

Q1 – 2016

Results Presentation

May 19, 2016



SAFE HARBOR STATEMENT

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FIRST QUARTER 2016 HIGHLIGHTS

Continued Growth in Business Activity

Negative Inflation & Low Interest Rate

Change in Corporate Tax

THE ISRAELI ECONOMY

- A **vibrant** and **modern** economy with sound fundamentals
- **Economic growth** higher than most developed markets
- A **strong** and **well-supervised** banking system

	2014	2015	2016F
Gross domestic product	2.6%	2.5%	2.8%
Unemployment	5.9%	5.3%	5.6%
Budget deficit (% of GDP)	2.8%	2.2%	3.0%
Inflation	(0.2%)	(1.0%)	0.2%
Bank of Israel interest rate	0.25%	0.1%	0.1%
NIS-USD exchange rate	3.89	3.90	3.90

SOURCE: CBS, BoI, Bank Hapoalim Forecast

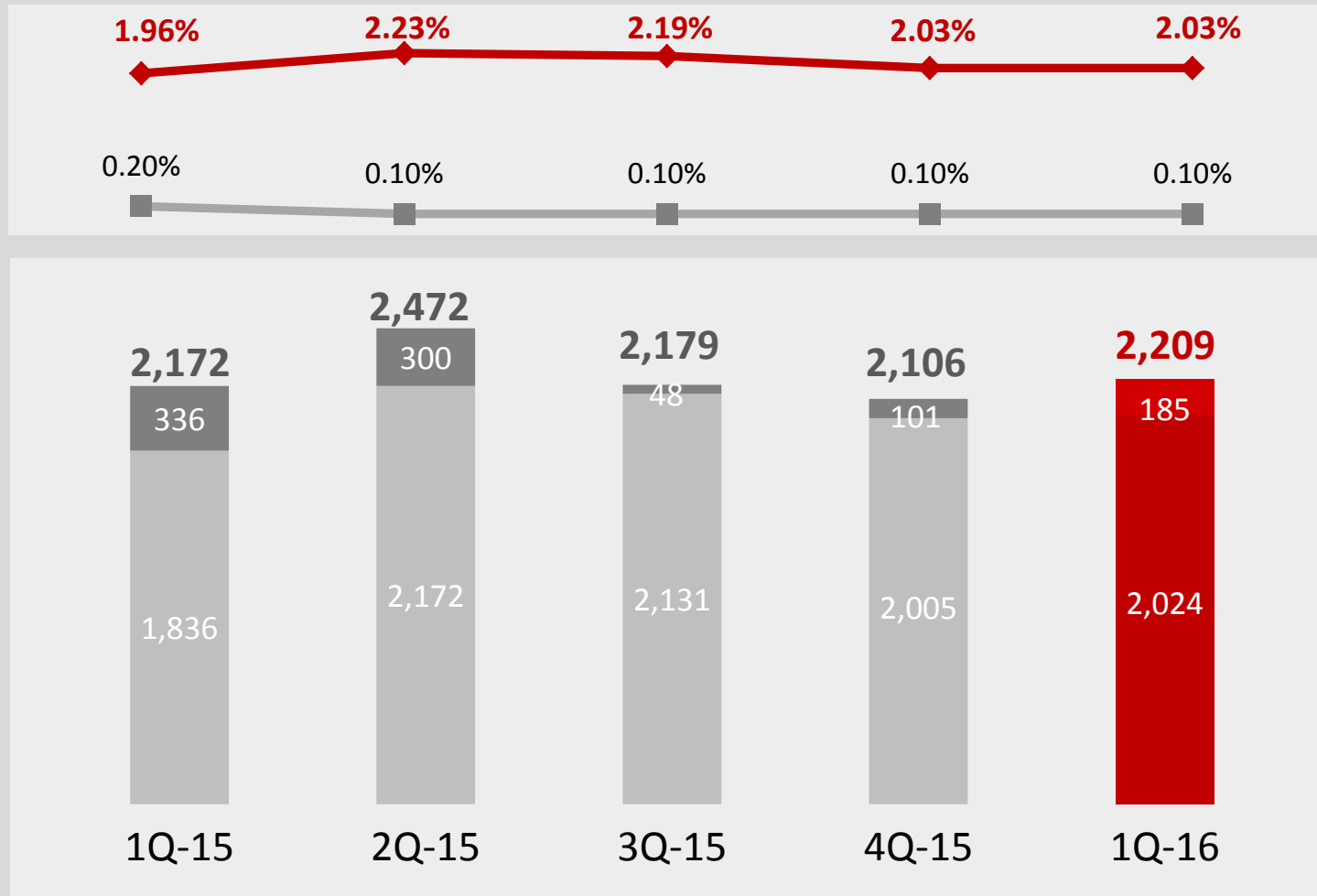
1Q-16 FINANCIAL RESULTS

[NIS Millions]

	1Q-15	4Q-15	1Q-16
