



1Q17 Results Presentation

24 May, 2017

SAFE HARBOR STATEMENT

This document has been prepared by Bank Hapoalim solely for use at the Company's presentation of first quarter 2017 results and a strategic update.

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Some of the information in this presentation that does not refer to historical facts constitutes forward-looking information, as defined in the Securities Law. Forward looking statements for the Company's business, financial condition and results of operations, are subject to risks and uncertainties, that could cause actual results to differ materially from those contemplated. Such forward looking statements, include, but are not limited to, product demand, pricing, market acceptance, changing economic conditions, risks in product and technology development and the effect of the Company's accounting policies. As well as certain other risk factors which are detailed from time to time in the Company's filings with the securities authorities.

This presentation does not substitute Bank Hapoalim's Quarterly Financial Statement as at 31 March, 2017 which includes the full financial information including Forward-Looking Information. Financial Statements are available on the Bank's website: www.bankhapoalim.com - investor relations/financial information.



STRONG QUARTER
WITH 9.2% ROE



40% DIVIDEND PAYOUT
SURPASSED
CAPITAL TARGETS



1Q 2017 HIGHLIGHTS



CONTINUOUS
IMPROVEMENT IN QUALITY
OF CREDIT PORTFOLIO



EFFICIENCY AS A
WAY OF LIFE

RECENT ANNOUNCEMENTS

- ◆ **Increased quarterly dividend payout policy from 30% to 40%**

- ◆ **Proposed alternatives in relation with the Bank's preparations for legislative changes regarding the Isracard Group**
 1. Sale of holdings to an investor or group of investors;
 2. Public offering;
 3. Distribution of dividend in kind; or
 4. Combination of the above alternatives

THE ISRAELI ECONOMY

- **Sound** and **stable** economic fundamentals
- **Economic growth** higher than most developed markets, outperforming expectations
- A **strong** and **well-supervised** banking system

	2015	2016	2017F
Gross domestic product	2.5%	4.0%	3.2%
Unemployment	5.3%	4.8%	4.4%
Budget deficit (% of GDP)	2.2%	2.1%	2.5%
Inflation	(1.0%)	(0.2%)	1.0%
Bank of Israel interest rate	0.1%	0.1%	0.1%
NIS-USD exchange rate	3.90	3.85	3.65

