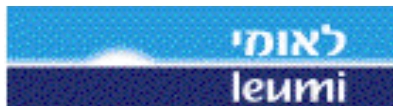


Leumi Third Quarter 2005 Results

Leumi Group



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Main Macroeconomic Variables

2003-2004 Actual Data and Forecast for 2005-2006

		2003	2004	2005	2006
<i>Annual rates of change in real terms</i>	GDP	1.7%	4.4%	5.1%	4.2%
	Gross product of the business sector	2.5%	6.3%	6.4%	5.2%
	Private consumption	0.9%	5.0%	3.5%	4.5%
	Public consumption	-2.3%	-2.4%	4.3%	0.9%
	Investment in fixed assets	-4.5%	-0.2%	0.3%	2.7%
	Export of goods and services	7.5%	17.4%	6.5%	5.6%
	Import of goods and services	-1.7%	11.8%	4.4%	2.7%
<i>Percentage of GDP</i>	Current account	0.7%	1.3%	0.7%	1.0%
<i>Annual average</i>	Unemployment rate	10.7%	10.4%	8.8%	8.5%

Main financial parameters

	<i>2003</i>	<i>2004</i>	<i>2005 forecast</i>	<i>2006 forecast</i>
Consumer price index (year end rate)	-1.9%	1.2%	2.8-3.2%	1.2-2.2%
NIS/USD exchange rate - annual average	4.55	4.48	4.48-4.52	4.56-4.66
Bank of Israel interest rate - annual average	7.5%	4.2%	3.6-3.8%	4.75-5.25%
Bank of Israel interest rate - year end	5.2%	3.9%	4.25-4.5%	4.7-5.2%
10 year shekel bond (Shachar) – yield to maturity – year average	8.6%	7.7%	6.0-6.5%	6.4-6.9%

Recent developments

■ Privatization

- Barnea Investments BV (Cerberus & Gabriel private investment fund groups) purchases 9.99% of the share capital of the Bank
- Option to purchase an additional 10.01%
- Employees will be offered Bank shares at a discount by the Government and options by the Bank

■ Capital Market Reforms

- Sale of Leumi Pia and Psagot
- Sale of provident funds
- Sale of conglomerates
- Tax reform

■ International Expansion

- Acquisitions in Europe

The Leumi Group

Higher profits in 2005

Net profit in millions

<i>Q3 2005</i>	<i>Q3 2004</i>	<i>% change</i>	<i>ROE</i>
\$123.5 NIS 568	\$117.2 NIS 539	5.4	14.9%
<i>Jan-Sept 2005</i>	<i>Jan-Sept 2004</i>	<i>% change</i>	<i>ROE</i>
\$364.1 NIS 1,674	\$330.4 NIS 1,519	10.2	15.2%