Total Net Financing Profit	2,172	2,106	2,209
Fees and Other Income	1,383	1,352	1,336
Total Income	3,555	3,458	3,545
Provision for Credit Losses	(60)	(147)	(46)
Operating and Other Expenses	(2,188)	(2,311)	(2,202)
Profit before Taxes	1,307	1,000	1,297
Provision for Taxes on Profit	(514)	(428)	(631)
Net Profit	808	586	674
Return on Equity (ROE)	10.7%	7.3%	8.4%

NET FINANCING PROFIT

[NIS Millions]



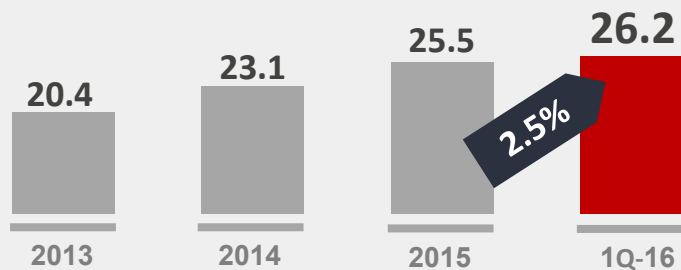
◆ Financial Margin from Regular Activity ■ Bank of Israel Interest Rate (Average) ■ Profit from Regular Financing Activity ■ Others

NOTE: Includes net interest income and non-interest financing income

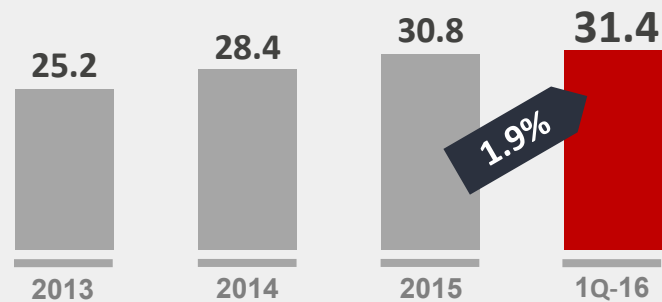
CONTINUED CREDIT GROWTH IN FOCUS SEGMENTS

[NIS Billions]

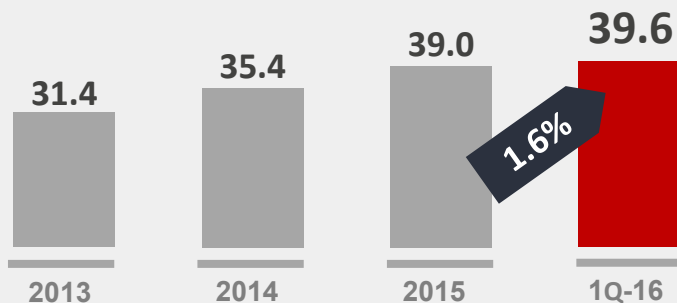
Small Businesses



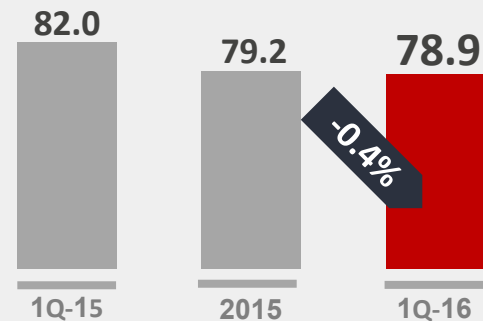
Middle Market (Commercial)