SOURCE: CBS. Bol, Bank Hapoalim Forecast

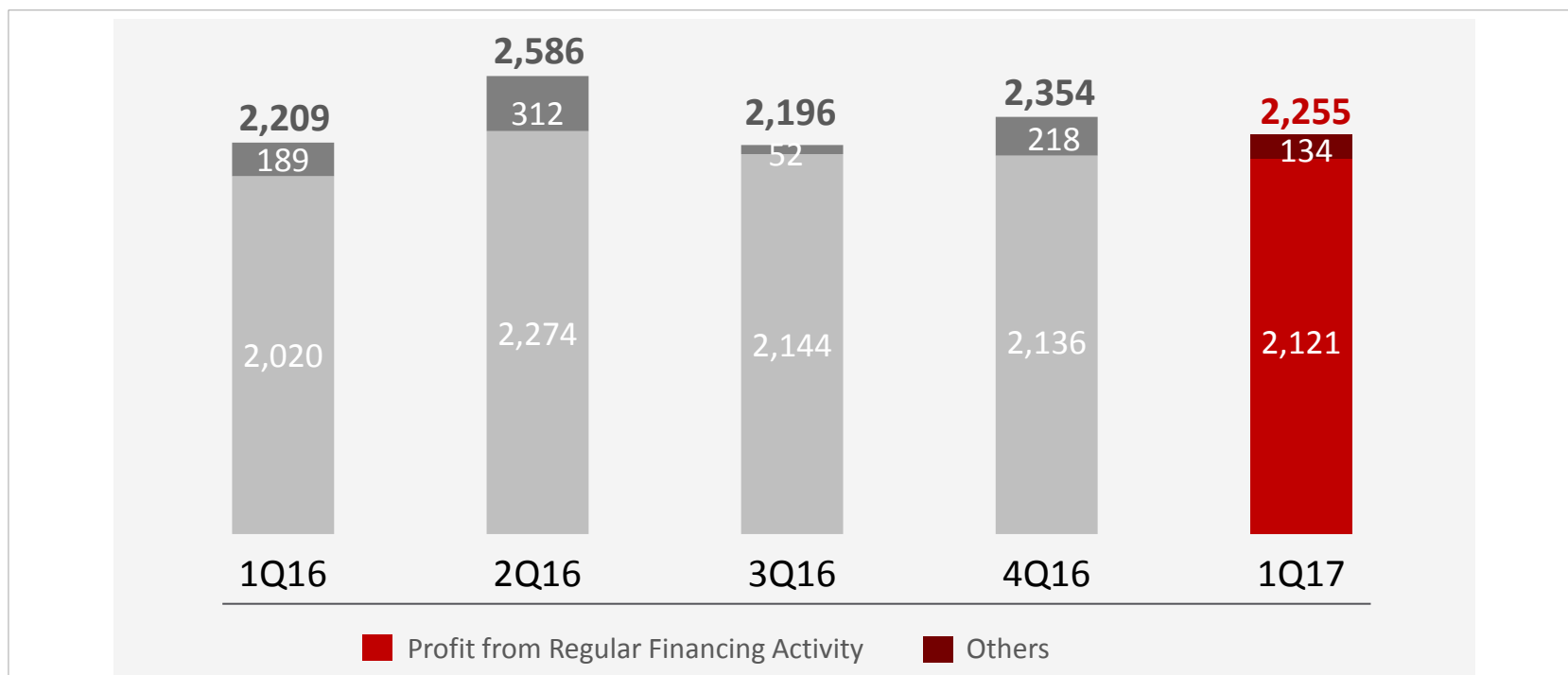
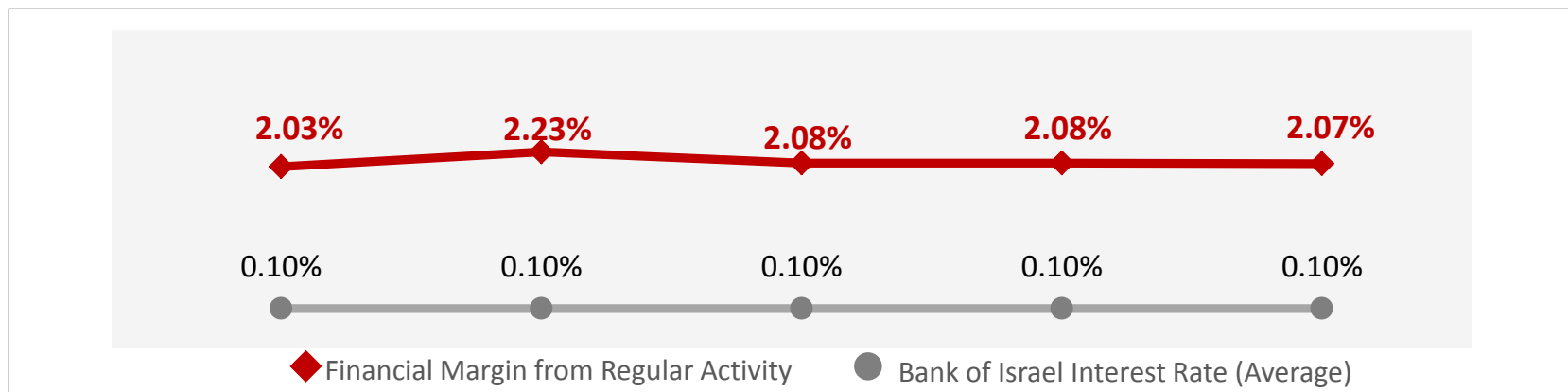
MAIN PROFIT & LOSS DATA

[NIS Millions]

