


Leumi Group

Fourth Quarter 2010 & Full-Year Financial Results Discussion



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The Israeli Economy: Withstanding adverse global financial factors

		2009	2010*	2011**
Annual Rates of Change, Real Terms	GDP	0.8%	4.6%	4.0%
	Gross product of the business sector	0.1%	5.3%	4.5%
	Private consumption	1.7%	4.9%	3.6%
	Public consumption	2.5%	3.1%	3.3%
	Investment in fixed assets	-5.8%	12.4%	7.5%
	Exports of goods and services	-12.5%	13.6%	5.9%
	Imports of goods and services	-14.1%	12.4%	9.5%
Percentage of GDP	Current account surplus(+)/deficit (-)	3.7%	3.1%	2.0%
	Government budget surplus (+)/deficit (-)	-5.1%	-3.7%	-3.4%
	Government debt	78.0%	75.0%	74.0%
Annual Average	Unemployment rate	7.6%	6.6%	6.5%
	Consumer price index, year-end change	3.9%	2.7%	2.7%
Additional Data	Shekel / US\$ average exchange rate	3.93	3.73	3.56
	Bank of Israel average interest rate	0.8%	1.6%	3.0%

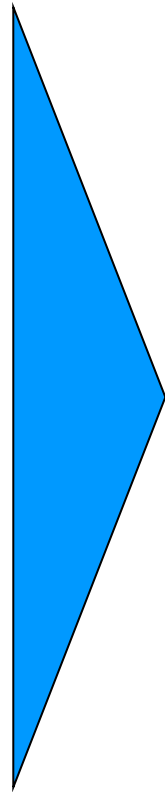
*CBS & Leumi Estimates **Leumi forecast

Leumi is realizing its vision

**To be the most profitable
banking group in Israel