Private Customers



Corporate*

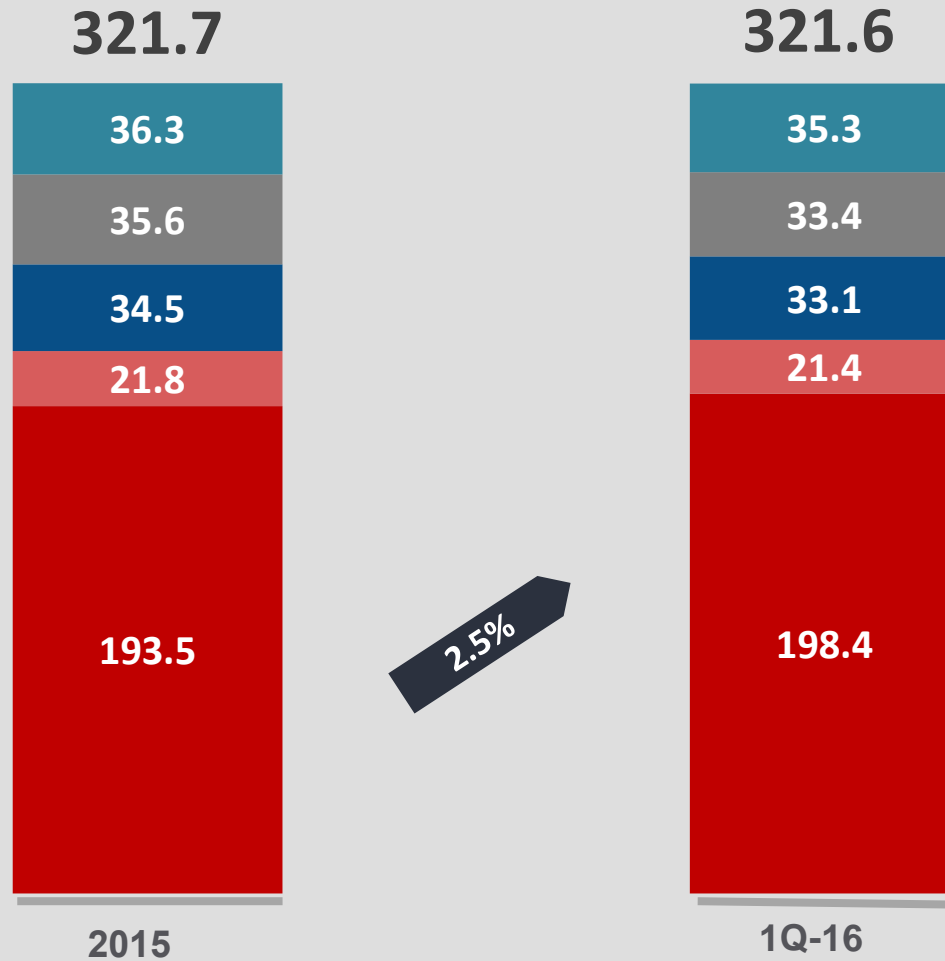


* Restated

IN ISRAEL

STABLE DEPOSIT BASE

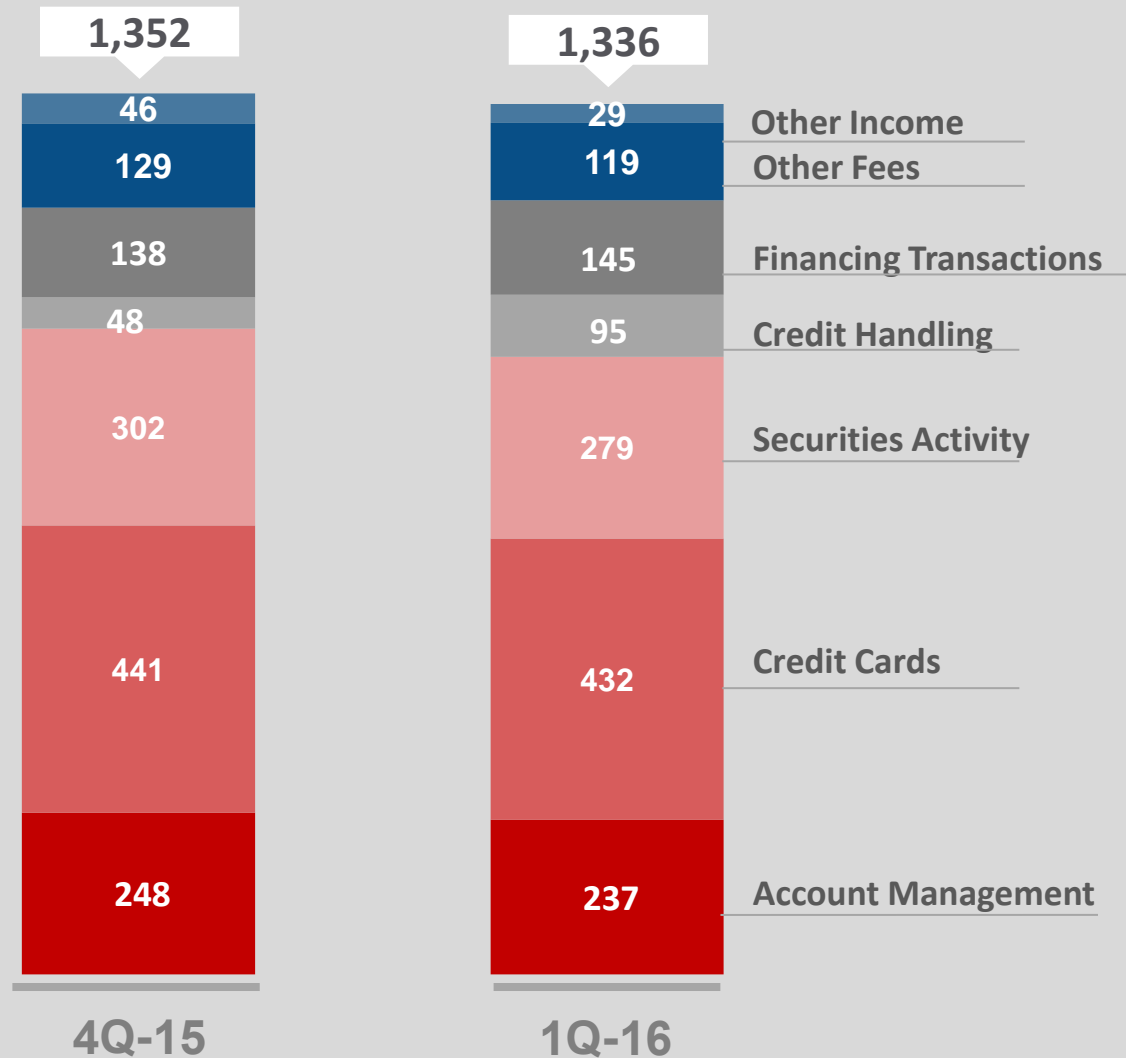
[NIS Billions]



■ Retail ■ Commercial ■ Corporate ■ Financial Management ■ International

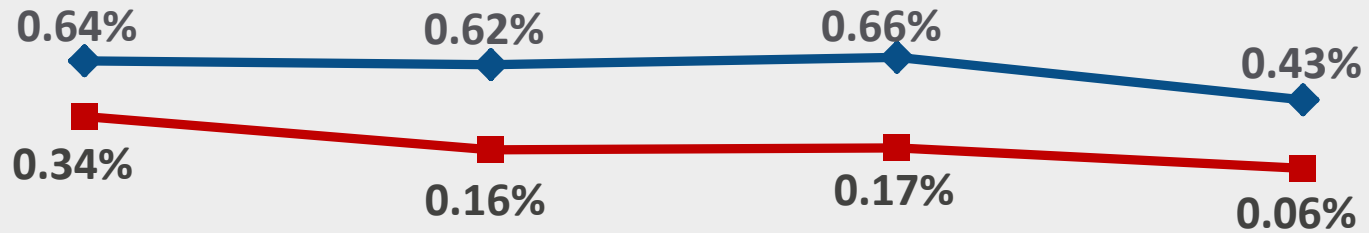
FEES AND OTHER INCOME

[NIS Billions]