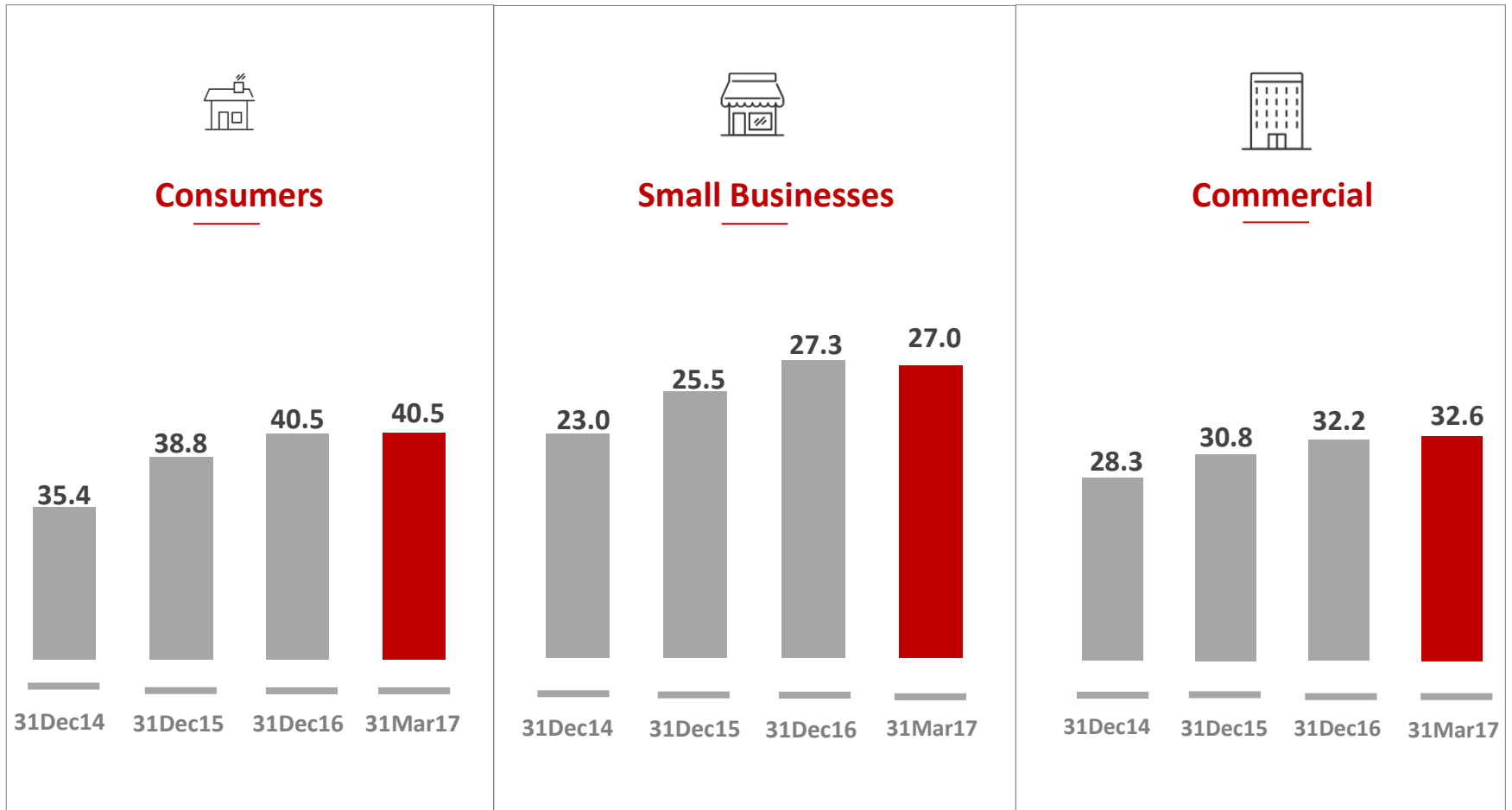
3 months ended:	31.3.16	31.12.16	31.3.17
Total Net Financing Profit	2,209	2,354	2,255
Fees and Other Income	1,336	1,335	1,347
Total Income	3,545	3,689	3,602
Provision for Credit Losses	(46)	(469)	(107)
Operating and Other Expenses	(2,202)	(2,601)	(2,217)
Profit before Taxes	1,297	619	1,278
Provision for Taxes on Profit	(631)	(495)	(522)
Net Profit	674	138	767
Return on Equity (ROE)	8.4%	1.6%	9.2%