Third quarter 2005 adjusted

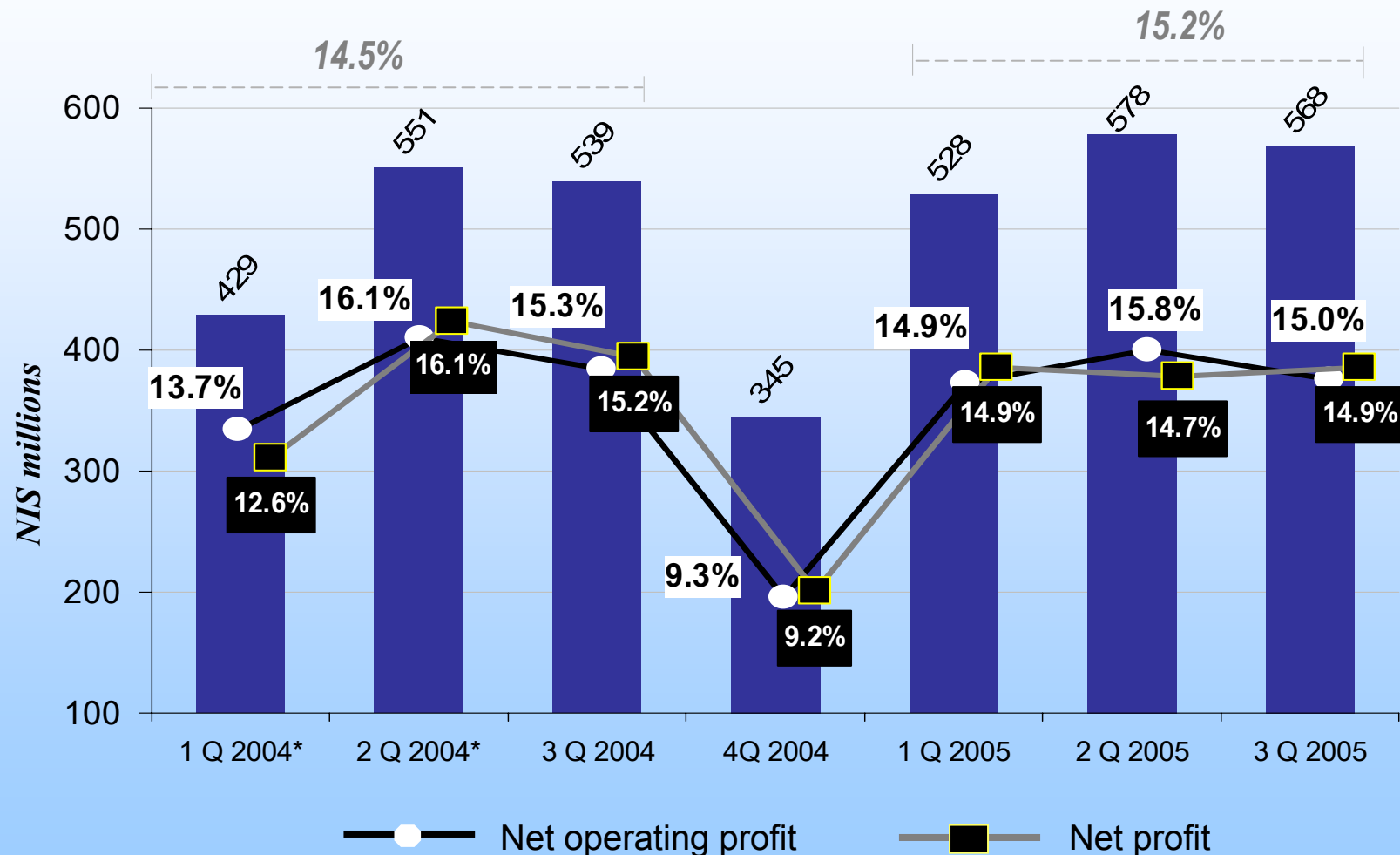
	<i>NIS millions</i>	<u>Q3 2005</u>	
Published net profit		568	
Provision for tax due to sale of conglomerates		122	} 267
Adjustment of deferred taxes		84	
Cost of voluntary retirement		61	
Net profit after adjustments		<u>835</u>	
<i>Net return on equity in the third quarter after adjustments</i>			22.4%
Net profit per share after adjustments			0.590
<i>Net return on equity in the first 9 months after adjustments</i>			17.7%
Net profit per share after adjustments			1.375

Main Financial Data

<i>NIS millions</i>	<i>9 mths ended 9-2005</i>	<i>9 mths ended 9-2004</i>	<i>% change</i>	<i>3Qo3Q % change</i>
Net interest income before provision	4,941	4,769	3.6	8.9
Provision for doubtful debts	1,105	984	12.3	(48.4)
Total operating and other income	2,809	2,526	11.2	21.7
Total operating and other expenses	4,448	4,016	10.8	18.1
Companies included on the equity basis	314	294	6.8	(52.3)
Net profit for the period*	1,674	1,519	10.2	5.4

