

LONDON, 13 September 2005

The Tel Aviv Stock Exchange
& Embassy of Israel Conference

Leumi Group

Galia Maor
President & CEO
Bank Leumi le - Israel



Leumi - Israel's Leading International Bank

Strong and stable balance sheet

- Assets: \$58 billion
- Total assets under management: \$114 billion

Well capitalized

- Equity: \$3.5 billion
- BIS ratio: 11.92%

Dominant domestic market share: 30%

Largest global presence among Israeli banks

Diversified income sources


Focus on profitability and efficiency

Data as of 30.6.05

Founded 1902

לאומי
leumi

Our Vision Is To...

- 
- A hand holding a globe, symbolizing global reach and vision.
- © Be the most profitable Israeli banking group
 - © Increase shareholders' value
 - © Tailor products and services to the needs of customers
 - © Expand our international banking presence and activities
 - © Be the first choice of employees, rewarding employees according to performance
 - © Contribute to the community with emphasis on future generations



“Vision without action is merely a dream, action without vision is merely passing time, but vision together with action can change the world”

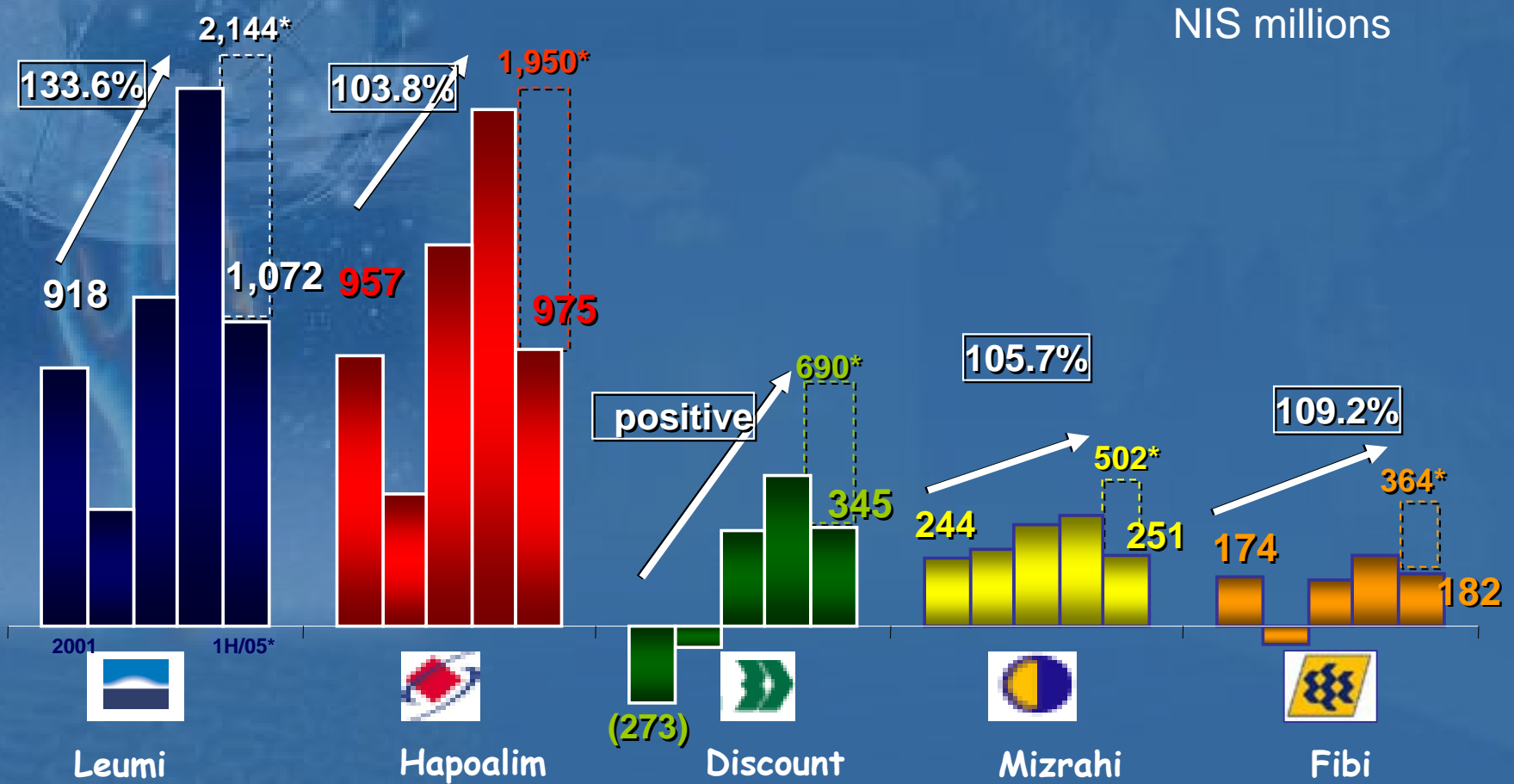
Nelson Mandela



A hand holding a glowing globe with binary code and a world map background. The globe is surrounded by a grid of light points and is set against a background of binary code (0s and 1s) and a faint world map. The overall color scheme is blue and white.