over the long-term**

**To be a banking group that
continually strives to
maximize value for its
shareholders**

**To be a Group that provides
the highest level of value
to its customers**



**Highest net profit in the Israeli banking system
in 4 out of the last 5 years (through Q3 2010)**

**Highest dividend yield in the Israeli banking
system in the past 5 years (through Q3 2010)**

**Market leader with one of the most advanced
digital banking platforms in the world**

Delivering state of the art technology



Leumi
Call



Leumi
Cell



Leumi
On time



icleumi



Leumi
Wallet



Leumi
Internet



Leumi
Pay



Leumi
Twitter



Leumi
Labs



Leumi
Widget



Leumi
Video



Leumi
Blog



Leumi
FaceBook



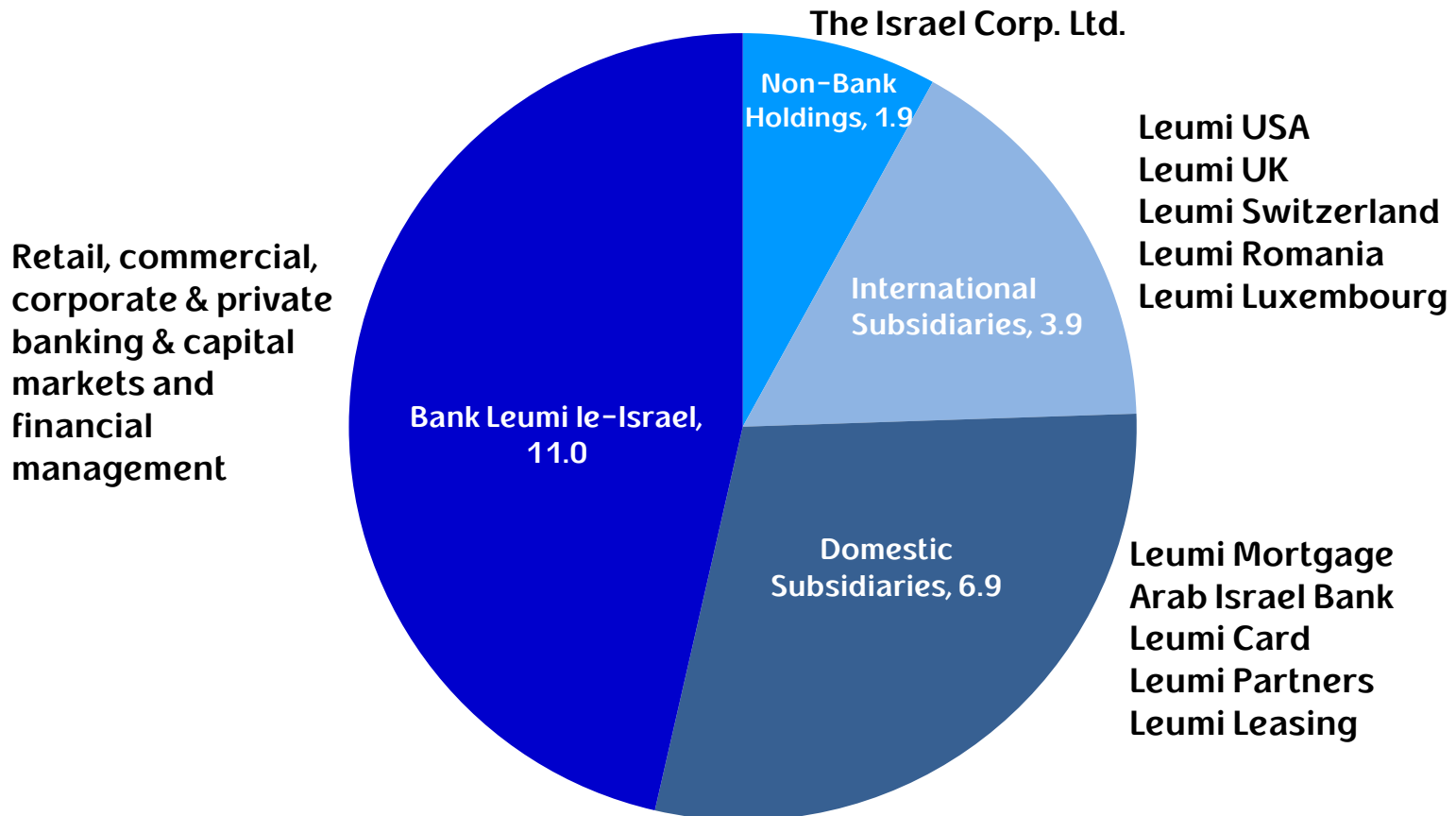
Text
a banker



Text
For cash

A diverse mix of businesses

The Bank and its major investee companies*

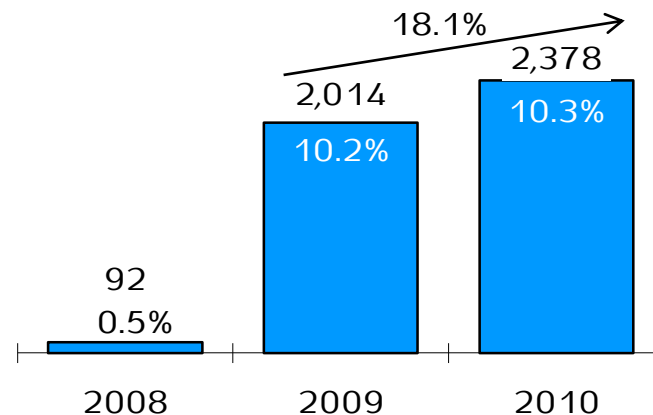
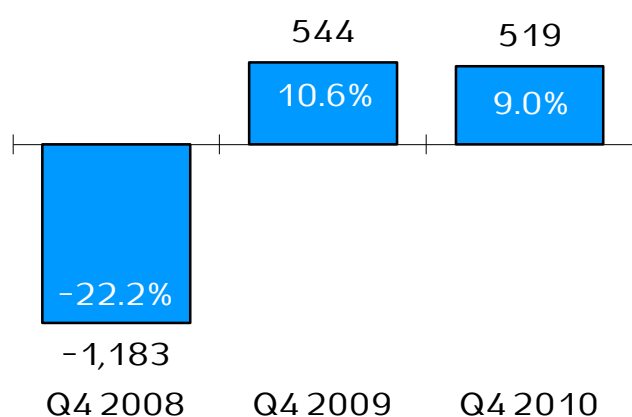


*By invested capital, NIS billions

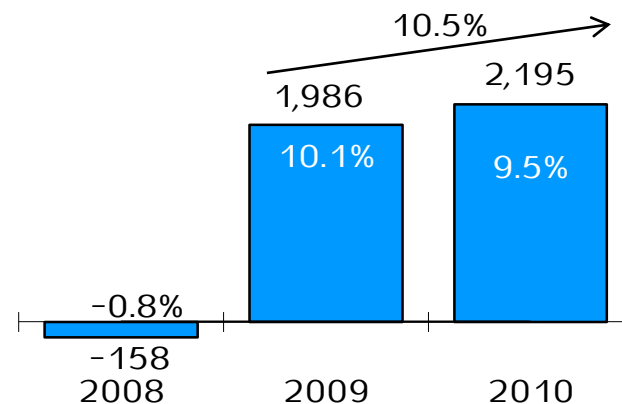
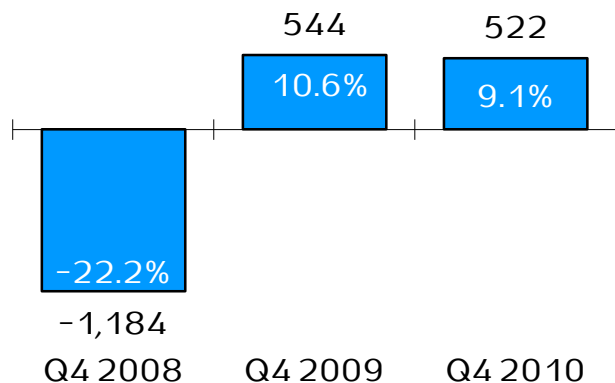
Strong earnings post global financial crisis

