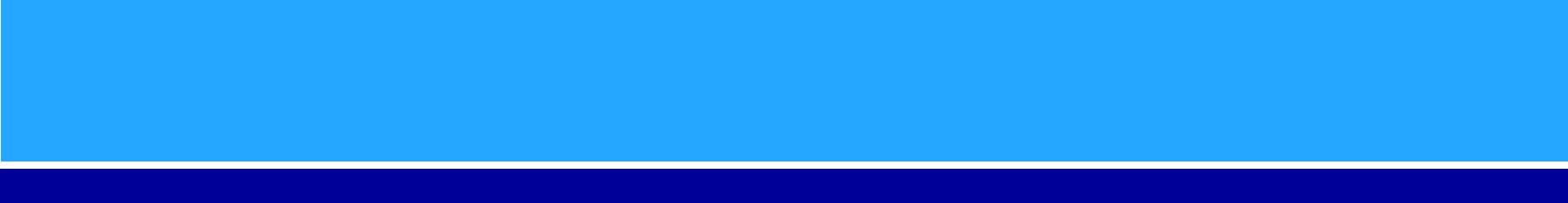


Leumi Group

First Quarter 2007 Results





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Main macroeconomic variables

		2005	2006	2007*
<i>Annual rates of change in real terms</i>	GDP	5.2%	5.1%	5.0%
	Gross product of the business sector	6.7%	6.4%	6.2%
	Private consumption	3.4%	4.8%	4.7%
	Public consumption	2.7%	3.3%	3.4%
	Investment in fixed assets	2.9%	6.4%	8.1%
	Exports of goods and services	5.1%	4.9%	5.5%
	Imports of goods and services	3.4%	3.1%	4.7%
<i>Percentage of GDP</i>	Current account surplus	3.3%	4.9%	4.2%
	Government budget deficit	-2.0%	-0.9%	-1.2%
	Government debt	95%	86%	79%
<i>Annual average</i>	Unemployment rate	9.0%	8.4%	7.3%

Multi-year fiscal simulation, main items

		2006	2007*	2008*	2009*
<i>Background assumptions</i>	Real GDP growth	5.1%	5.0%	4.8%	4.9%
	<i>Government expenditures (w/o debt repayment)</i>	Rate of government spending growth, real terms	3.0%	3.1%	2.2%
<i>Government deficit</i>	Deficit as a percentage of GDP	0.9%	1.2%	1.0%	0.7%
<i>Deficit finance</i>	Privatization, billions of NIS	4.7	8.9	4.5	2.0
	Debt/GDP ratio, year end	86%	79%	77%	74%

Main financial parameters

	2005	2006	2007*	2008*
Consumer price index (year-end rate)	2.4%	-0.1%	0.0-1.0%	2.5-3.5%
NIS/USD exchange rate – annual average	4.49	4.46	4.0-4.1	4.0-4.1
Bank of Israel interest rate – annual average	3.7%	5.1%	3.5-4.0%	4.0-4.5%

The Leumi Group

<i>in millions</i>	<i>Q1 2007</i>	<i>Q1 2006</i>	<i>% change</i>	<i>RoE*</i>
Net profit	NIS 917	NIS 1,112	(17.5%)	22.2%
Net profit adjusted**	NIS 955	NIS 1,257	(24.1%)	23.2%
Net operating profit	NIS 658	NIS 400	64.5%	15.6%
Net operating profit adjusted**	NIS 696	NIS 545	27.6%	16.6%