NET FINANCING PROFIT

[NIS Millions]

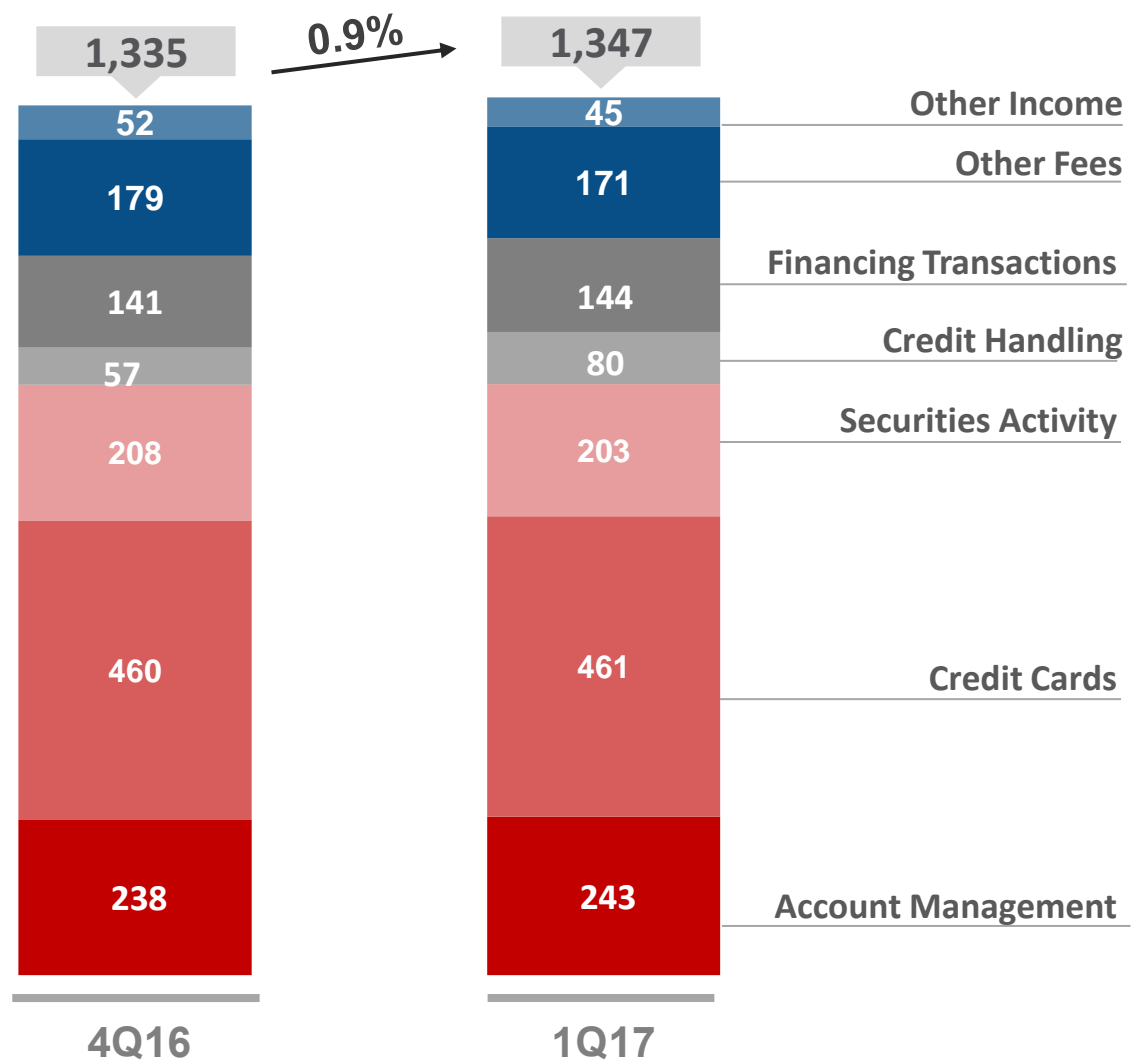


NOTE: Includes net interest income