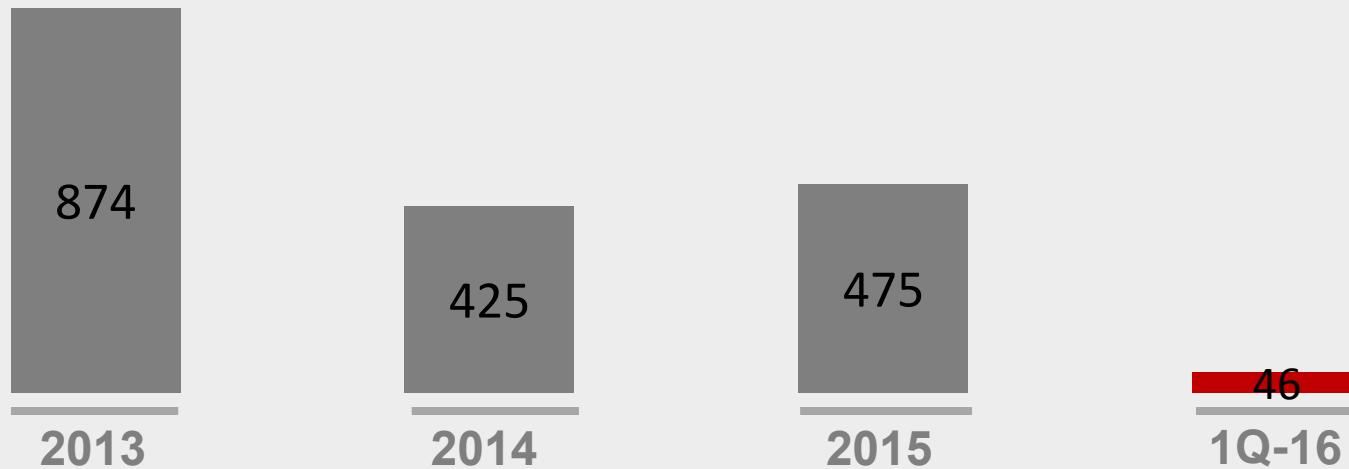
PROVISION FOR CREDIT LOSSES

[NIS Millions]