We are advancing towards the realization of our vision

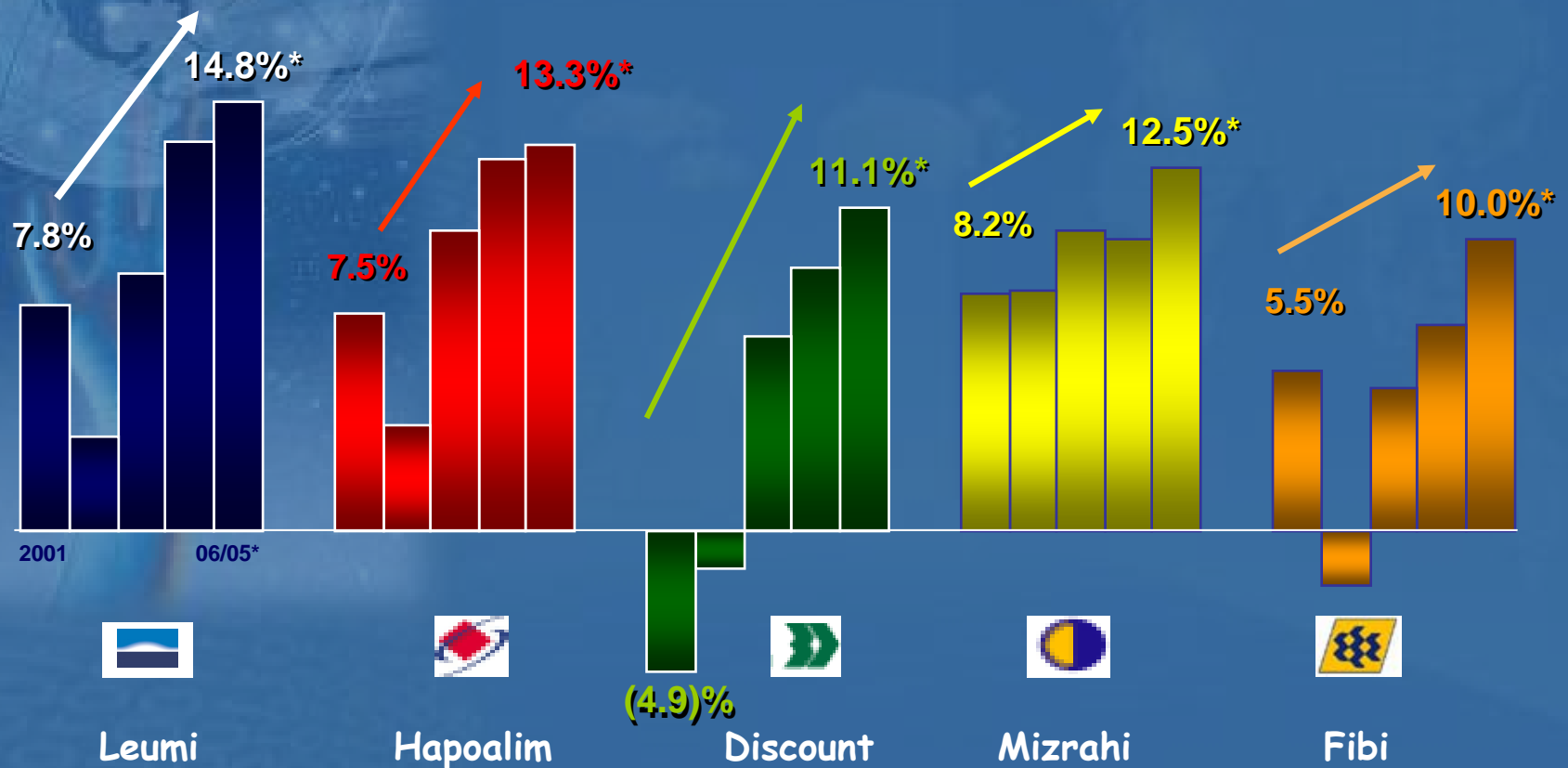
The Highest Net Operating Profit and the Most Significant Improvement



*H1/05: annualized



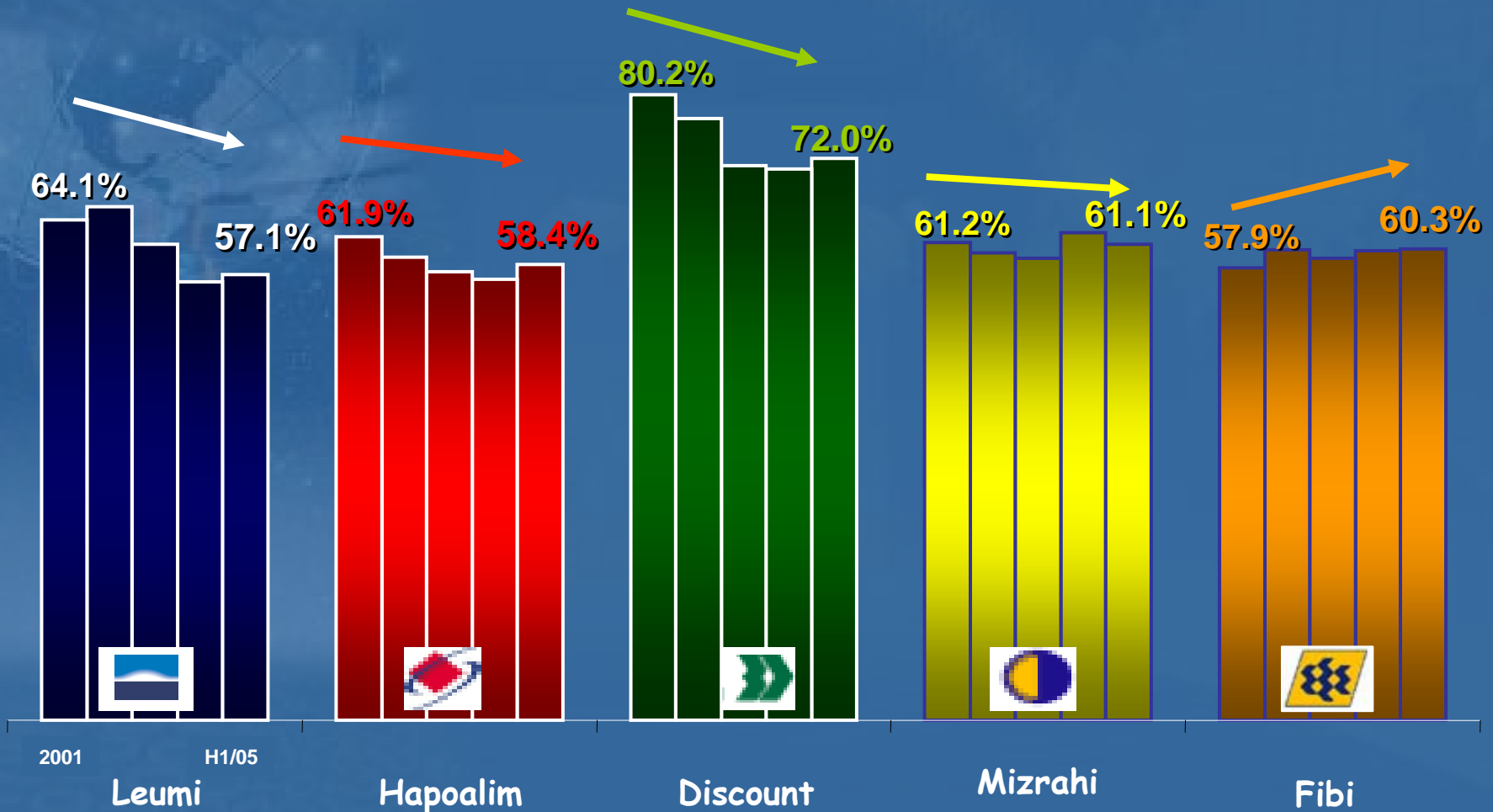
...And The Highest Return of Net Operating Profit on Equity