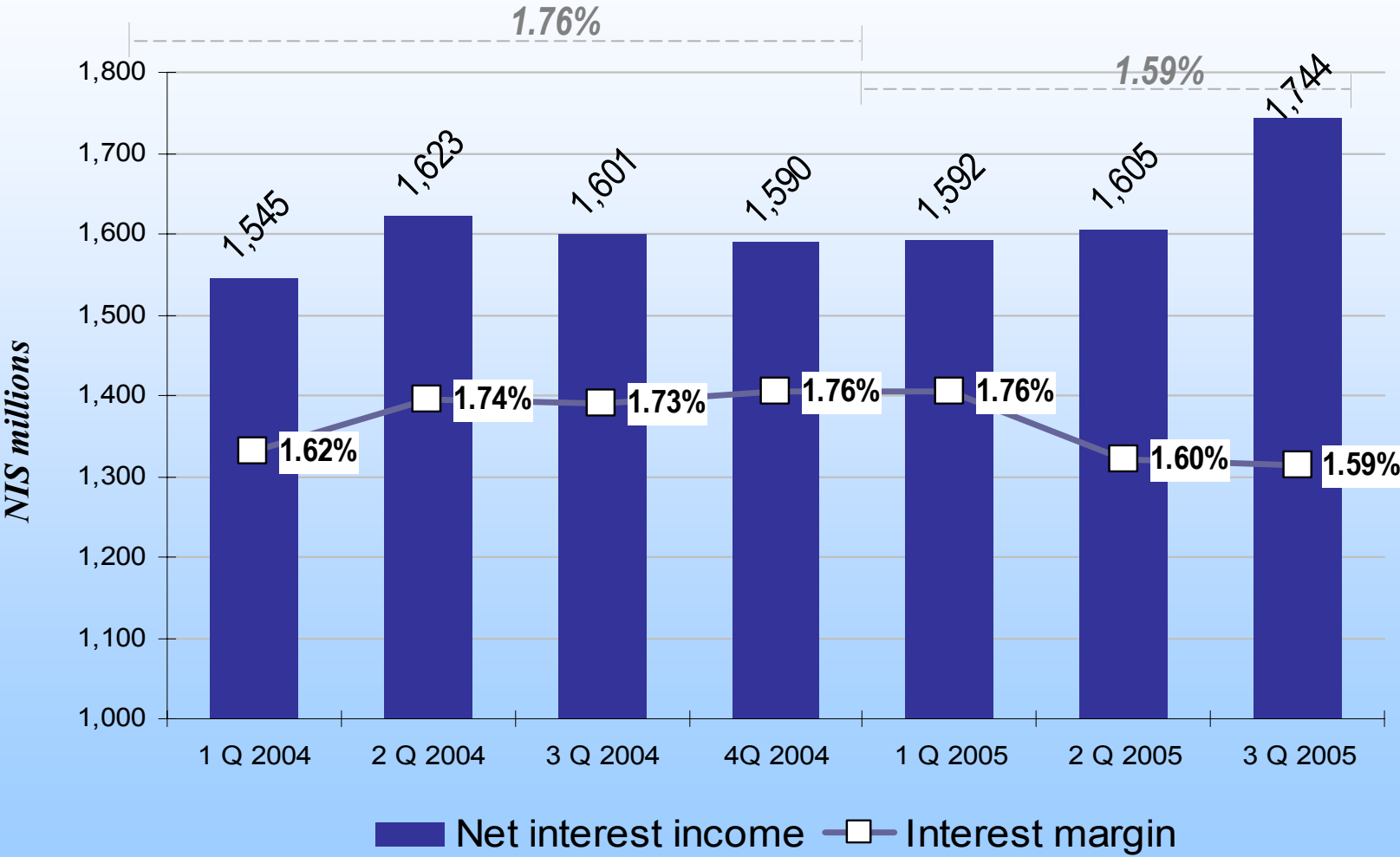
**restated*

Net Profit and ROE* (in annual terms)