**Based on average capital*

***Adjusted for special salary expenses*

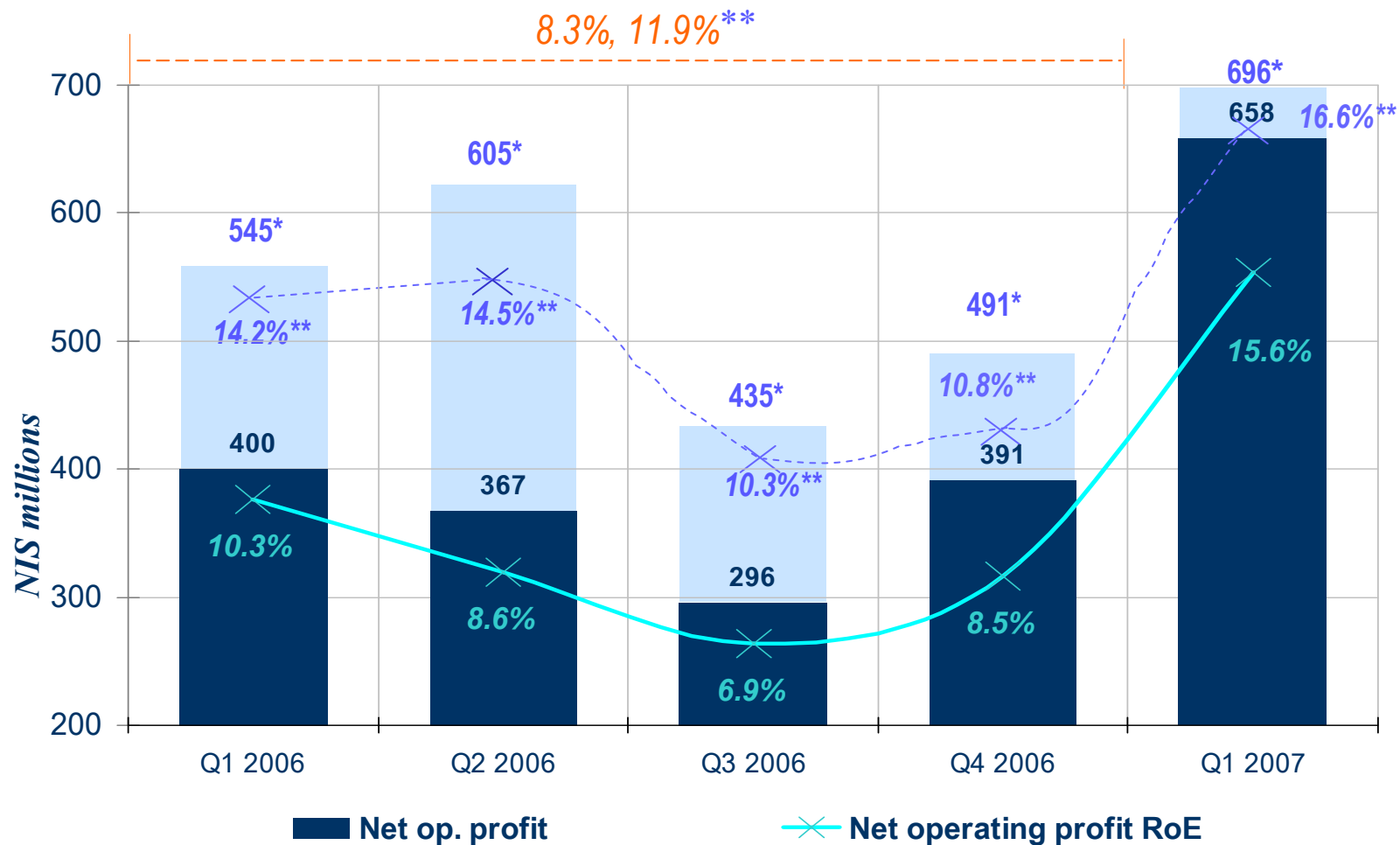
Impact of special salary expenses

<i>NIS millions</i>	<i>Q1 2007</i>	<i>Q1 2006</i>	<i>YE 2006</i>
Net operating profit	683	400	1,454
Special Salary Expenses:			
Gov't sale of shares to employees	(18)	0	217
Options to employees	53	40	235
Mortality tables	0	136	237
Voluntary early retirement	0	3	175
Alumni holiday gifts	(1)	0	91
Provision for severance payments	12	60	0
Reduction of VAT	0	0	(38)
Total before taxes	46	239	917
Total after taxes	38	145	622
Net operating profit after adjustments	696	545	2,076