◆ Gross provision as a % of average balance of credit

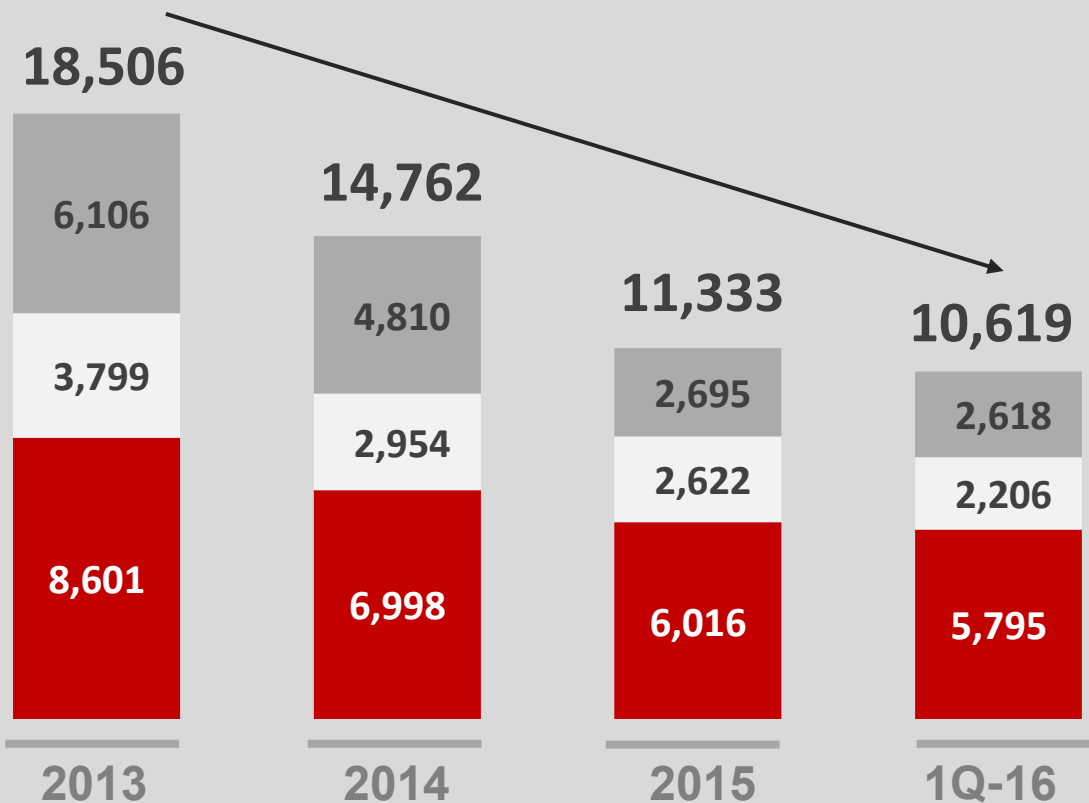
■ Net provision as a % of average balance of credit



■ Net Provision

PROBLEMATIC DEBTS

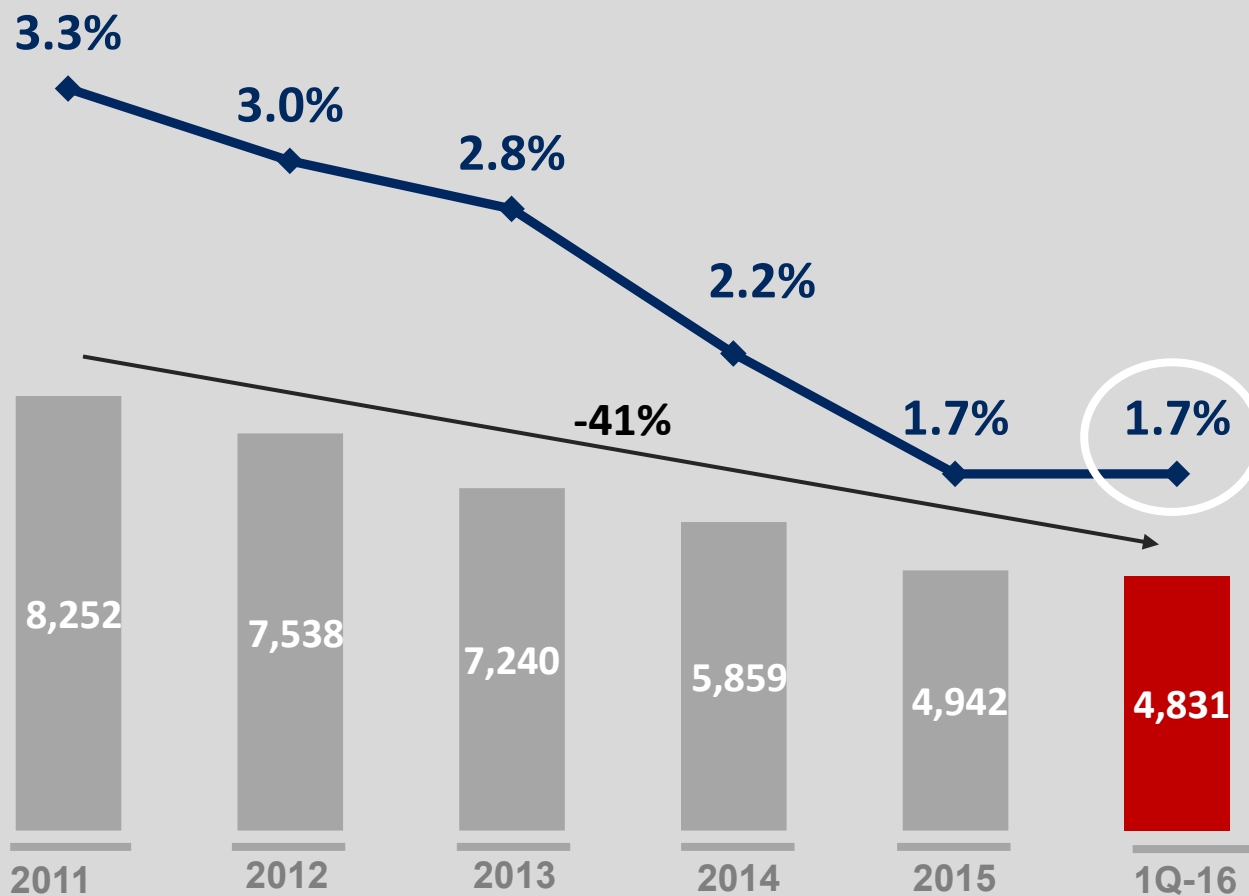
[NIS Millions]