NIS millions, % RoE

Net Profit



Net Operating Profit



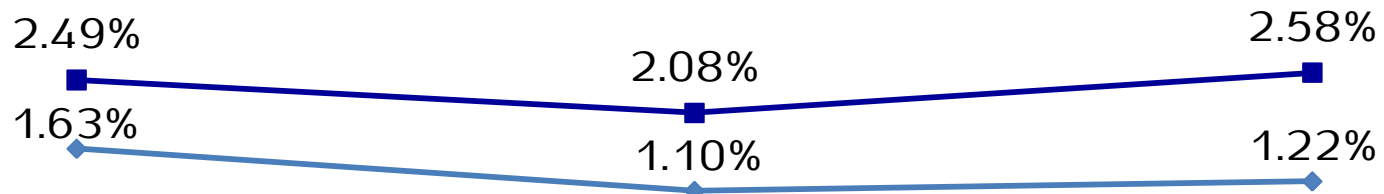
Strong financial performance

NIS millions

P&L Highlights

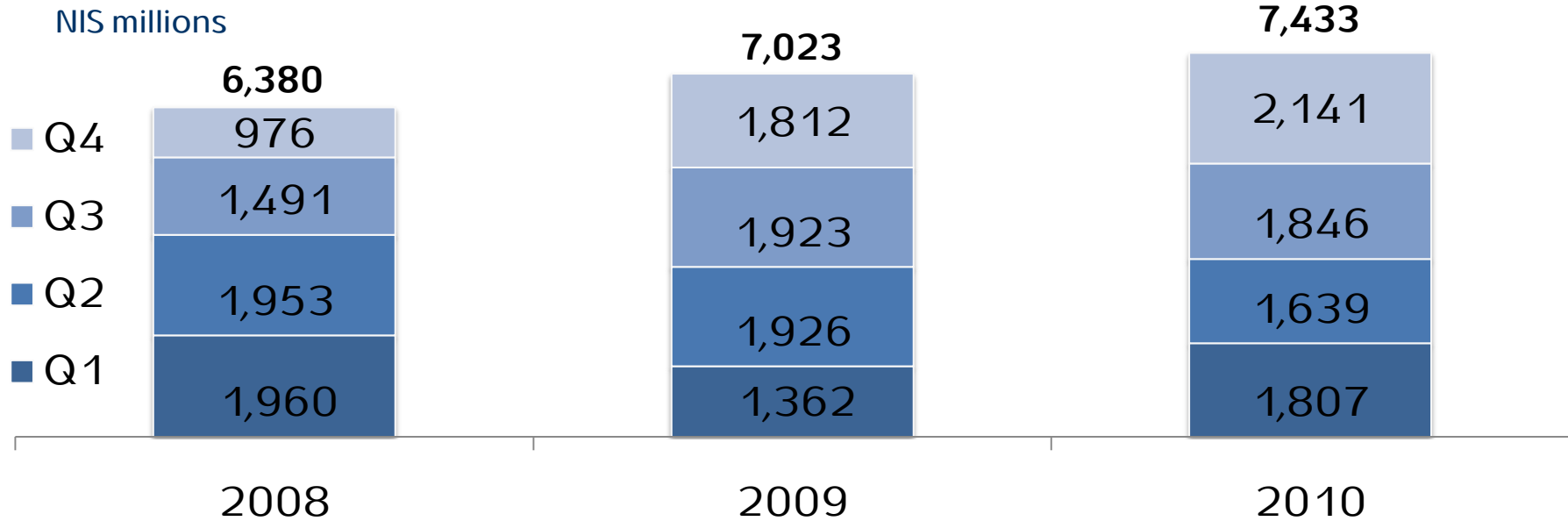
	2010	2009	Δ	Δ%
Net interest income before provision	7,433	7,023	410	5.8
Operating and other income	4,111	4,563	(452)	(9.9)
Total Income	11,544	11,586	(42)	(0.4)
Provision for doubtful debts	584	1,517	(933)	(61.5)
Operating and other expenses	7,890	6,937	953	13.7
Companies included on the equity basis	420	81	339	+
Operating profit	2,195	1,986	209	10.5
Net profit from extraordinary items	183	28	155	+
Net profit	2,378	2,014	364	18.1

Net interest income increasing due to volume growth and rising interest margins

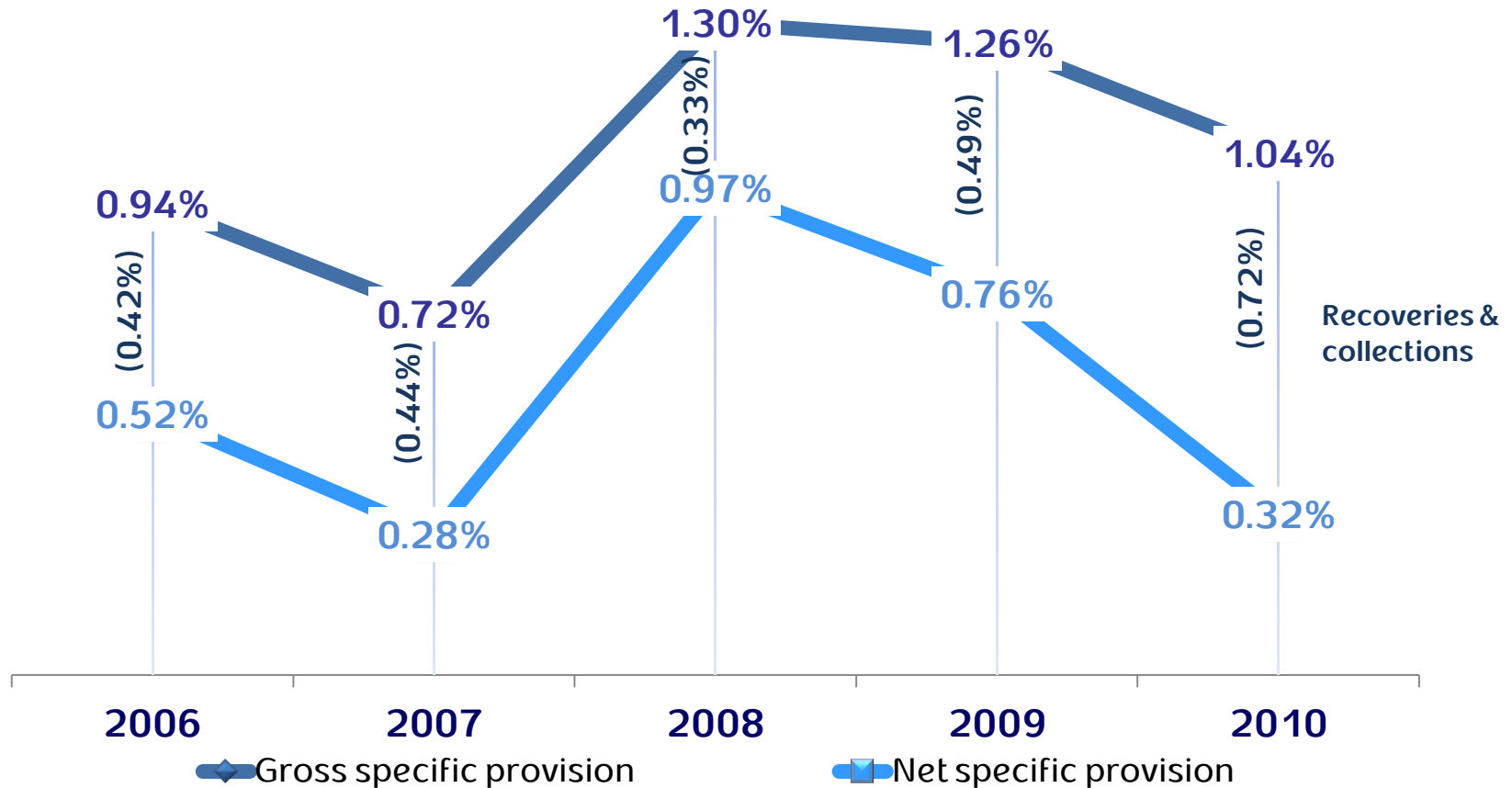


■ Interest Margin excluding the effect of derivatives ◆ Interest Margin including the effect of derivatives