and non-interest financing income



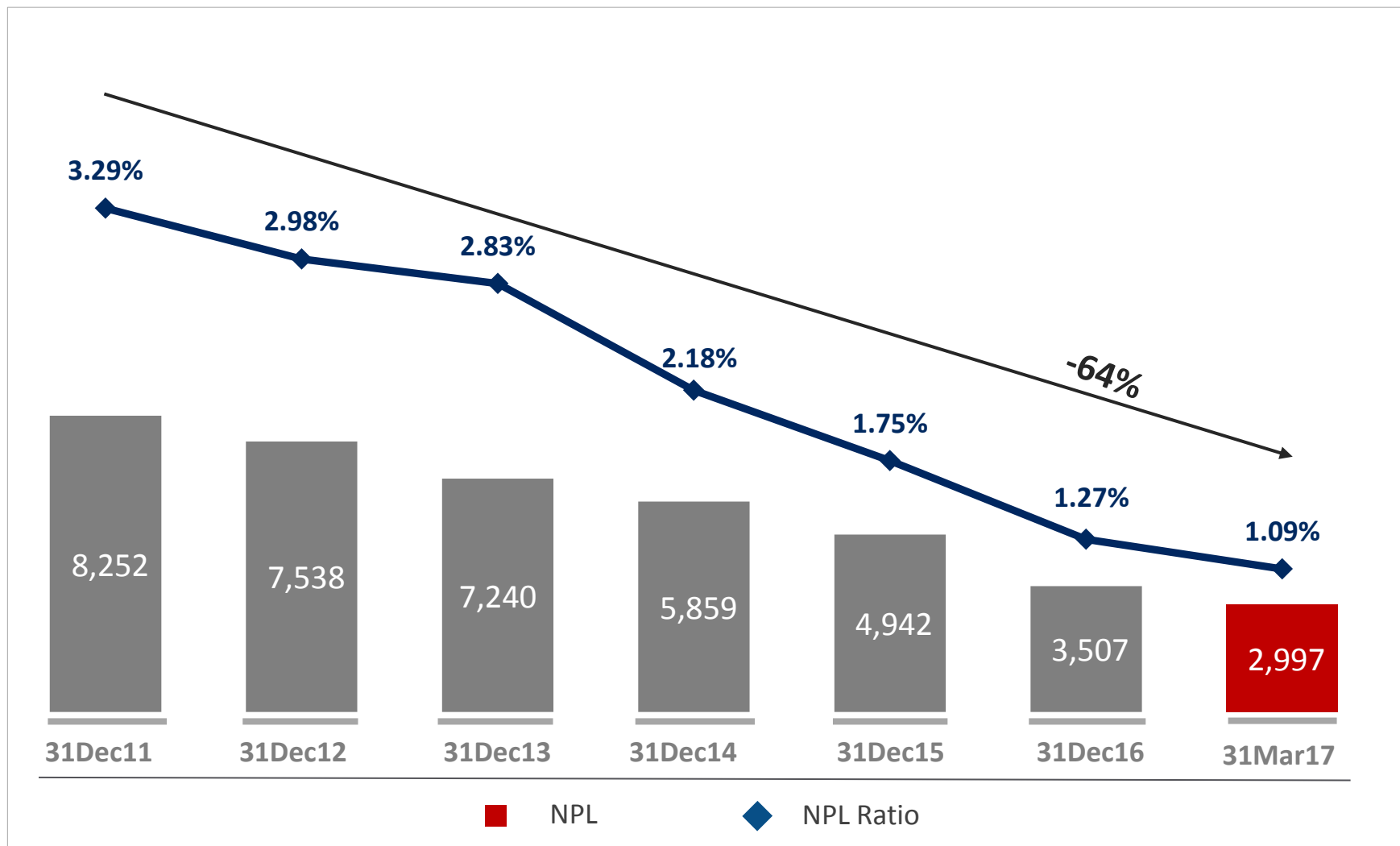
FEES AND OTHER INCOME

[NIS Millions]