*H1/05: annualized



Aim For Better Efficiency



Efficiency ratio=cost/income
Including voluntary retirement

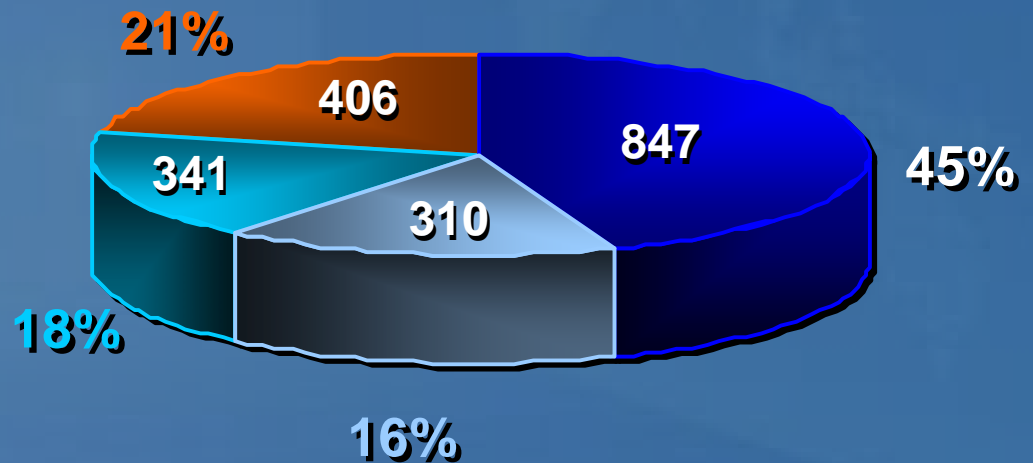


...Diverse Income Sources

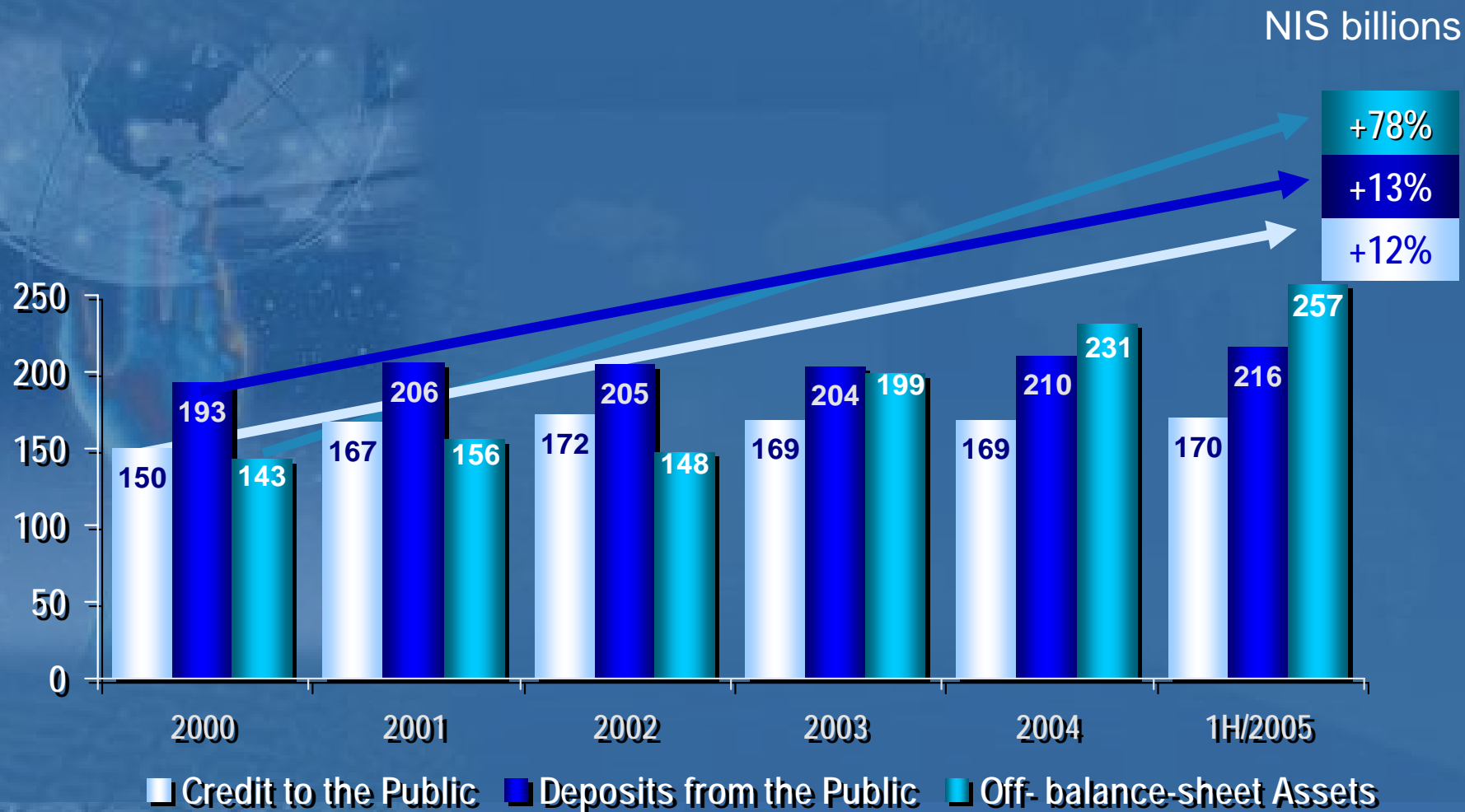
NIS millions

