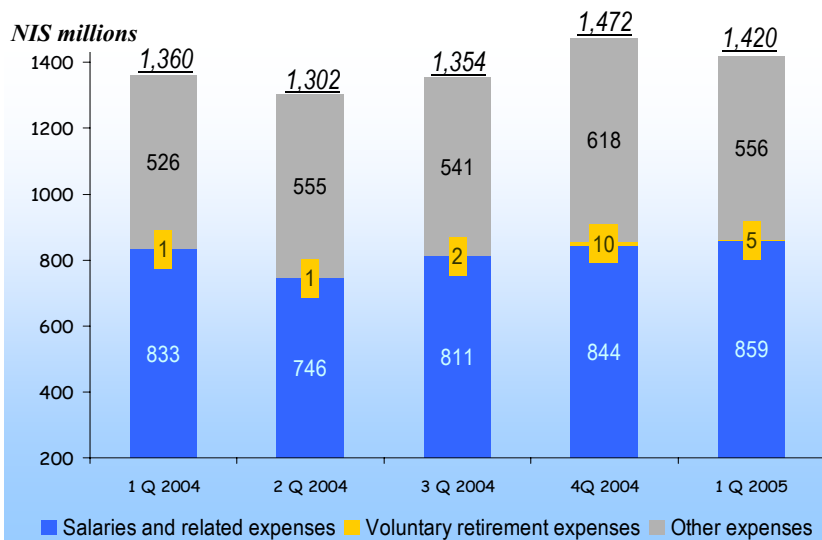
NIS millions

	<u>31.12.04</u>	<u>31.3.05</u>	<u>% change</u>
Non-accrual	2,602	2,594	(0.3)
Restructured	838	1,055	26
To be restructured	1,210	1,113	(8)
In temporary arrears	753	825	10
Under special supervision	13,231	12,614	(5)
Total balance sheet credit risk	18,634	18,201	(2)
Off balance sheet credit risk	2,375	2,428	2
Other assets <small>in respect of derivatives of problem borrowers</small>	80	88	10
Total overall credit	21,089	20,717	(2)