■ Impaired ■ Substandard ■ Special Supervision

CONTINUOUS DECLINE IN NPL's

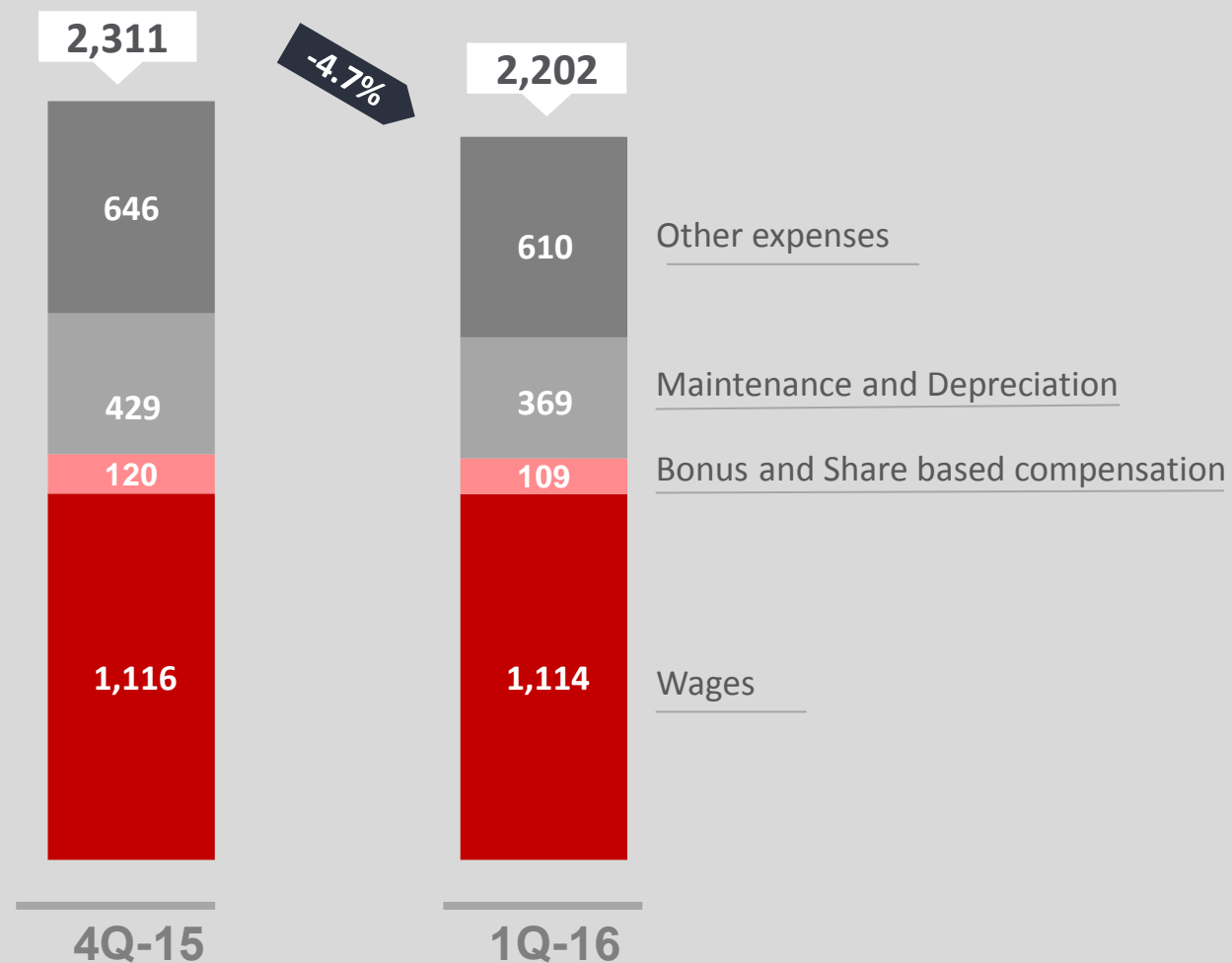
[NIS Millions]