Total Net Operating Profit (2004) -NIS1,904 millions

- The Bank
- Israeli subsidiaries
- Overseas subsidiaries
- Non-banking investments

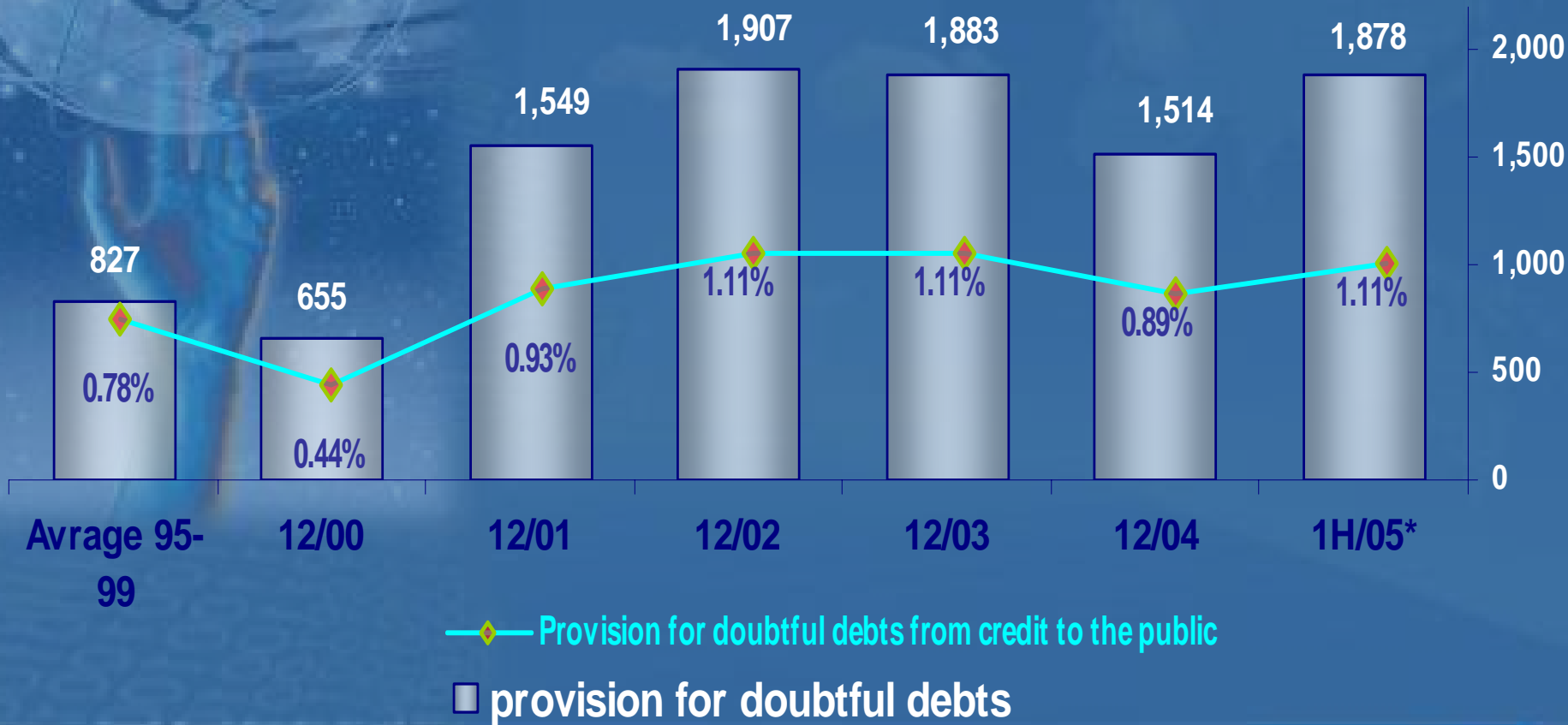


...Consistent Balance Sheet Growth Despite a Gradual Migration to Off-Balance-Sheet Assets