Return on net operating profit after adjustments	16.6%	14.2%	11.9%
Return on net profit after adjustments	23.2%	34.9%	23.8%

Main financial data

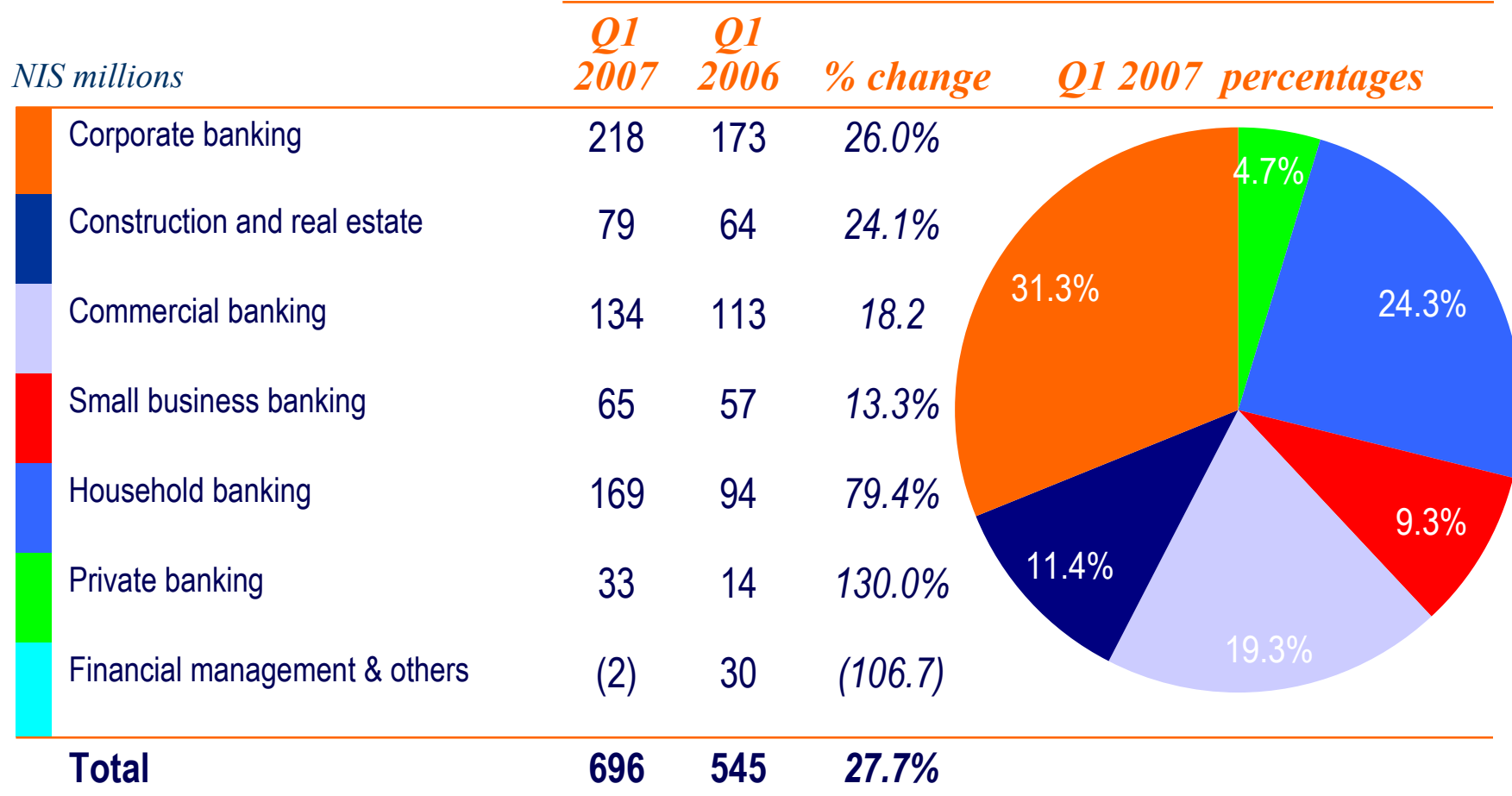
<i>NIS millions</i>	<i>3 months ended March 2007</i>	<i>3 months ended March 2006</i>	<i>% change</i>
Net interest income before provision	1,793	1,645	9.0%
Provision for doubtful debts	11	201	(94.5%)
Total operating and other income	988	940	5.1%
Total operating and other expenses	1,630	1,821	(10.5%)
Companies included on the equity basis	39	78	(50.0%)
Net operating profit for the period	658	400	64.5%
Net operating profit after adjustments	696	545	27.6%