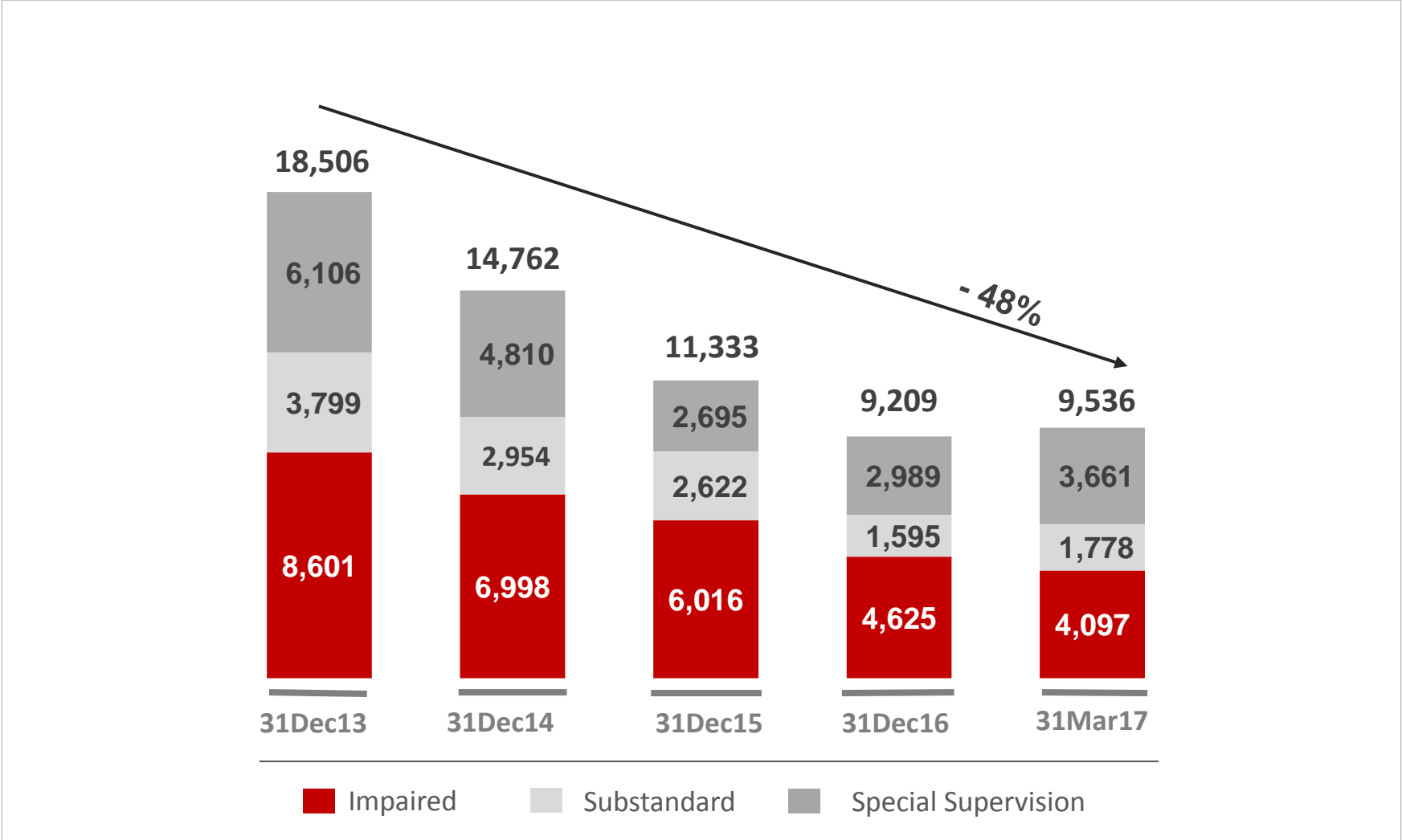
NON PERFORMING LOANS

[NIS Millions]