... Level of Provisions for Doubtful Debts Reflects Economic Conditions

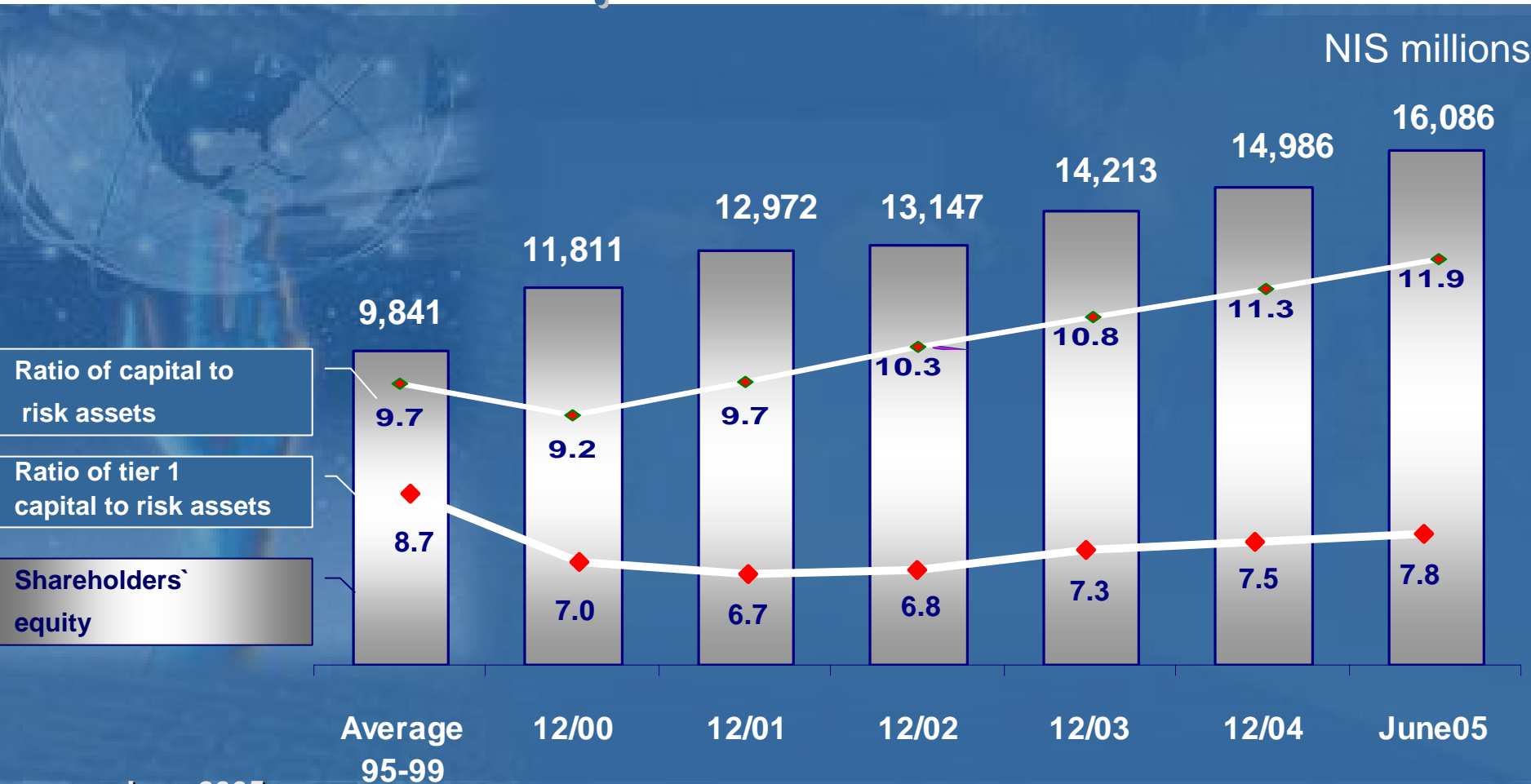
NIS millions



*H1/05: annualized



Indices of Financial Strength... an Upward Trend

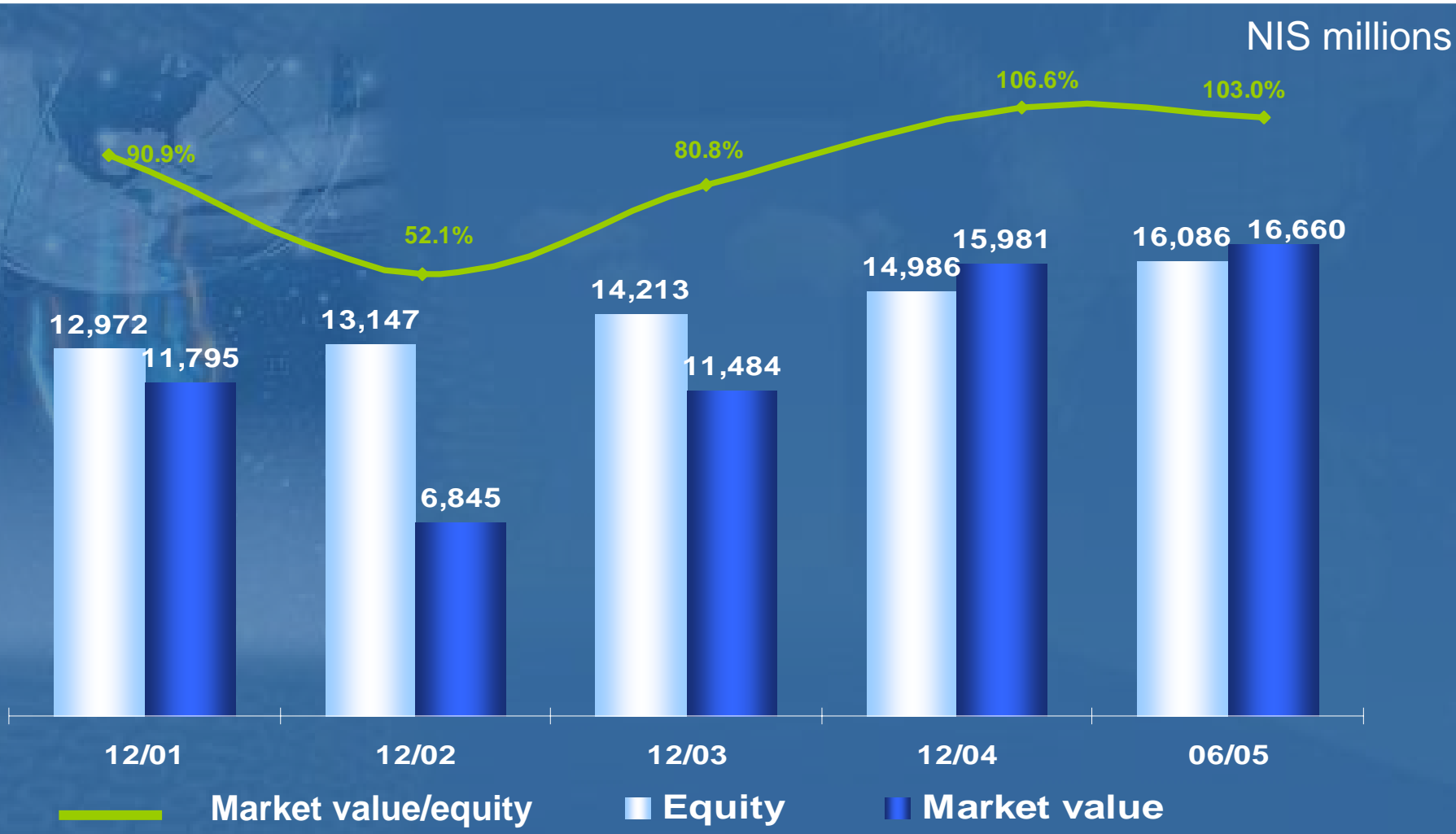


June 2005:

Tier I Capital NIS 16.2 billion (\$ 3.5b)
 Tier II Capital NIS 8.3 billion (\$ 1.8b)
 Total Capital calculated for risk ratio NIS 24.8 billion (\$ 5.4b)