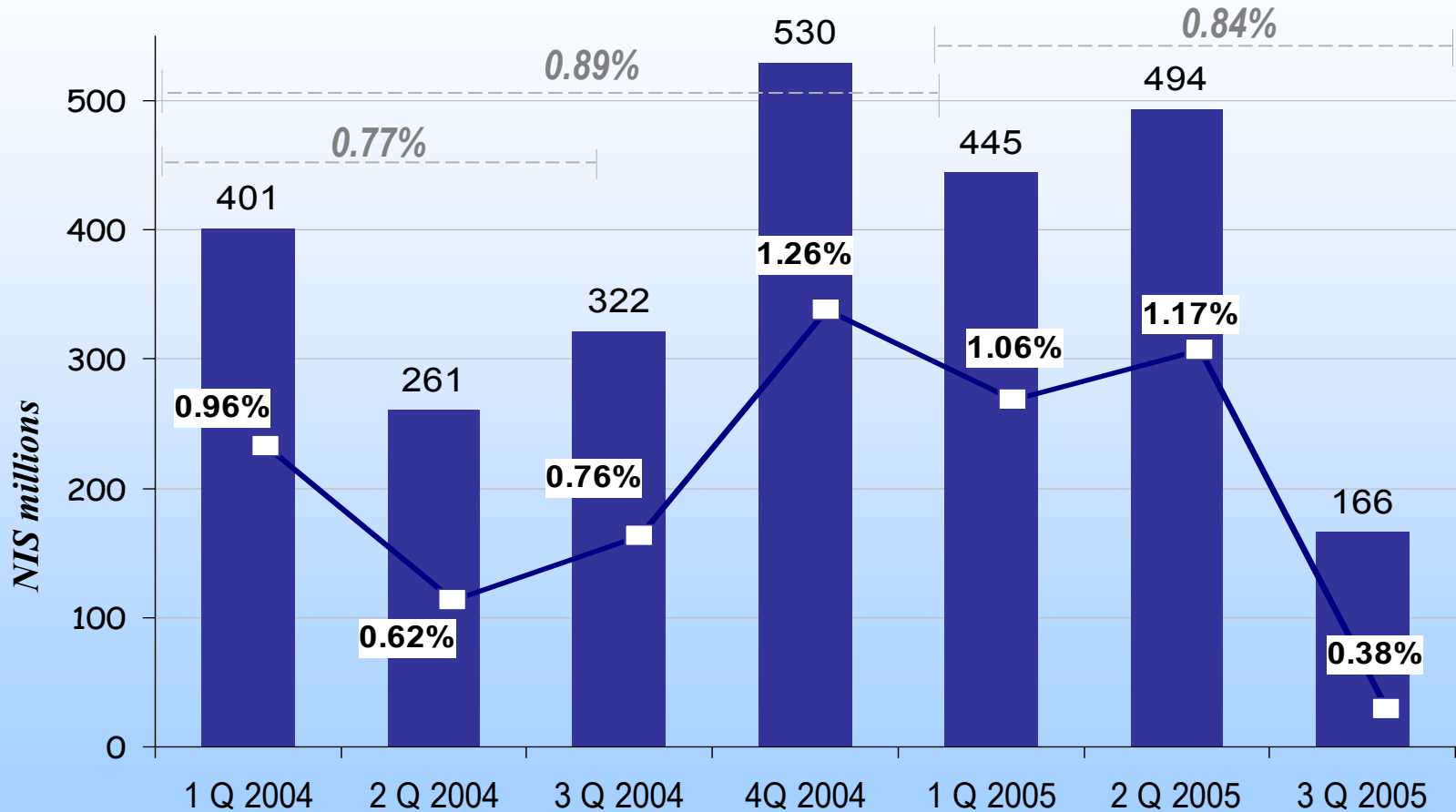


* restated

Net Interest Income & Interest Margin



Provisions for Doubtful Debts*



*rate of provision of all credit to the public in annual terms

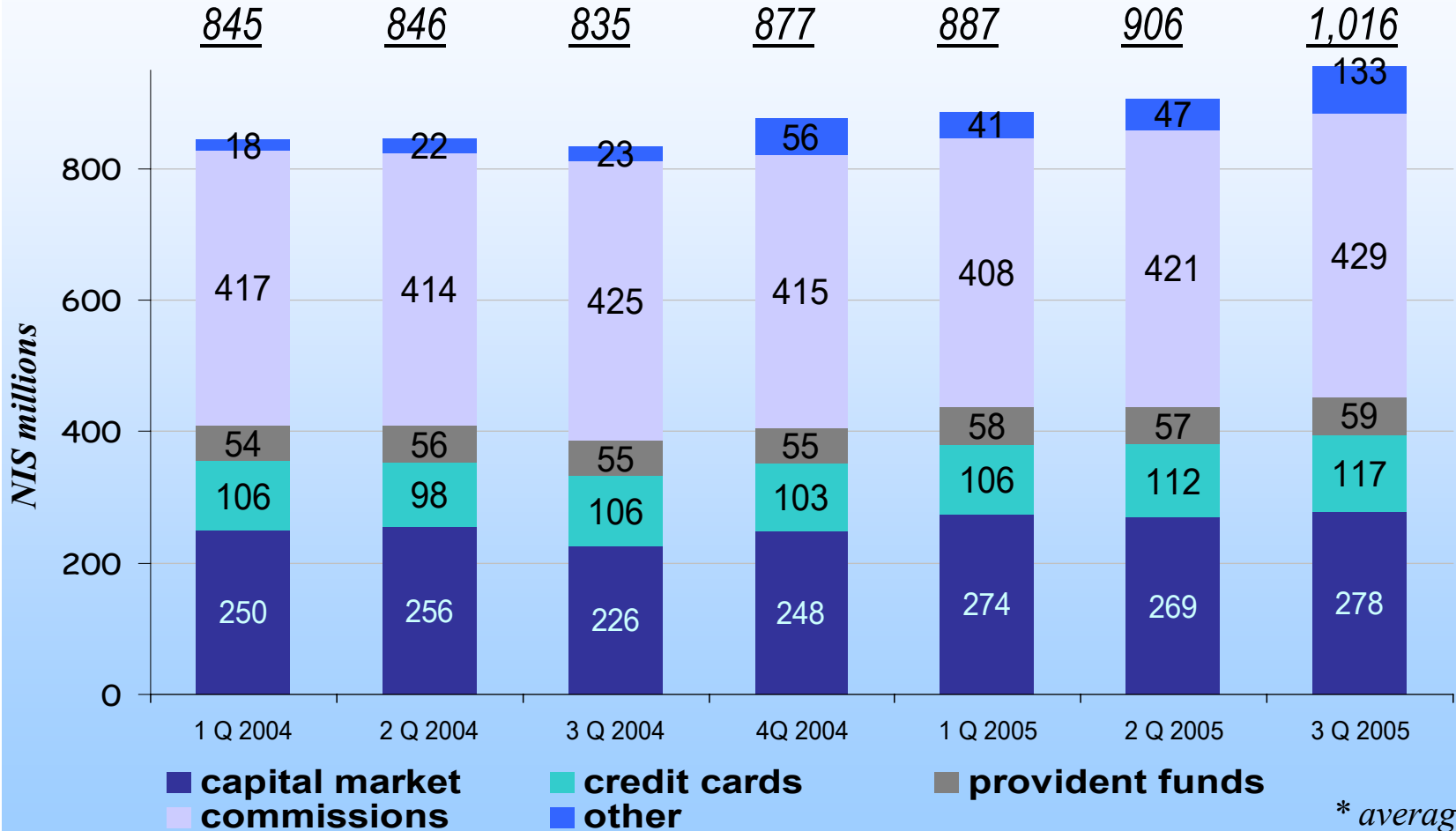
Problematic Loans

	<i>NIS millions</i>	<i>30.9.05</i>	<i>30.06.05</i>	<i>31.12.04</i>	<i>% change last 9 mths</i>
Non-accrual		2,492	2,912	2,602	(4.23)
Restructured		875	921	838	(4.42)
To be restructured		1,082	1,057	1,210	(10.58)
In temporary arrears		663	739	753	(11.95)
Under special supervision		12,114	12,218	13,255	(8.61)
Total balance sheet credit risk		17,226	17,847	18,658	(7.67)
Off balance sheet credit risk		2,235	2,022	2,375	(5.88)
Other assets <small>in respect of derivatives of problem borrowers</small>		188	89	80	135.0
Total overall credit		19,649	19,958	21,113	(6.93)