2008-2010: 16.5% Increase

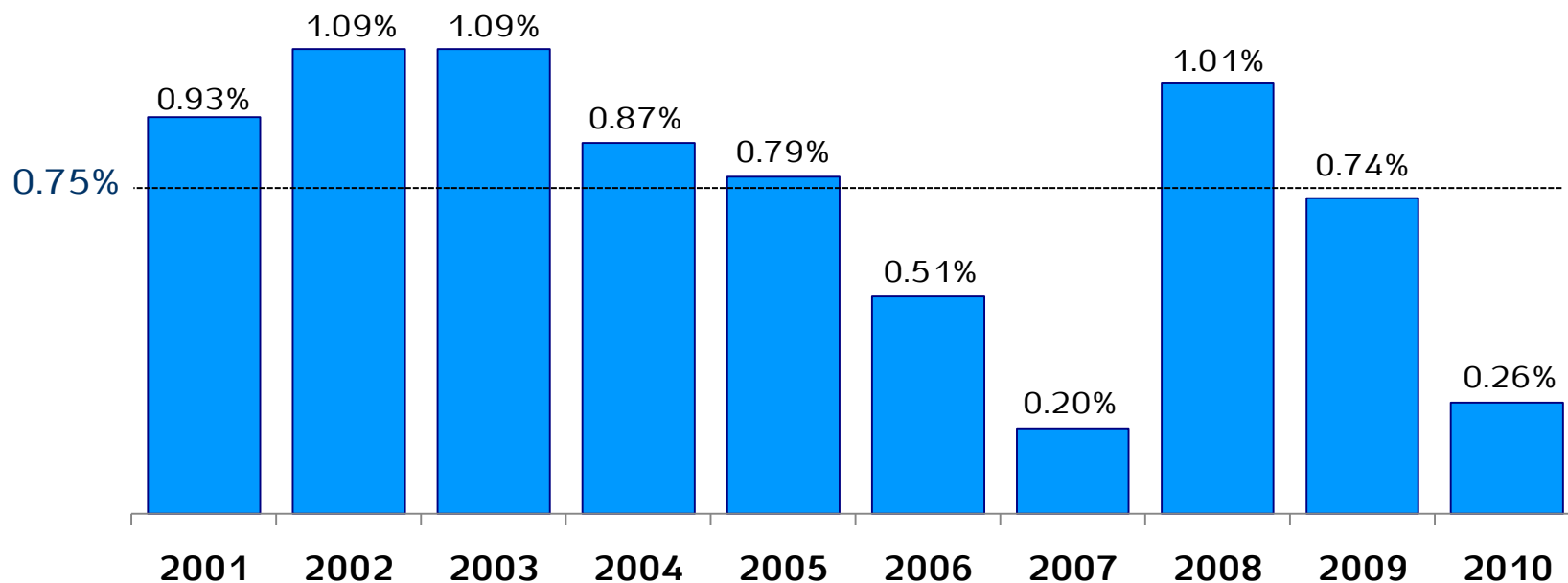


Low rate of net specific provisions reflects the high quality of our credit portfolio and strong recoveries