Net operating profit and RoE* (in annual terms)

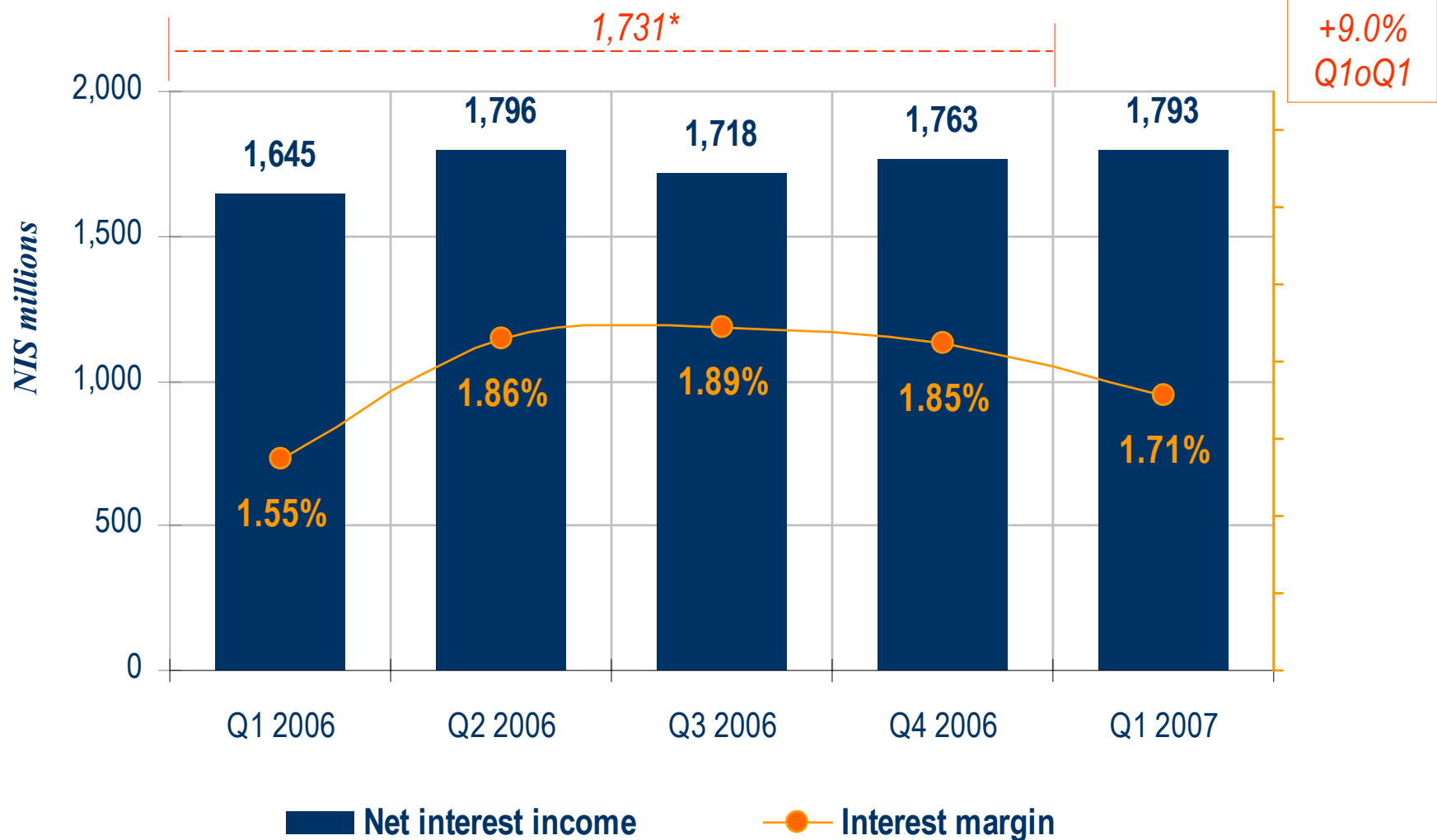


8.3%, 11.9%**

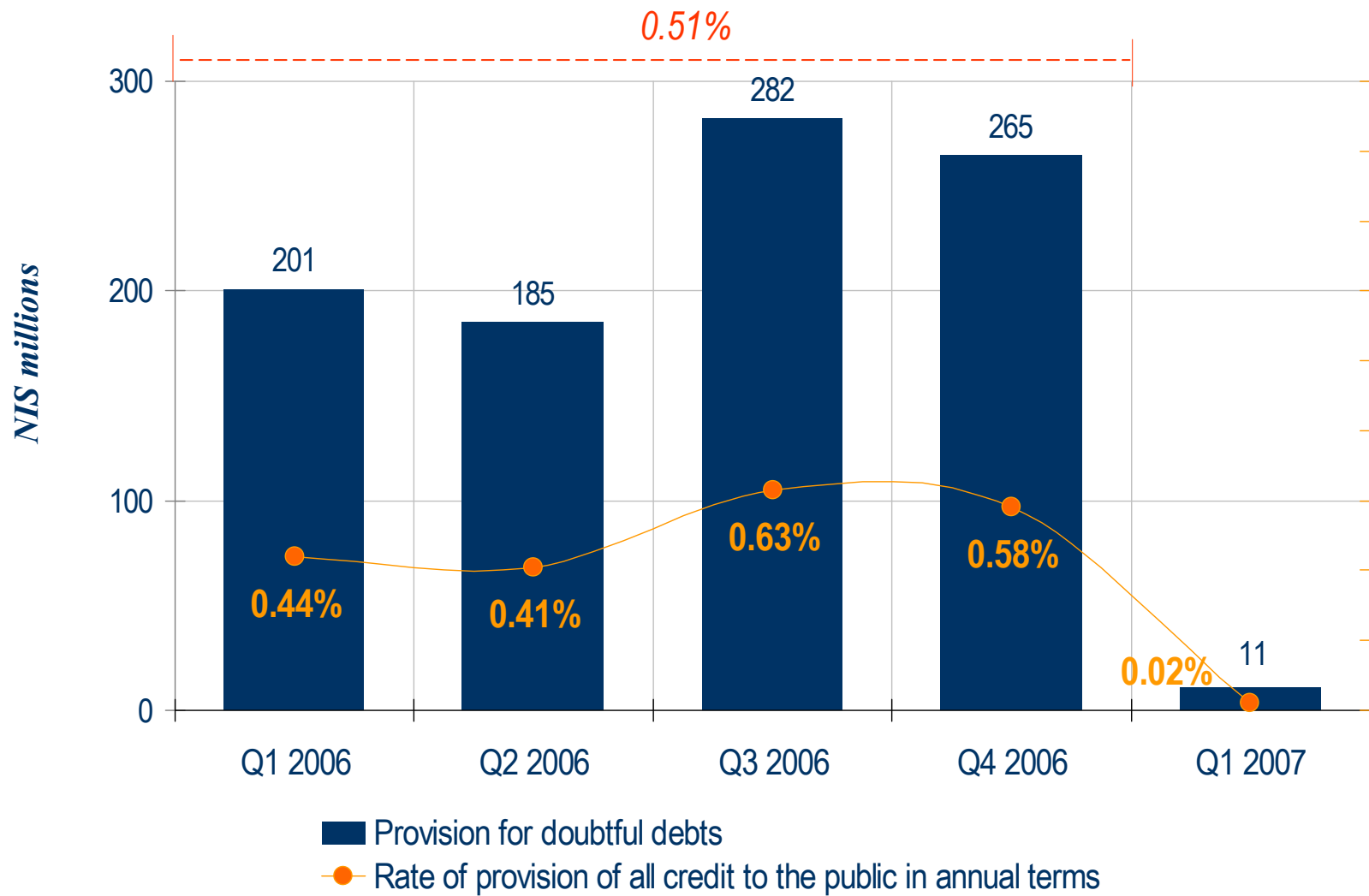
Net operating profit by operational segments*



Net interest income & interest margin accumulated for the period ending:



Provision for doubtful debts

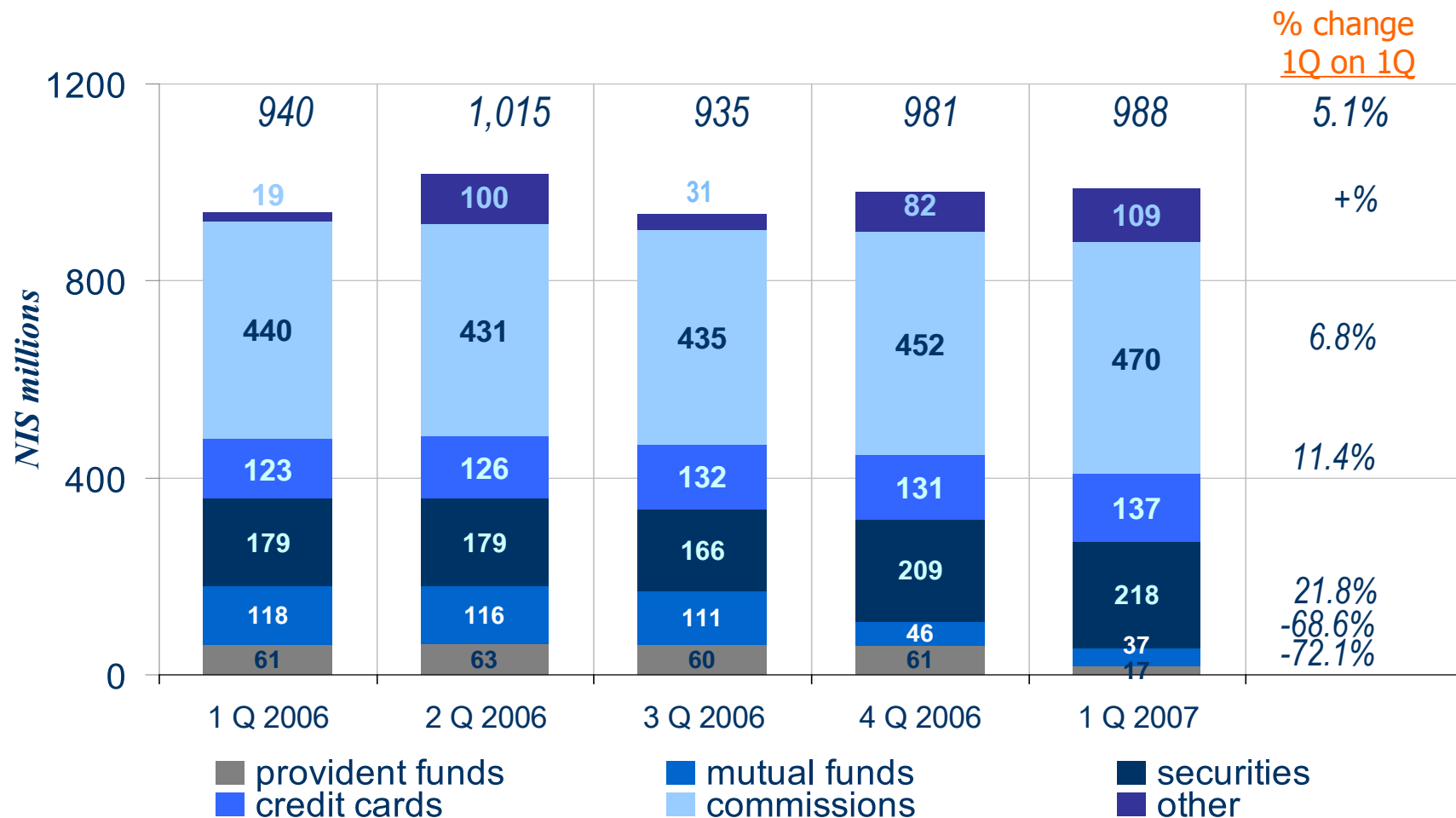


Problem Loans

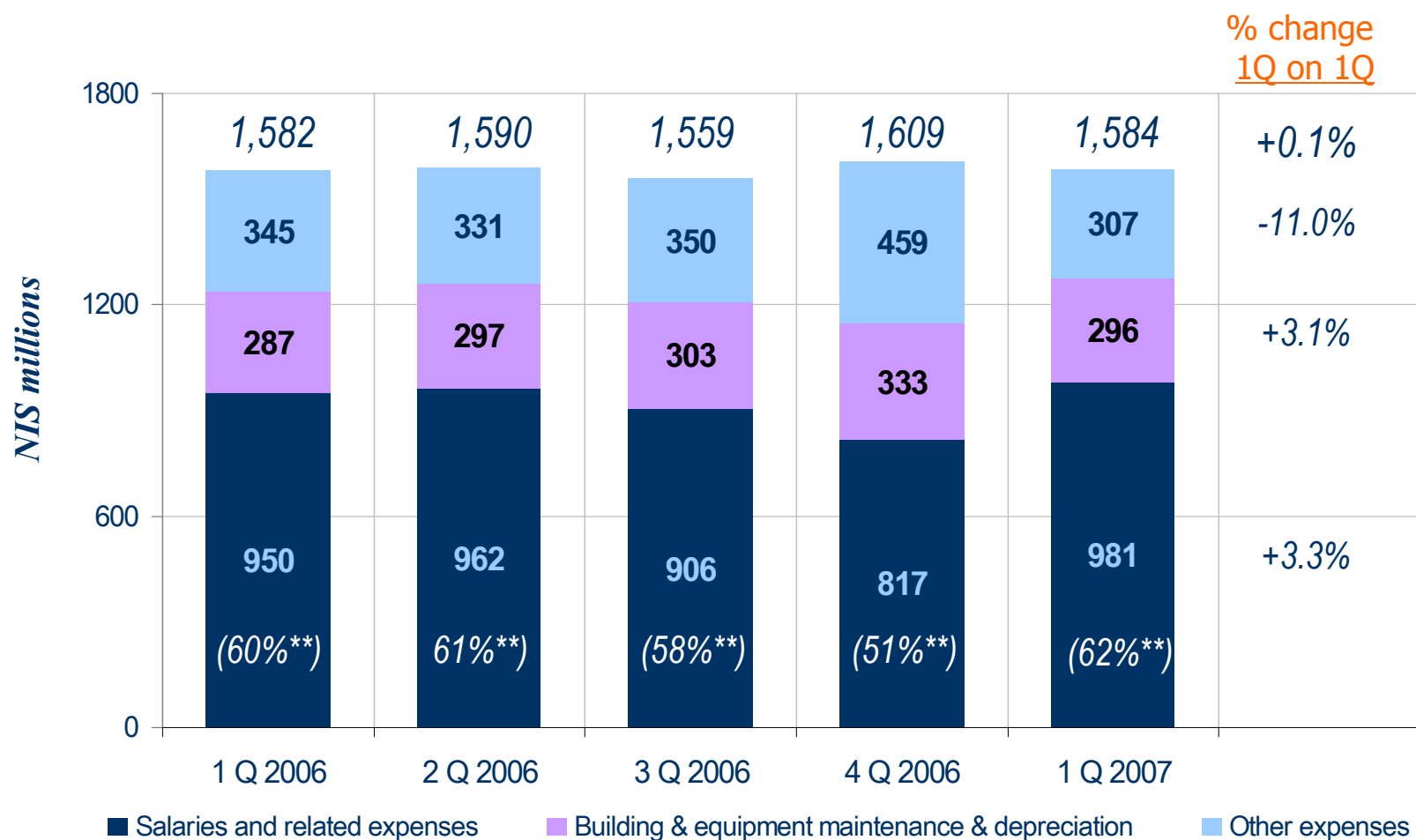
<i>NIS millions</i>	<i>31.3.07</i>	<i>31.12.06</i>	<i>% Change</i>
Non-accrual	2,454	2,519	(2.6%)
Restructured or to be restructured	1,246	1,313	(5.1%)
In temporary arrears	639	658	(2.9%)
Under special supervision	13,494	13,548	(0.4%)
Total balance sheet credit risk*	17,833	18,038	(1.1%)
Off balance sheet credit risk	2,539	2,425	4.7%
Other assets in respect of derivatives of problem borrowers	74	23	+
Total overall credit	20,446	20,486	(0.2%)