Operating Income

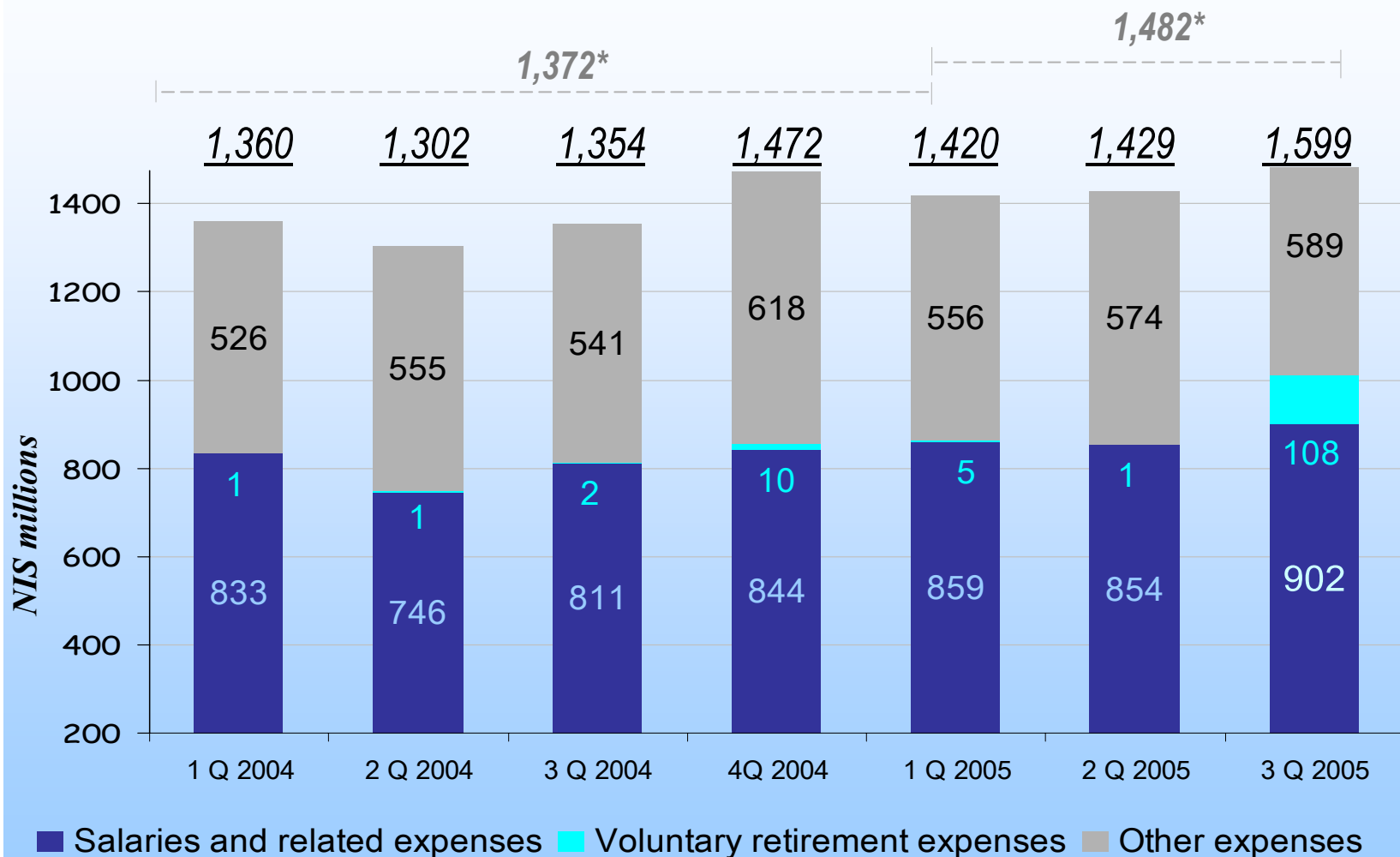
850*

936*

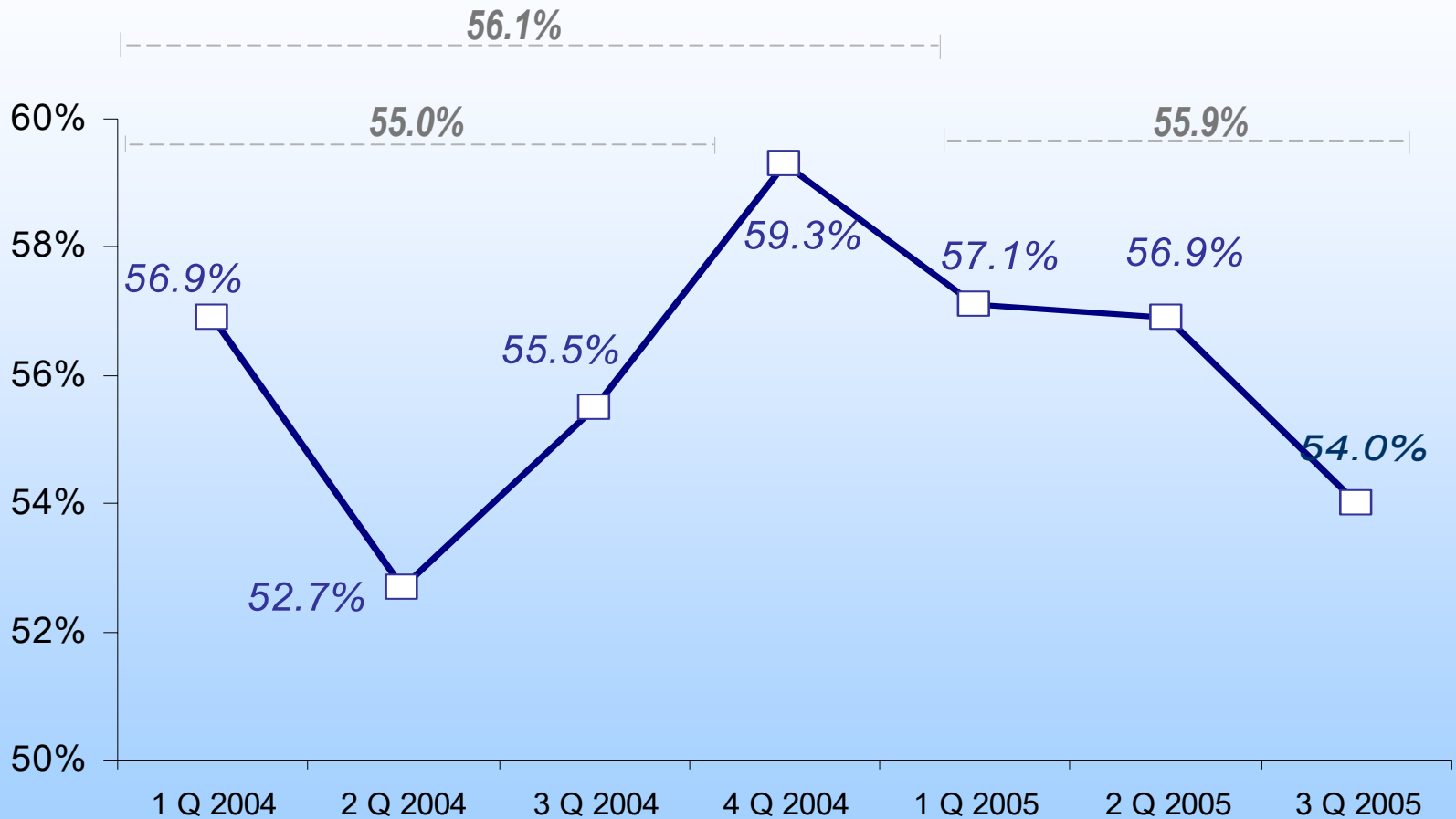


* average

Operating Expenses



Efficiency Ratio*

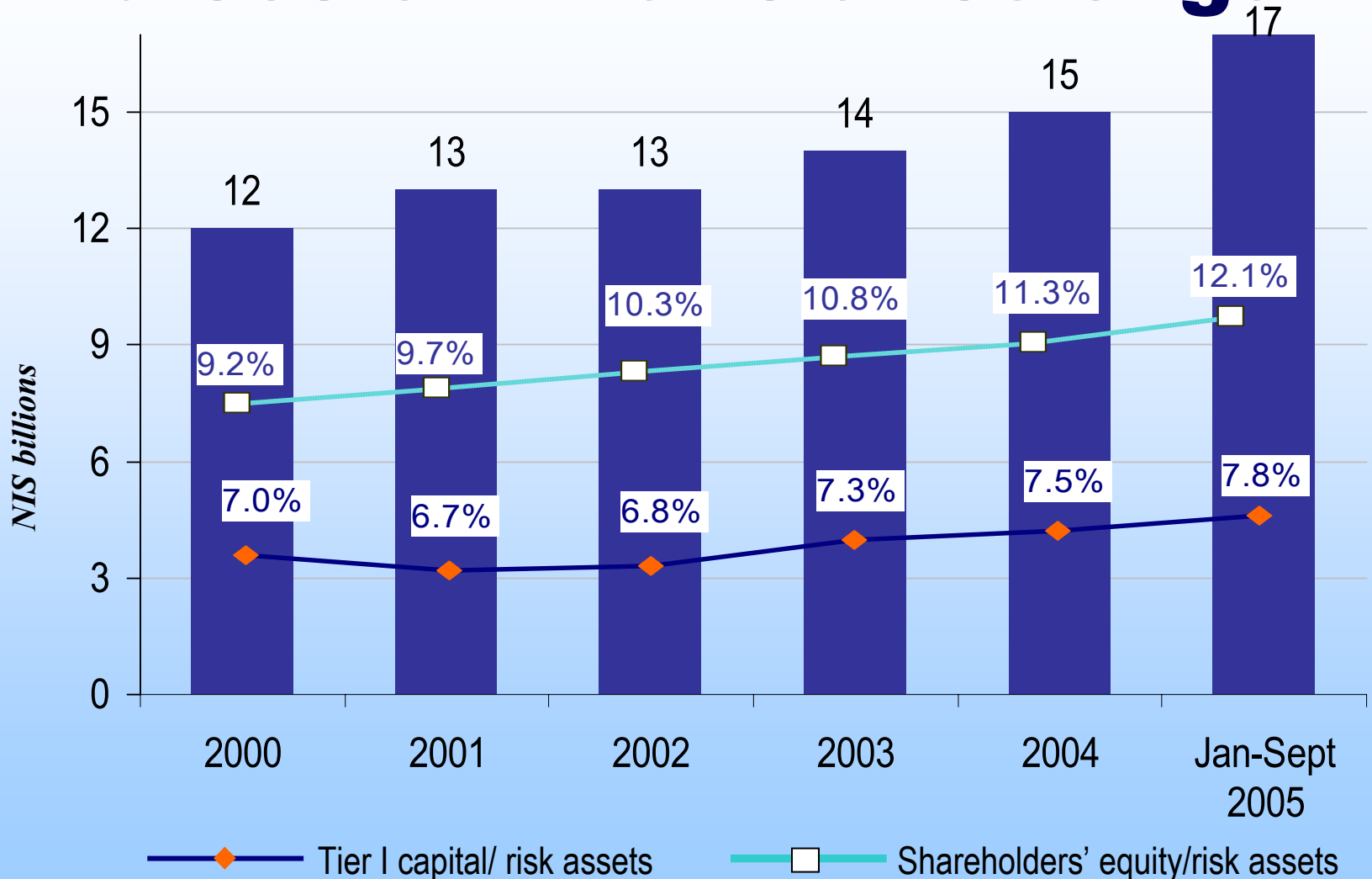


**Excluding the costs of voluntary retirement*

Profits of Companies Included on the Equity Basis



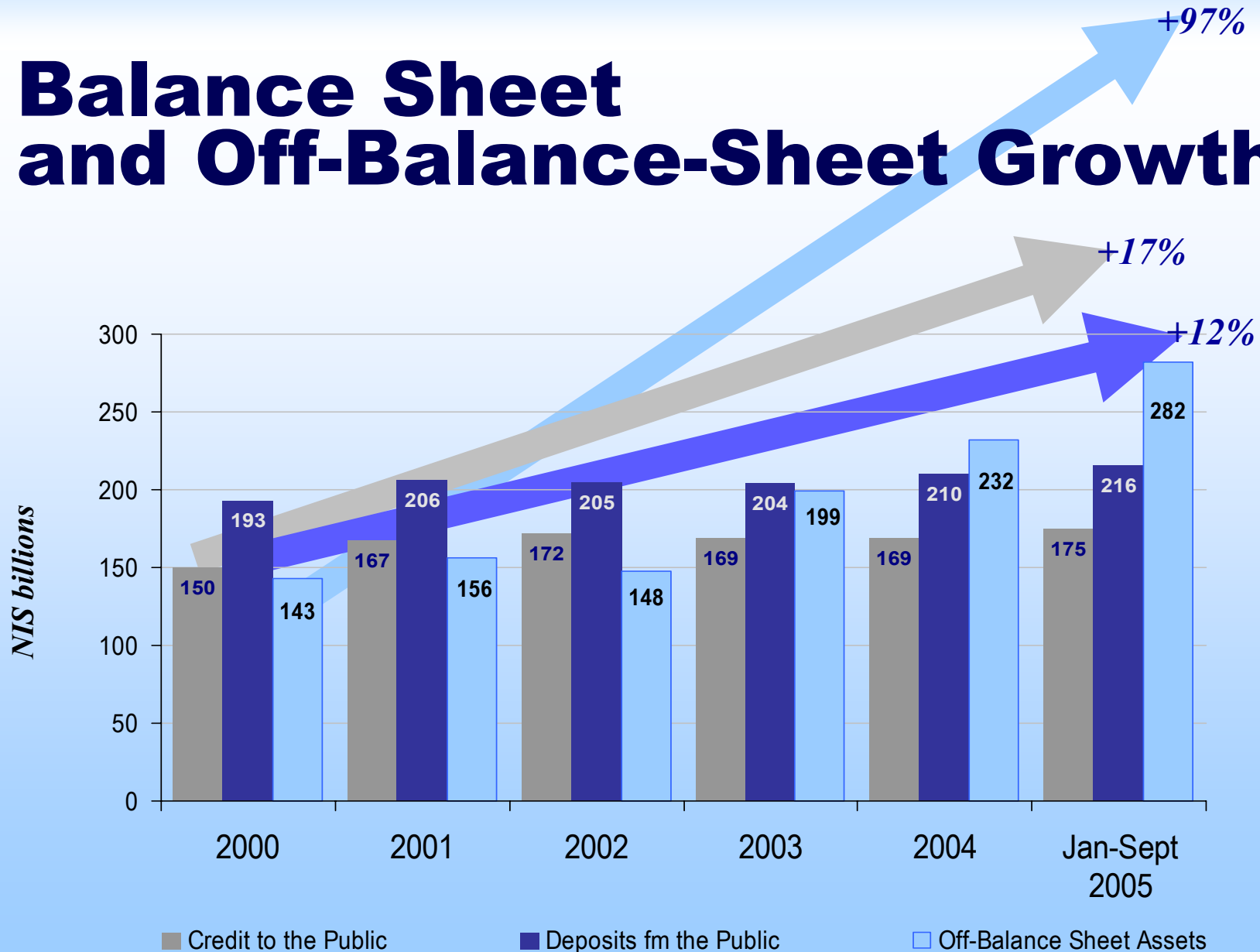
Indices of Financial Strength



Balance Sheet Highlights

	<i>NIS billions</i>	<u>30.9.05</u>	<u>31.12 04</u>	<u>% change</u>
Total assets		264.7	255.8	3.5%
Credit to the public		175.1	169.4	3.4%
Deposits from the public		215.6	209.7	2.8%