Rate of provision is significantly below the 10 year average

% of total loans, NIS millions

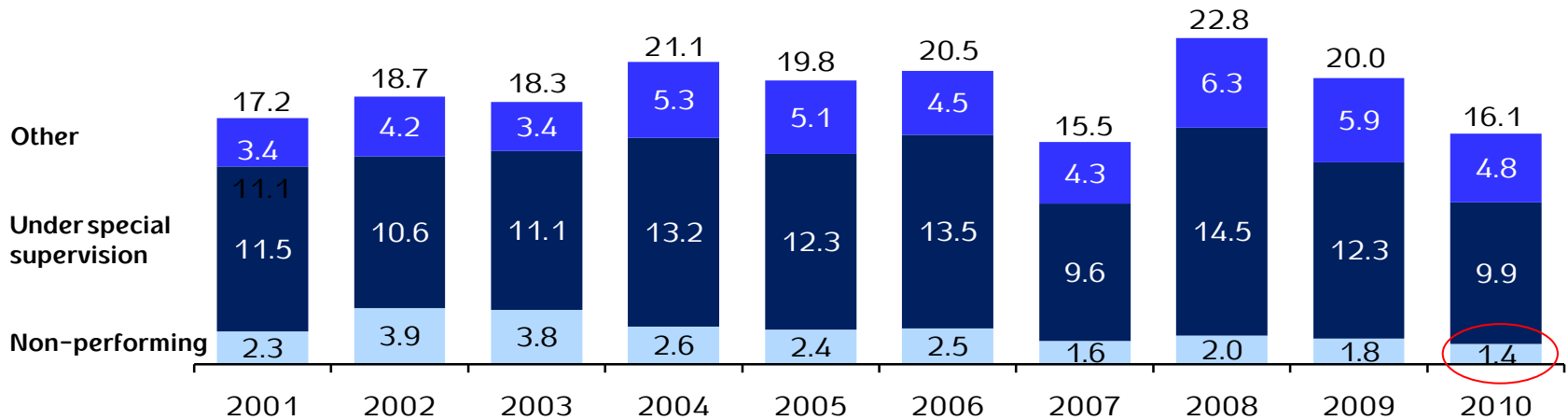


NIS Millions	1,549	1,907	1,883	1,514	1,426	933	407	2,145	1,517	584
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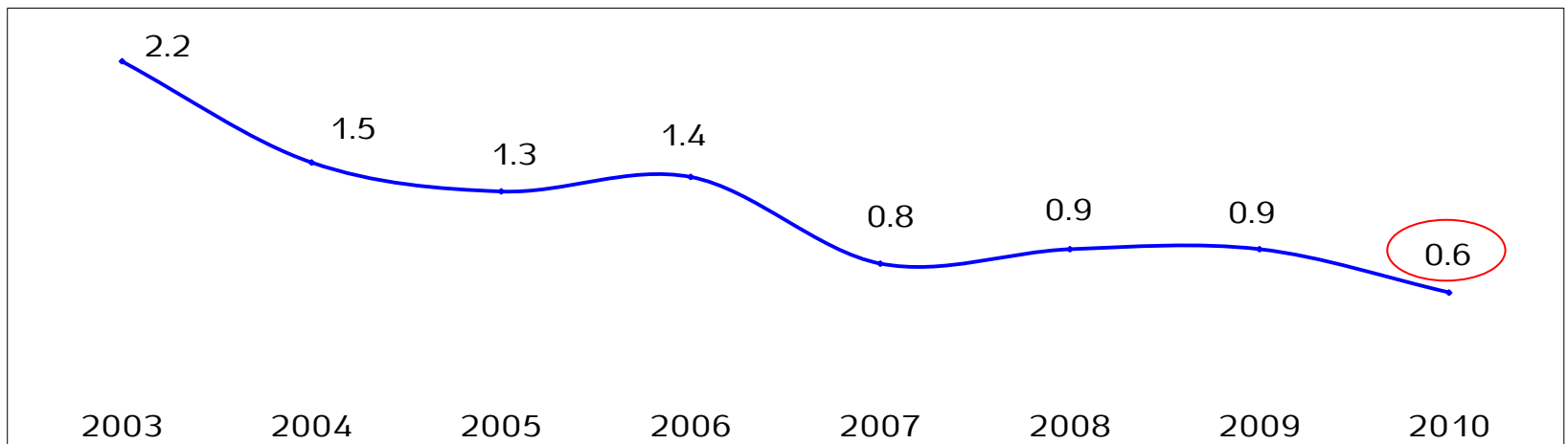
NPL/Total Loans is at an all time low

NIS billions

Problematic Debts

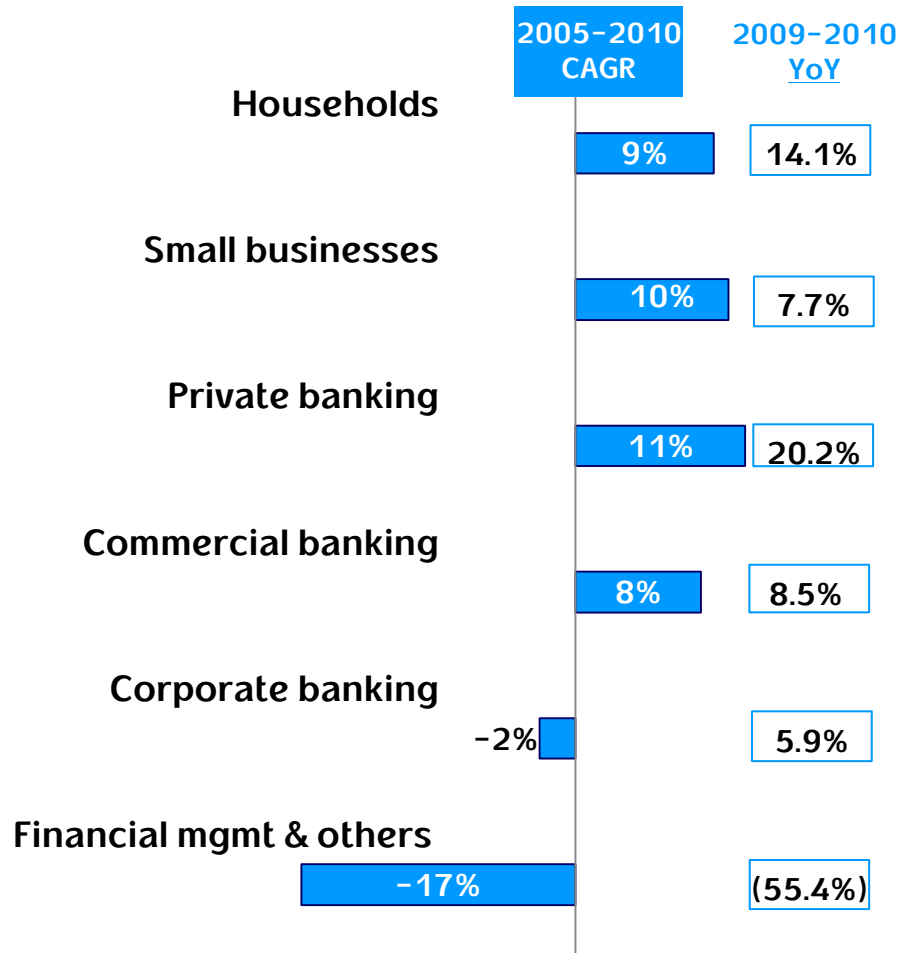


NPL / Total Loans (%)