The Market Recognizes Our Results



As of 5.9.05 Market value/equity— 122%

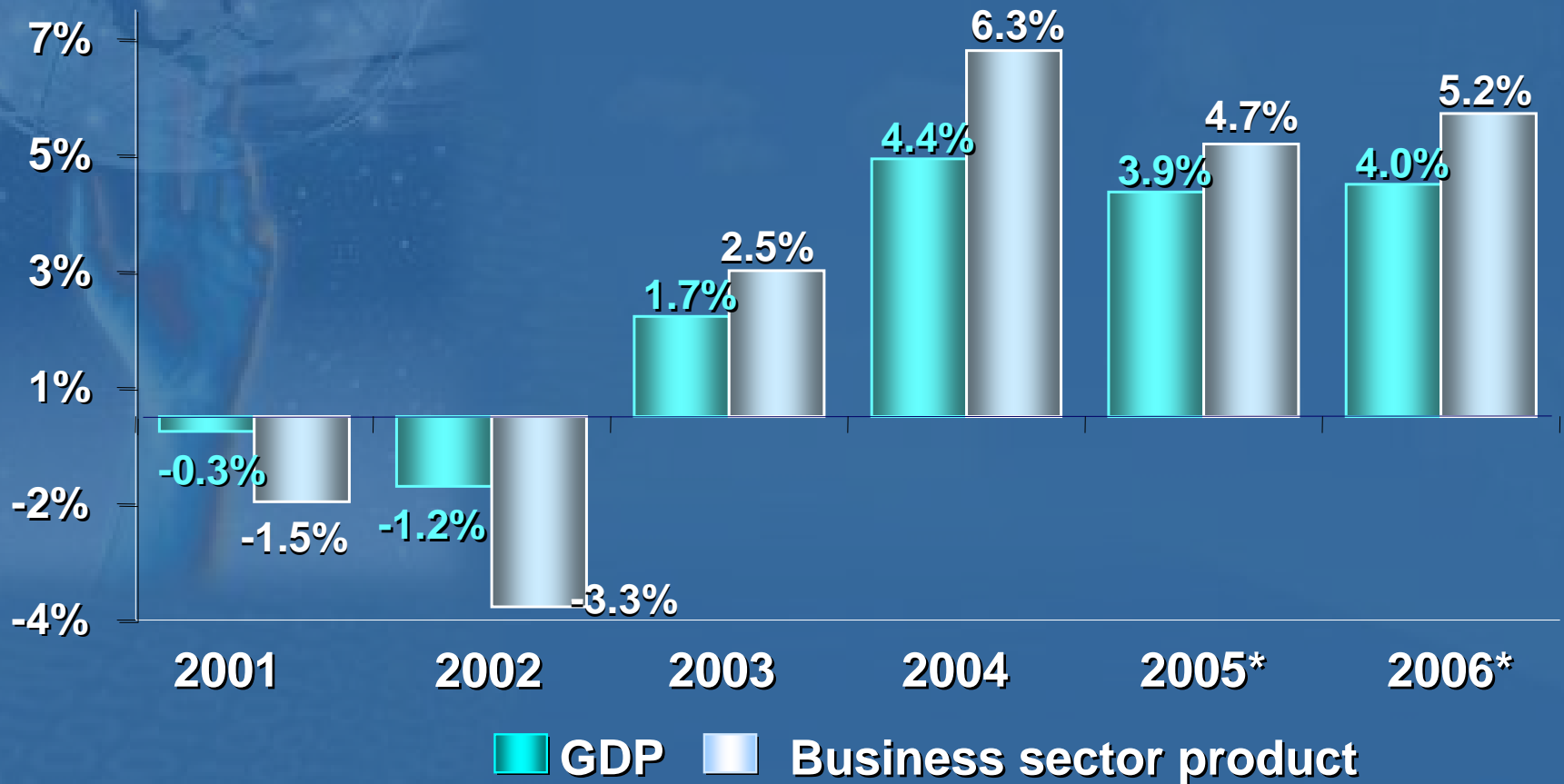


Looking Forward- What are the Next Steps?



Optimistic Economic Forecast For 2005-2006

GDP: Entire economy and business sector