Shareholders' equity		16.7	15.0	11.6%
<i>Off-balance sheet items:</i>				
Provident & supplementary training fund assets		45.8	43.0	6.5%
Securities portfolio managed by the Leumi Group		236.3	188.9	25.0%
Total managed assets		546.5	488.0	12.0%
Total managed assets - US\$		118.9	106.7	11.4%

Balance Sheet and Off-Balance-Sheet Growth



■ Credit to the Public

■ Deposits from the Public

□ Off-Balance Sheet Assets

Summary

<i>Net operating profit</i>	1,643	as at 9/05.....	an increase of	5.6%	compared with 9/04
<i>Net operating profit to shareholders' equity</i>	14.9%	as at 9/05.....	compared with	14.9%	as at 9/04
<i>Provision for doubtful debts</i>	1,105	as at 9/05.....	a increase of	12.3%	compared with 9/04
<i>Total income</i>	7,750	as at 9/05.....	an increase of	6.2%	compared with 9/04
<i>Efficiency ratio (excluding voluntary retirement)</i>	55.9%	as at 9/05.....	compared with	55.0%	as at 9/04
<i>Shareholders' equity to risk weighted assets</i>	12.1%	as at 9/05.....	compared with	11.1%	as at 9/04
<i>Credit to the public</i>		an increase of	3.0%		compared with 9/04
<i>Deposits from the public</i>		an increase of	6.3%		compared with 9/04