◆ NPL Ratio ■ NPL

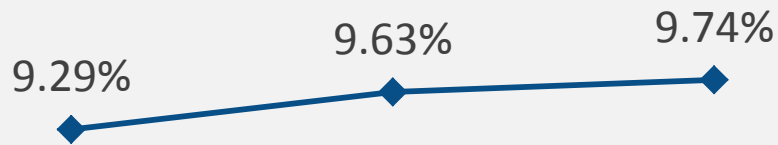
OPERATING AND OTHER EXPENSES

[NIS Millions]

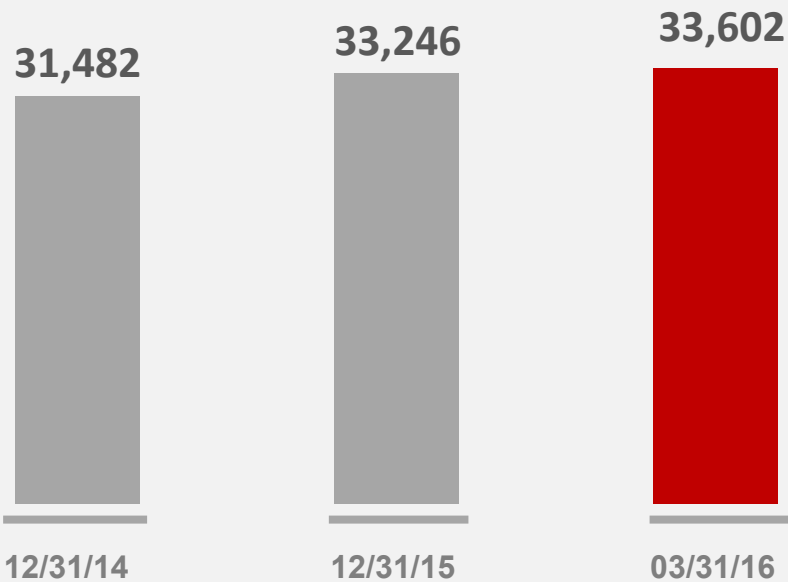


CAPITAL ADEQUACY

[NIS Millions]



◆ Tier 1 Capital Ratio



■ Common Equity Tier 1 Capital

Regulatory Target

12/31/16 ► **10.2%**

Bank's Capital Plan

12/31/17 ► **10.75%**

Total Capital Ratio

03/31/16 ► **13.94%**

Target :
12/31/16 ► **13.7%**

CONSISTENT DIVIDEND PAYOUT

20% Quarterly dividend payout

Dividend payment of NIS 135 million from first quarter 2016 earnings

NIS 616 million was paid for 2015 earnings

POLICIES:

 **bank hapoalim**

20% declared

LUMI

0%

DSCT

0%

MZTF

15% declared

FIBI

50% policy

1st QUARTER 2016 SUMMARY

Growth in
Business Activity



Improved Quality
of Credit
Portfolio

Reduced Salary
Expenses



Increased Capital

Israel's largest and leading financial institution

THANK YOU!

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