Real term rates of change




*2005 - 2006 : Leumi's economic forecast

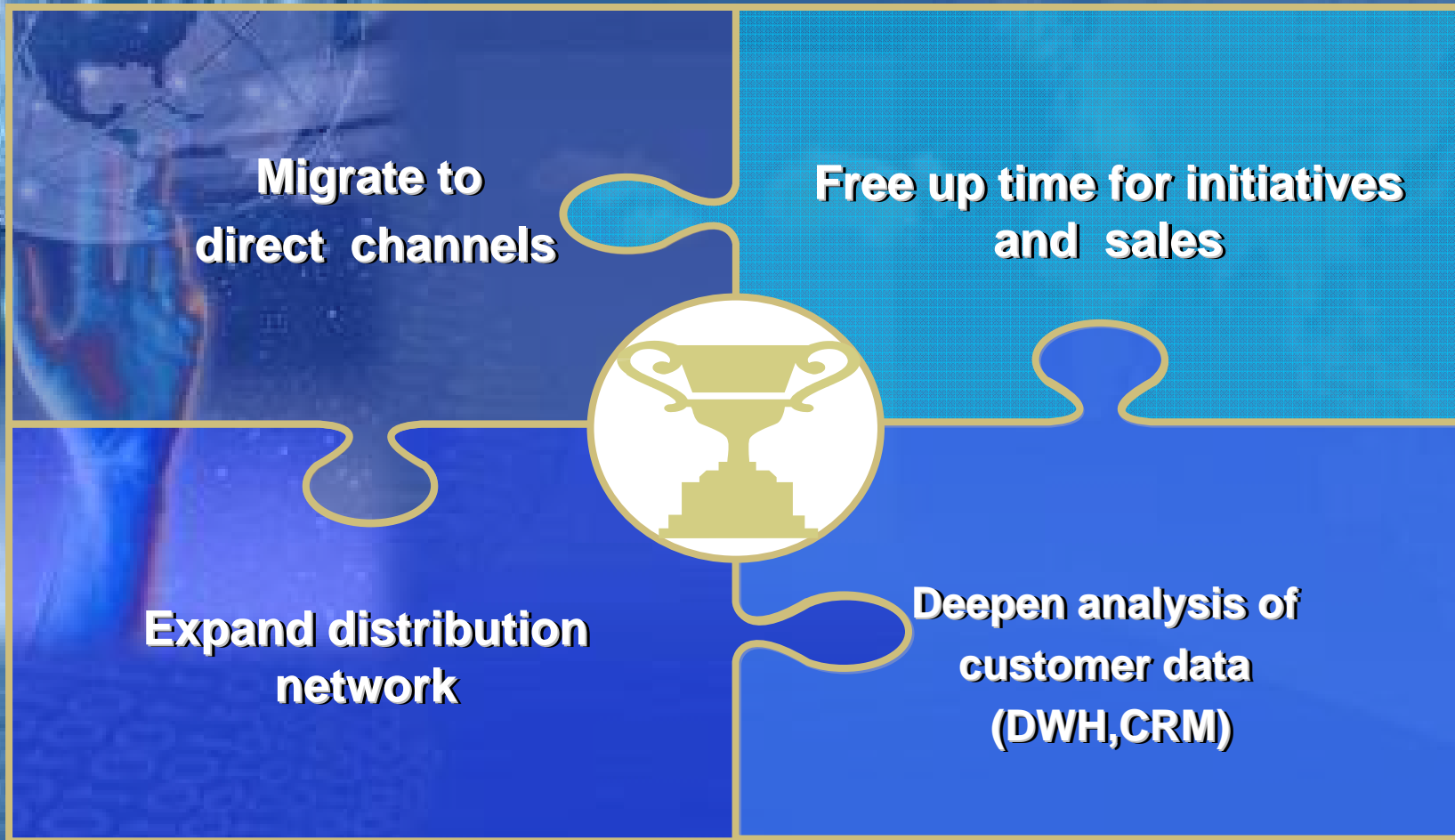
Facing Regulatory & Other External Challenges

- ⦿ **Privatization**
- ⦿ **Reforms:**
 - ⦿ **Capital Markets**
 - ⦿ **Basle II**
 - ⦿ **Tax**