* Including classified debts according to Directive 325 in the amount of NIS 3,849 million (NIS 3,460 million in 2006)

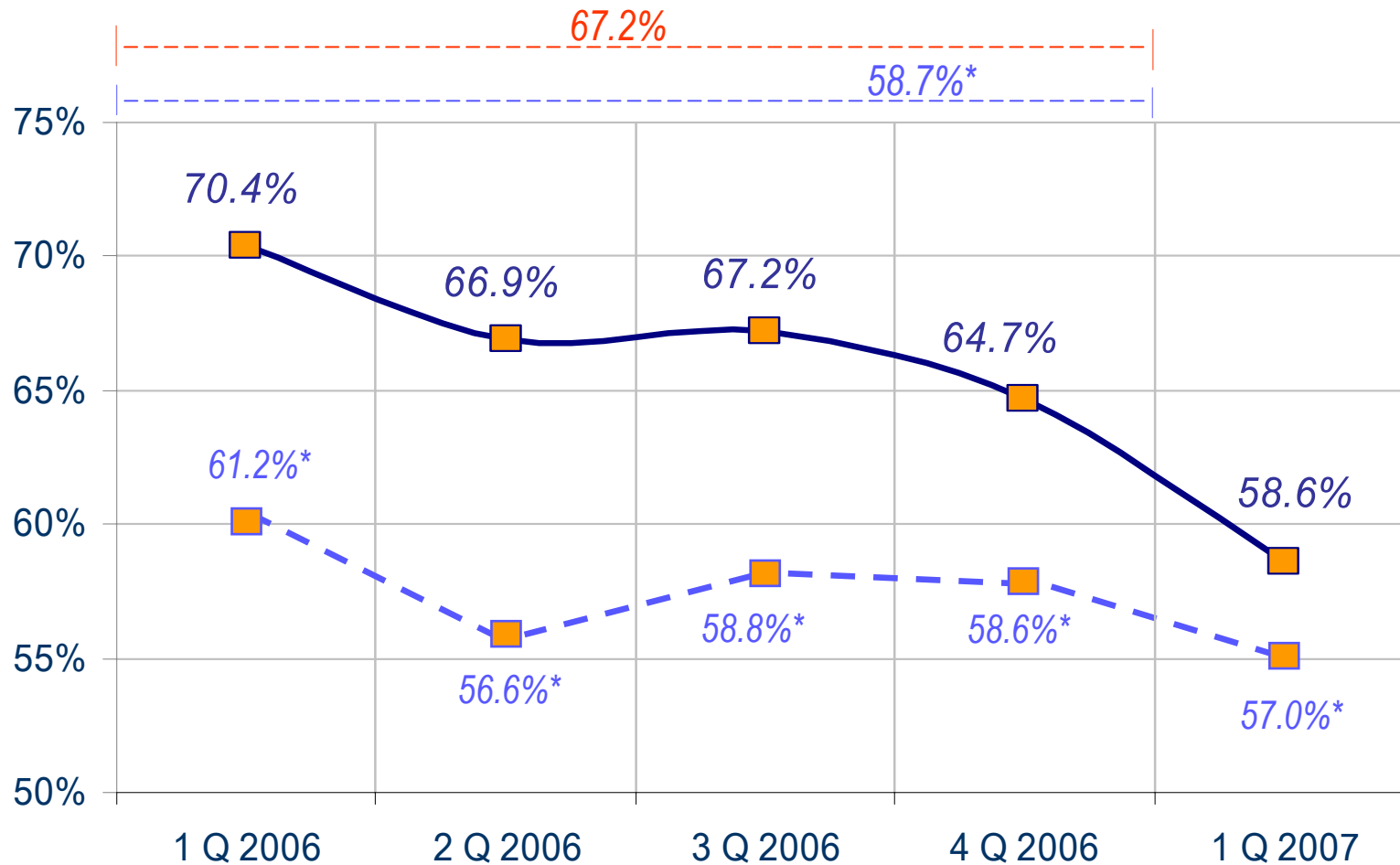
Operating income



Operating expenses*

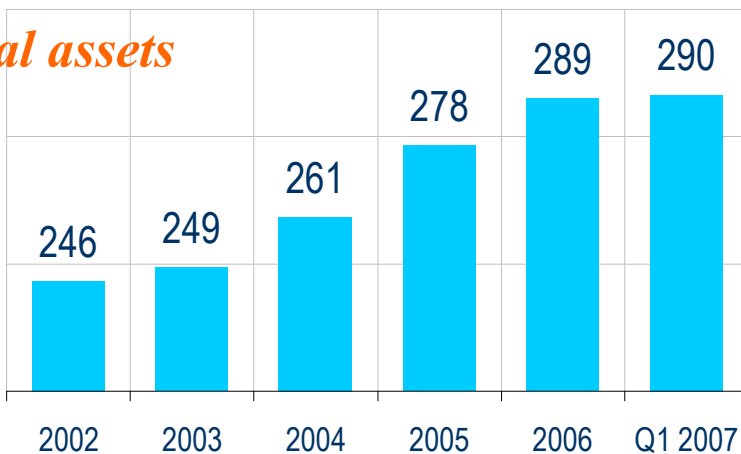


Efficiency Ratio

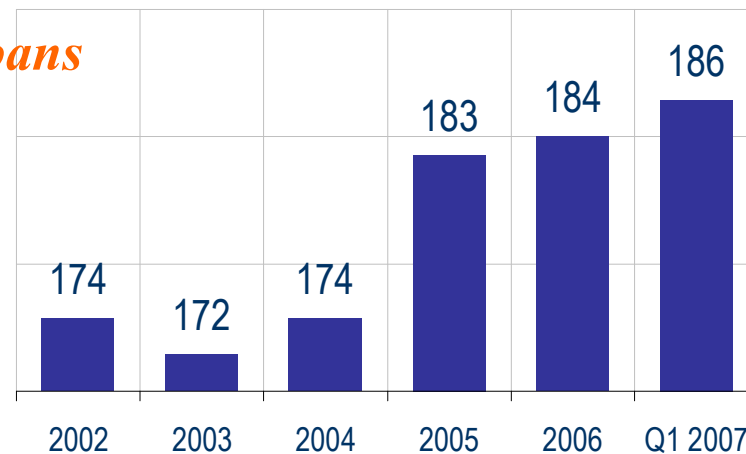


Balance and off-balance sheet assets *in NIS billions*

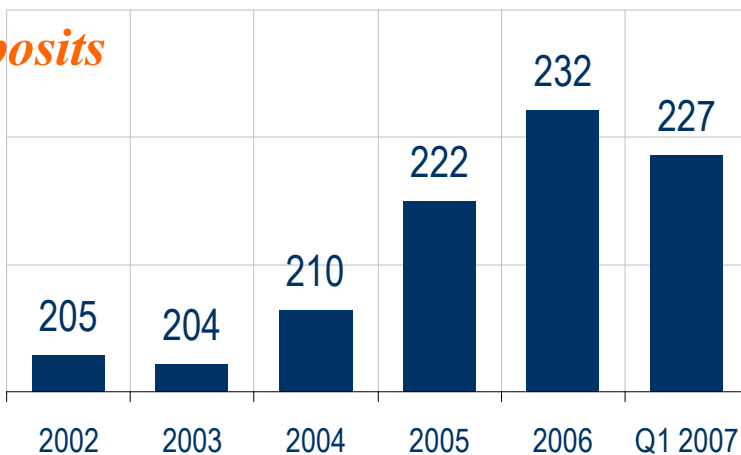
Total assets



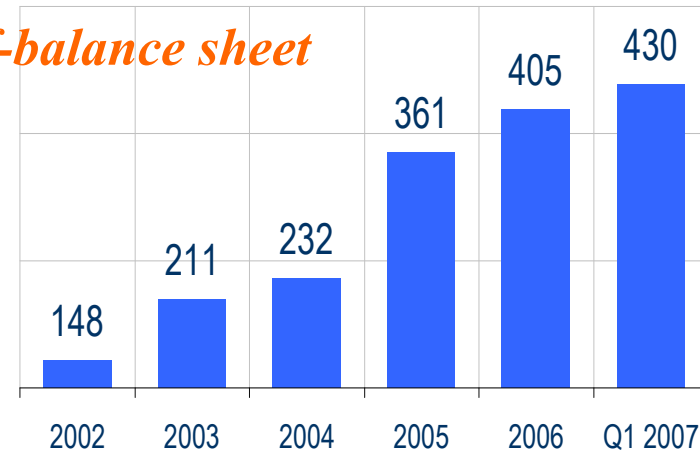
Loans



Deposits