Quarterly Operating Income

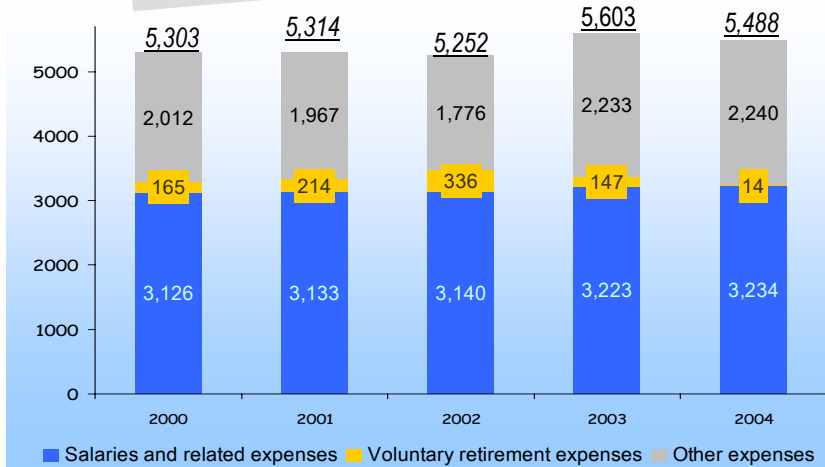


Quarterly Operating Expenses

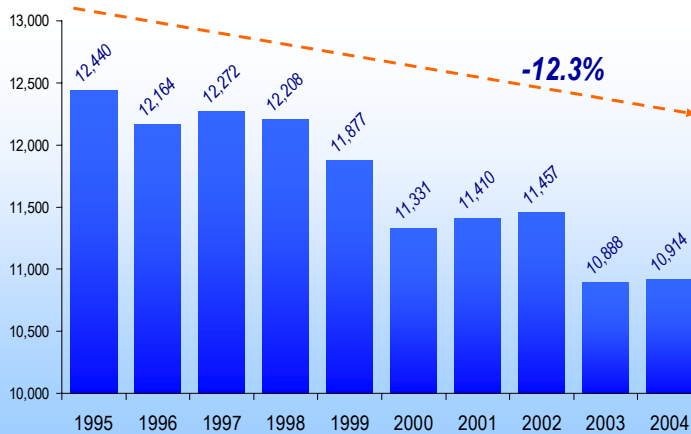


Annual Operating Expenses

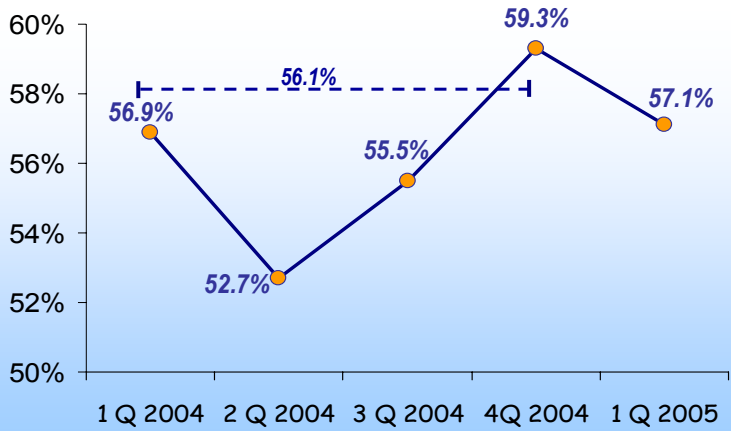
NIS millions



Employees: Group Total *Year End Positions*



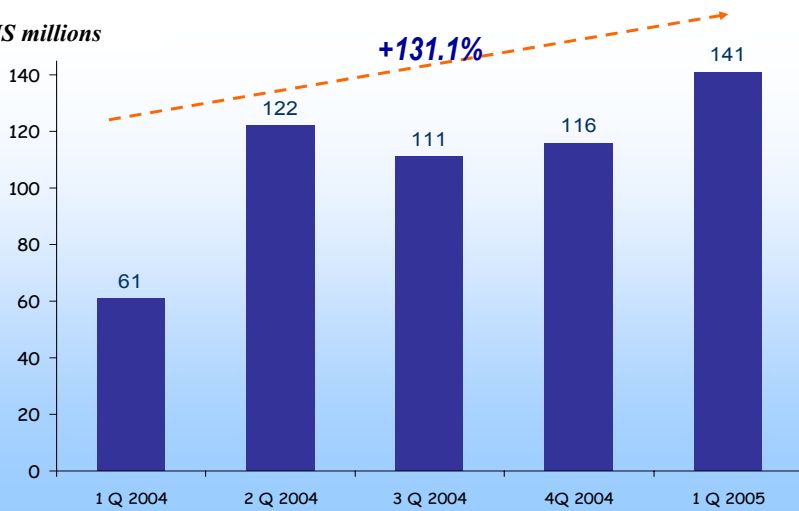
Quarterly Efficiency Ratio*



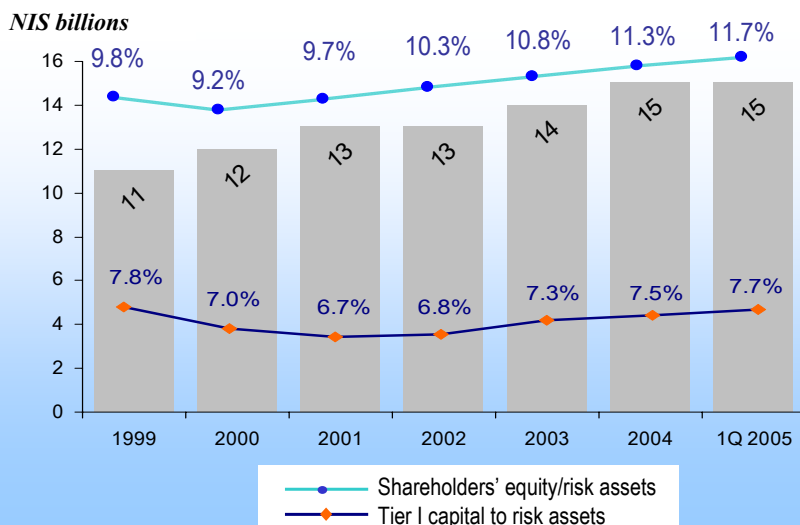
*excluding voluntary retirement

Companies Included on the Equity Basis

NIS millions



Indices of Financial Strength

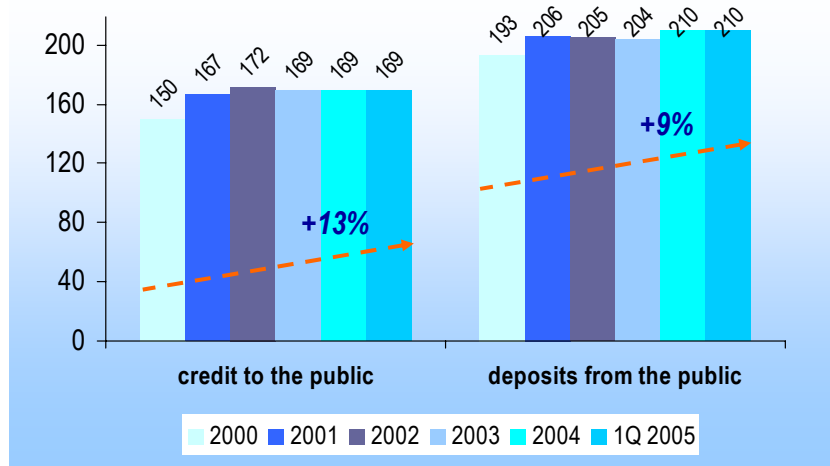


Balance Sheet Highlights

	<i>NIS billions</i>	31.3.2005	31.12.2004	31.3.2004
Total assets		256.9 (\$58.9b)	255.8	246.1
Credit to the public		168.9 (\$38.7b)	169.4	168.5
Deposits from the public		210.1 (\$48.2b)	209.7	202.2
Shareholders' equity		15.5 (\$3.6b)	15.0	14.6
Off-balance sheet items:				
Provident & supplementary training fund assets		43.7	43.0	39.8
Securities portfolio managed by the Leumi Group		204.4	188.9	166.1
Total managed assets		505.0	488.0	452.0
Total managed assets- US\$		115.8	111.9	103.7

Development of Credit to the Public and Deposits from the Public

NIS billions



Summary

Net operating profit	531	as at 3/05..... an increase of	14.7%	compared with 3/04
Net operating profit to shareholders' equity	14.9%	as at 3/05..... compared with	13.7%	as at 3/04
Provision for doubtful debts	445	as at 3/05..... a increase of	11.0%	compared with 3/04
Total income	2,479	as at 3/05..... an increase of	3.7%	compared with 3/04
Efficiency ratio (excluding voluntary retirement)	57.1%	as at 3/05..... compared with	56.9%	as at 3/04
Shareholders' equity to risk weighted assets	11.7%	as at 3/05..... compared with	10.8%	as at 3/04
Credit to the public	an increase of		0.3%	compared with 3/04
Deposits from the public	an increase of		3.9%	compared with 3/04