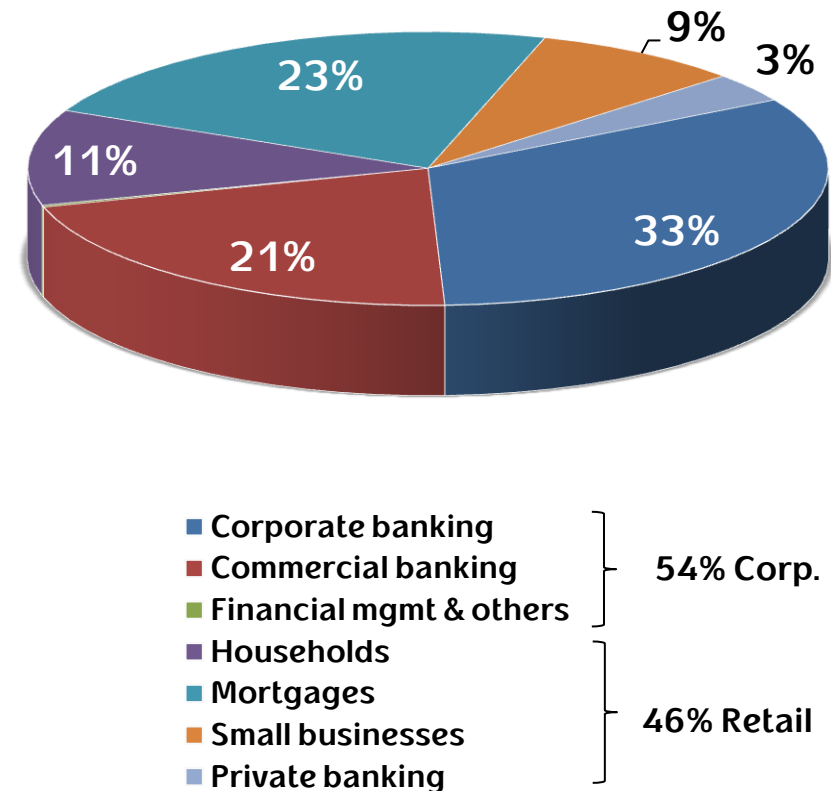


Diversified credit portfolio with focus on higher RoE segments

Growth of loan portfolio by segment

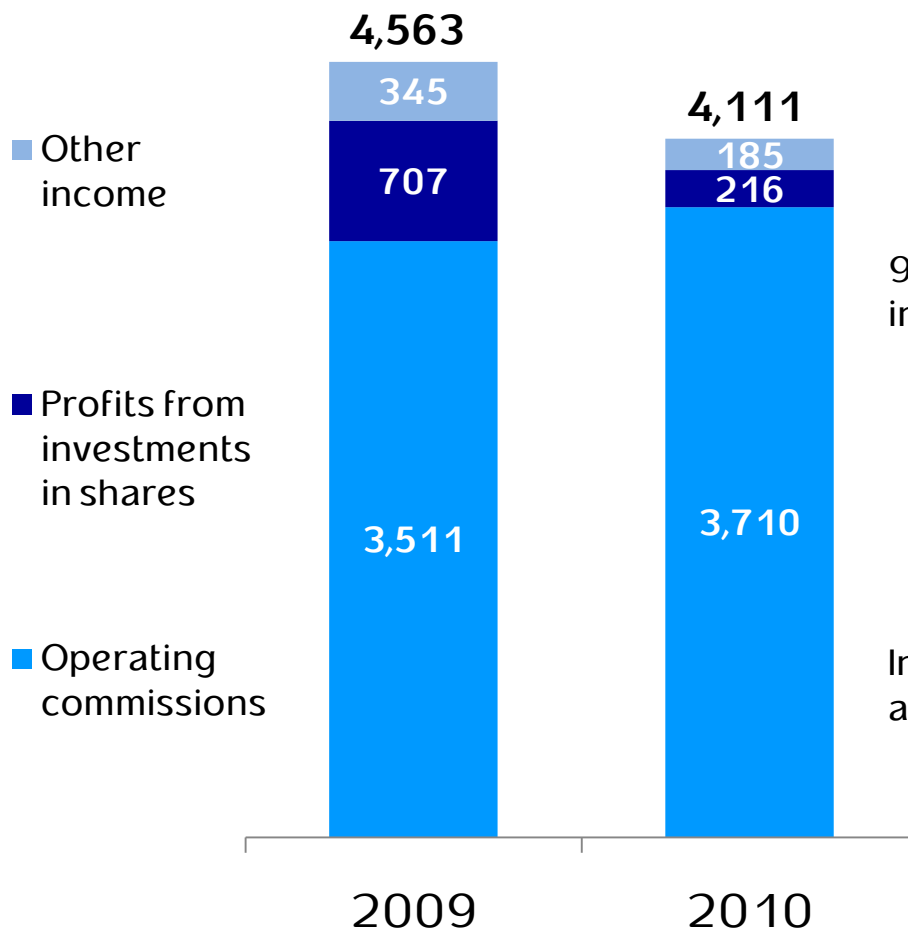


Composition of loan portfolio by segment 2010, %



Total operating and other income mainly affected by capital market activities

NIS millions



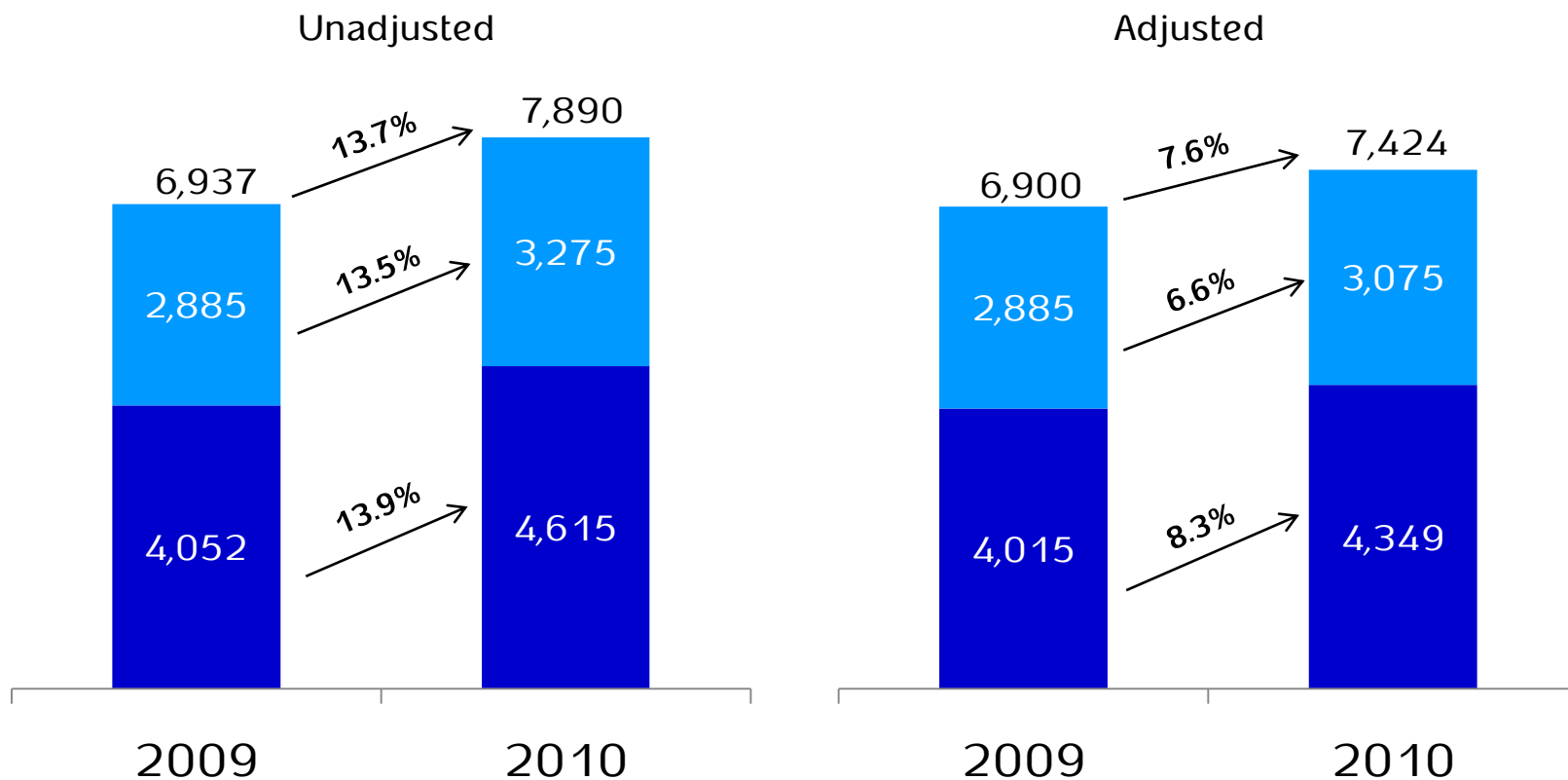
9.9% decrease in total operating and other income was the result of:

- 46.4% reduction in other income, primarily in the severance pay provident fund
- 69.4% reduction in the profits from investments in shares

Income from commissions increased by 5.7% and constitute 90% of total operating income

Operating expenses increased mainly due to one-time items

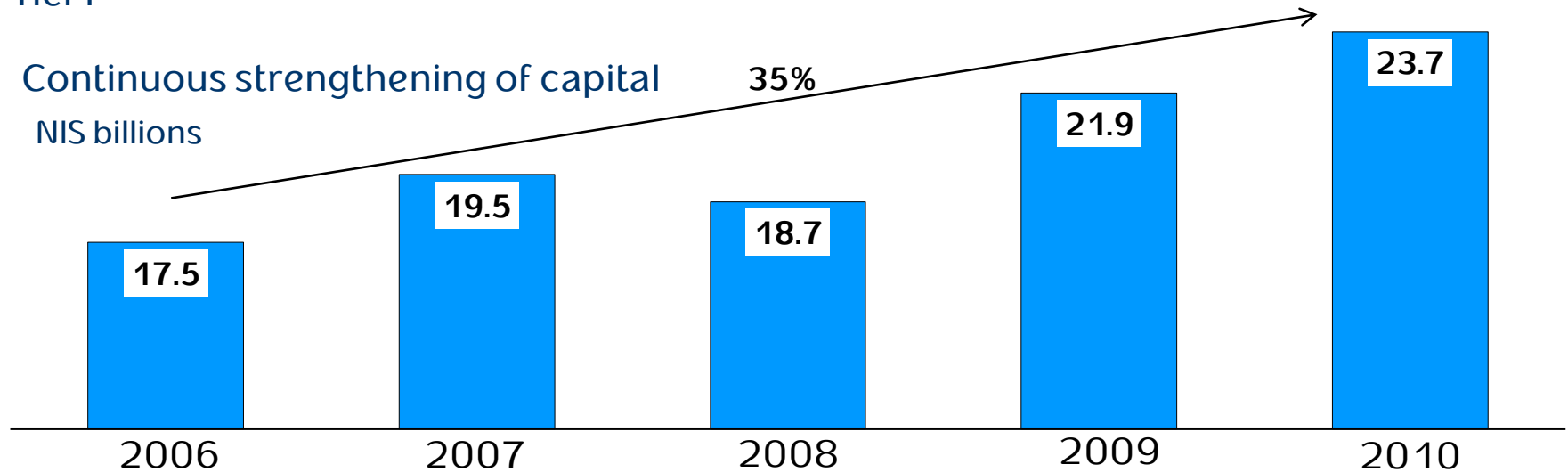
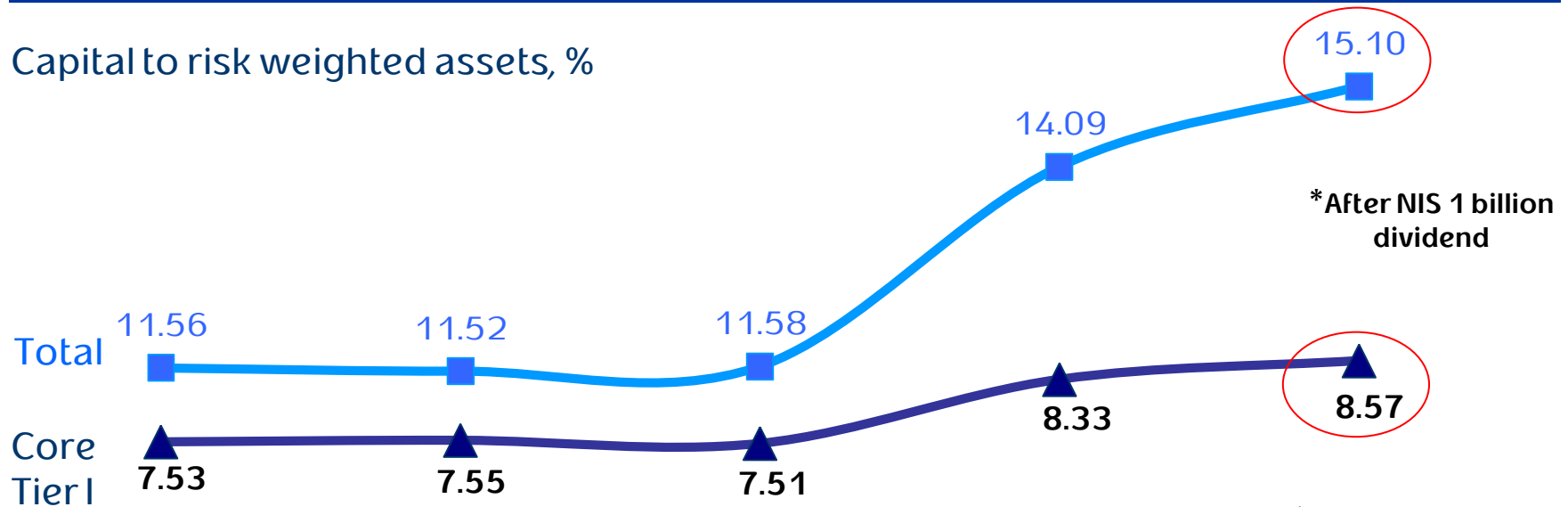
NIS millions