Off-balance sheet

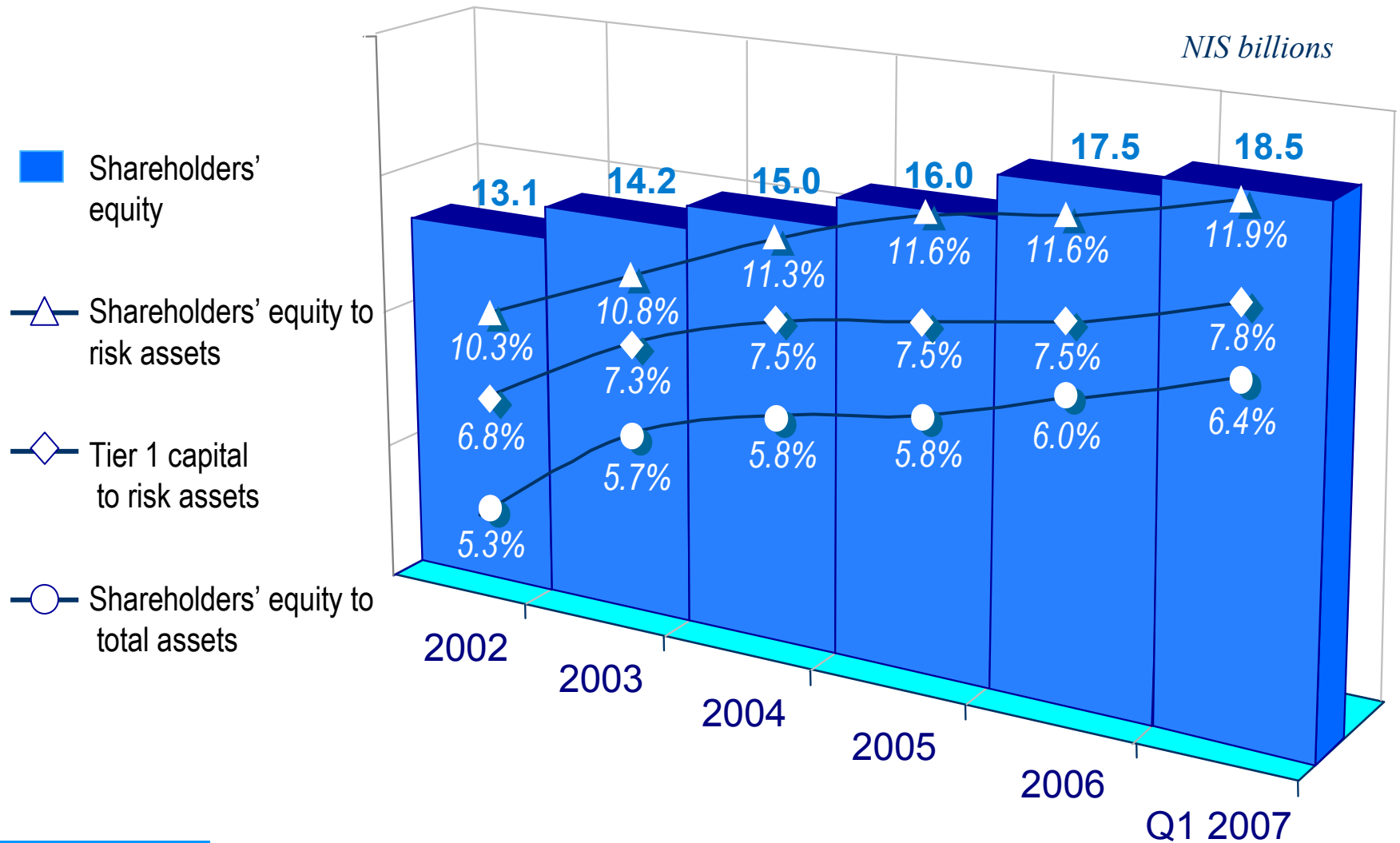


Changing sector emphasis in credit growth

NIS millions

	<i>Q1 2007</i>	<i>Q1 2006</i>	<i>% Change Q1oQ1</i>	<i>% Change Q107oYE06</i>
Households	18,780	16,640	13.4%	0.8%
Mortgages	33,509	32,482	3.2%	0.4%
Small businesses	14,527	12,053	20.5%	4.6%
Commercial banking	39,998	32,350	23.6%	4.4%
Corporate banking	51,340	57,360	(10.5%)	0.1%
Construction and real estate	21,607	24,490	(11.8%)	(4.0%)
Private banking	4,509	4,678	(3.6%)	3.3%

Indices of financial strength ...an upward trend



Summary

<i>NIS millions</i>	<i>March 31, 2007</i>	
	<i>Actual</i>	<i>Adjusted</i>
Net operating profit	658	696
Rate of change*	64.5%	27.6%
Return on net operating profit	15.6%	16.6%
Decrease in expenses	(10.5%)	0.1%
Efficiency ratio	58.6%	57.0%
Provision for doubtful debts	0.02%	
BIS	11.9%	
<i>Rate of change*</i>		
Total revenues	7.6%	
Credit to the public	2.4%	
Deposits of the public	2.3%	
Off balance sheet items	37.7%	