... We Set Ourselves Ambitious Strategic Targets

- 
- A vertical image on the left side of the slide shows a hand holding a globe of the Earth. The hand is positioned at the bottom, with fingers wrapped around the globe. The globe is tilted, showing the Americas. The background is a dark, textured blue.
- ① Increase retail banking
 - ① Expand international activity
 - ① Grow global private banking in Israel and overseas
 - ① Strengthen and leverage Leumi's leading corporate and middle market business positions

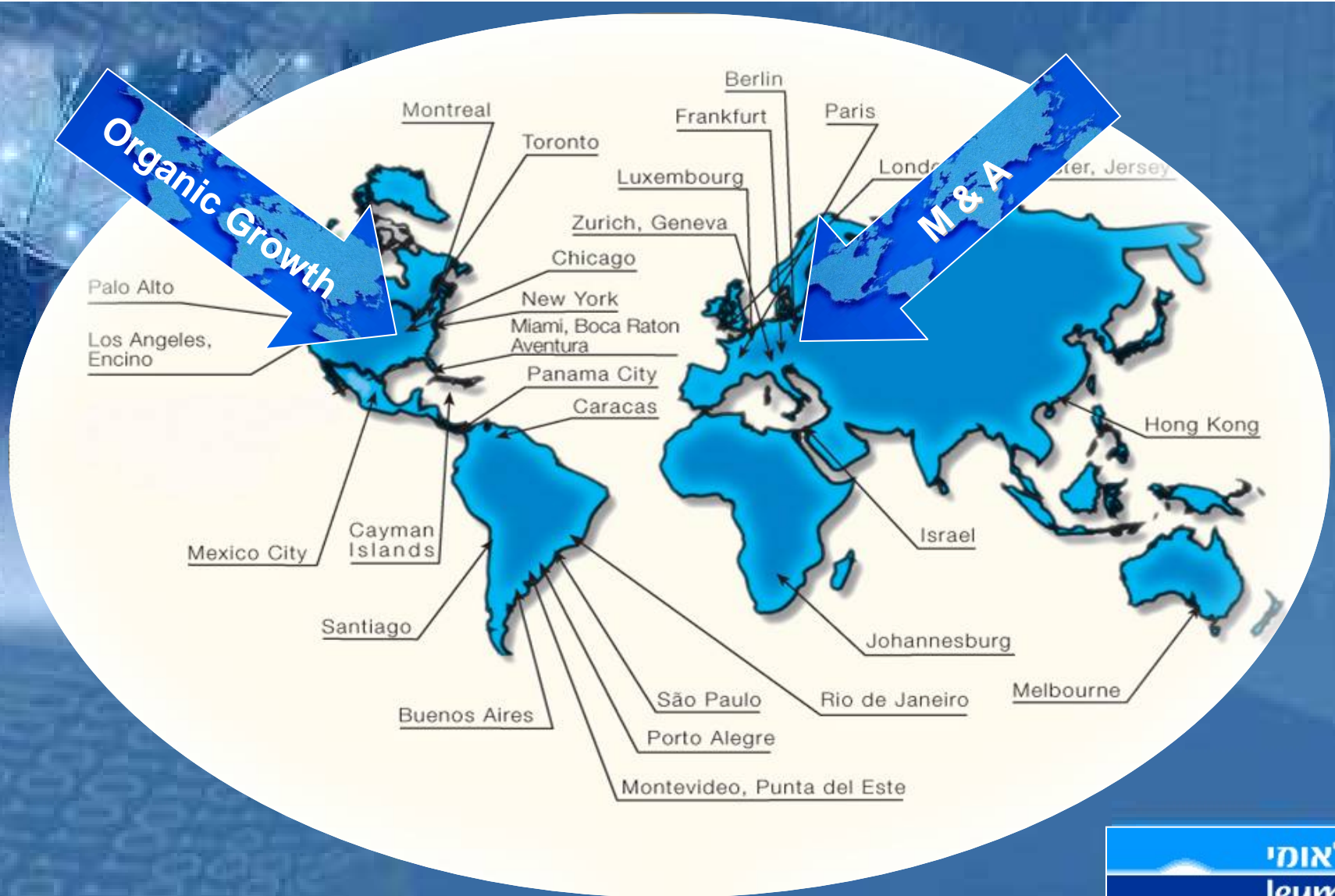
Retail Challenges - Excellence In Distribution



...And We Set Ourselves Additional Strategic Targets

- ① Increase retail banking
- ① Expand international activity
- ① Grow global private banking in Israel and overseas
- ① Strengthen and leverage Leumi's leading corporate and middle market business positions

We are Israel's Leading International Bank



... And We Set Ourselves Additional Strategic Targets

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Our Continuous Improvement is Based On...

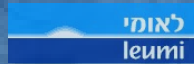
- ① Focus on the “bottom line” while investing in future growth
- ① Good understanding of customer needs
- ① Leveraging relative advantage in business lines
- ① Diversified sources of income
- ① High capital adequacy
- ① Ongoing improvement of human resources and IT infrastructure

So Vision Becomes Reality

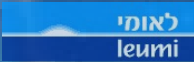
The Leumi Group as of 30.6.05

Net Operating Profit	NIS 1,072 million	The highest in the system ✓
Return on Net Operating Profit	14.8%	The highest in the system ✓
Total assets	NIS 263.6 billion	The largest in the system ✓
Deposits from the public	NIS 216 billion	The largest in the system ✓
Shareholders' equity	NIS 16.1 billion	The highest in the system ✓
Capital adequacy ratio	11.9%	The highest in the system ✓
Efficiency ratio	57.1%	The best in the system ✓

We Shall Continue to Leverage...



Our strong domestic and global brand



Our focused strategy and proven record of implementation

Leumi is ready to take full advantage of market conditions both in Israel and abroad





Leumi Group

Thank You