- Building & equipment maintenance & depreciation & other expenses
- Salaries and related expenses

Strong capital standing: Well-positioned for growth and evolving regulatory environment

Capital to risk weighted assets, %

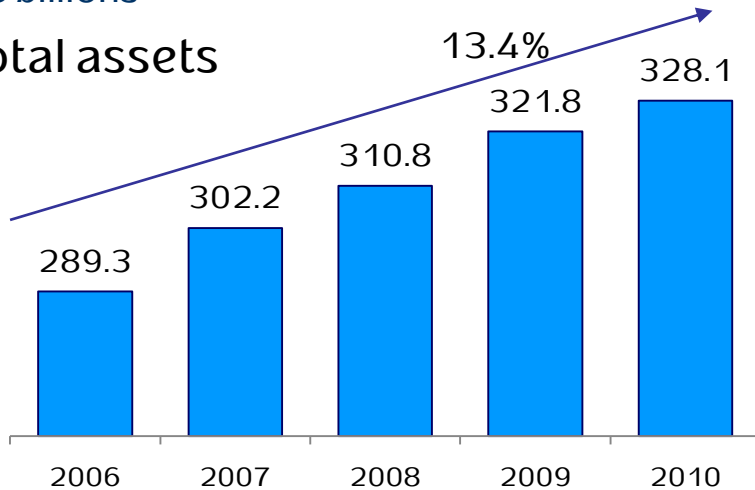


From 2009 as per Basel II

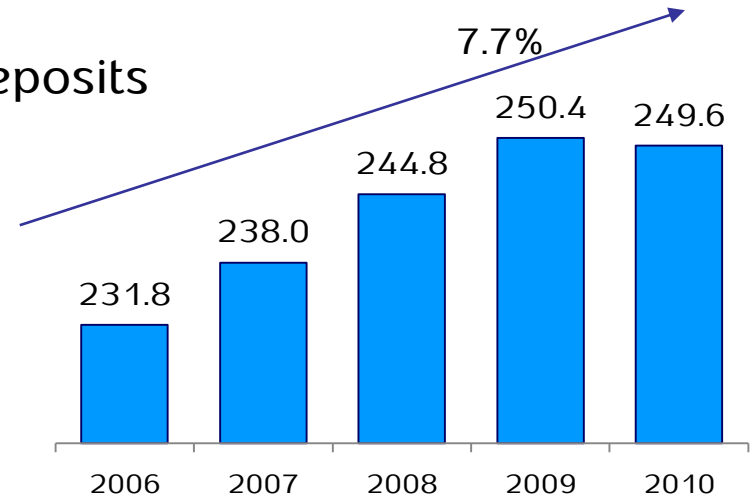
Well-defined strategy and consistent focus support growth trends

NIS billions

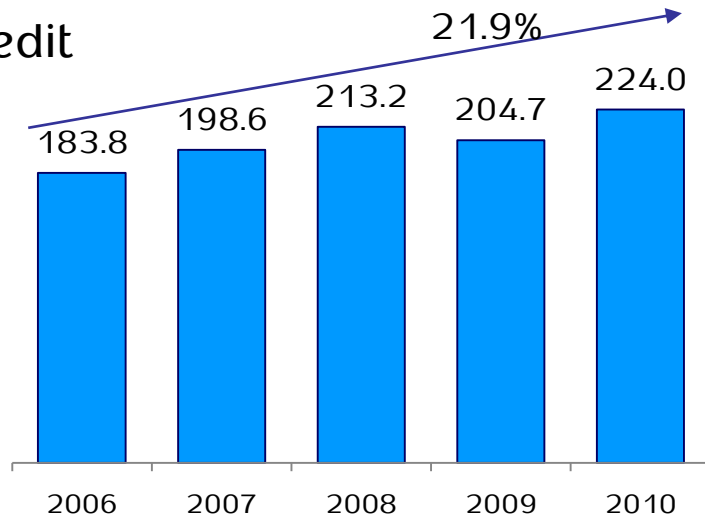
Total assets



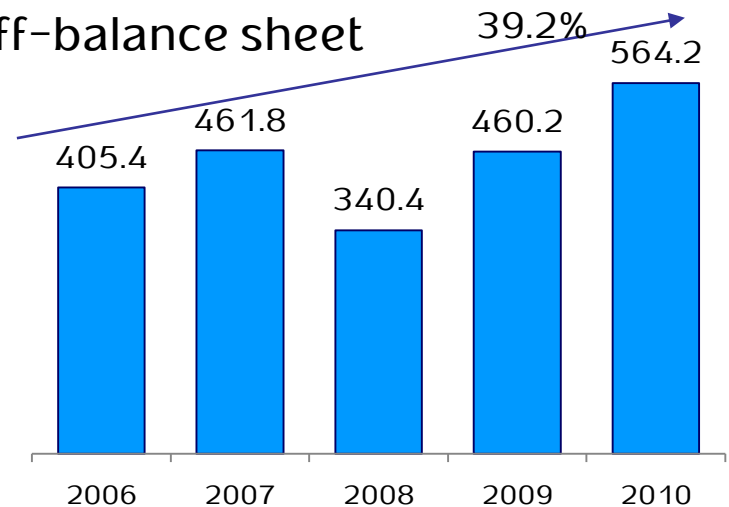
Deposits



Credit



Off-balance sheet



High quality balance sheet

Strong financial ratios

- Credit / Deposits : 90%
- Credit / Total Assets: 68%
- Deposits / Total Assets: 76%

High credit quality

- NPL / Total Credit: 0.6%

Solid capital base

- CAR: 15.10%; CoreTier1: 8.57%
- Capital / Total Assets: 7.2%

Dividend

- NIS 1 billion*

* Additional dividend distribution of NIS 400 million, subject to the approval of the next General Meeting, brings the aggregate dividend to NIS 1.4 billion, representing 59% of the 2010 profit.

Thank You

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Wherever you wish to go, Leumi is with you