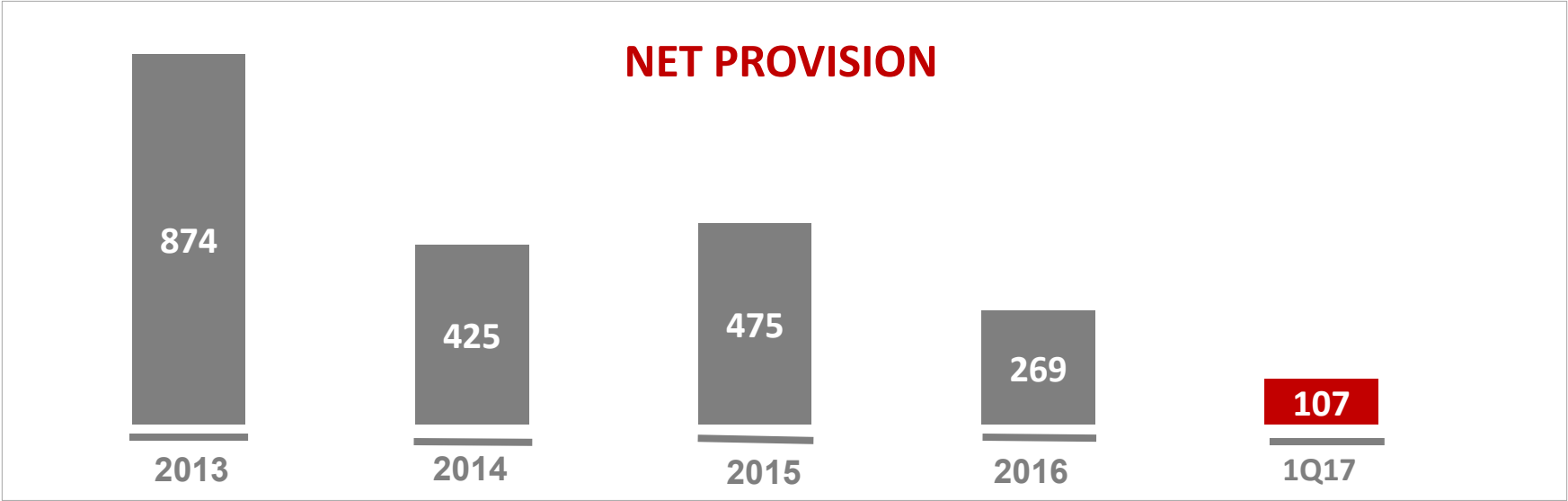
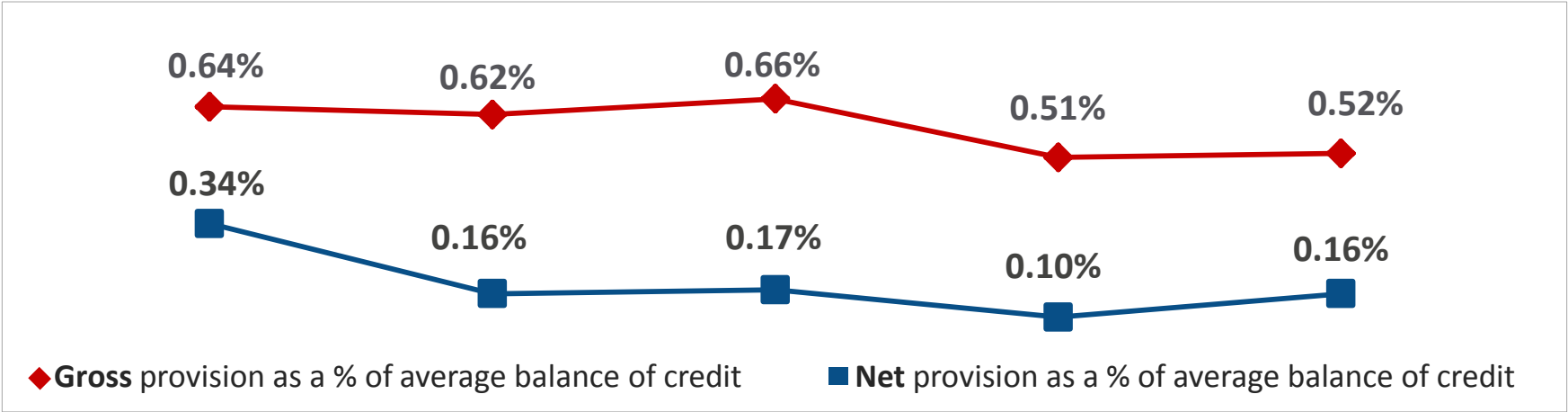
PROBLEMATIC DEBT

[NIS Millions]



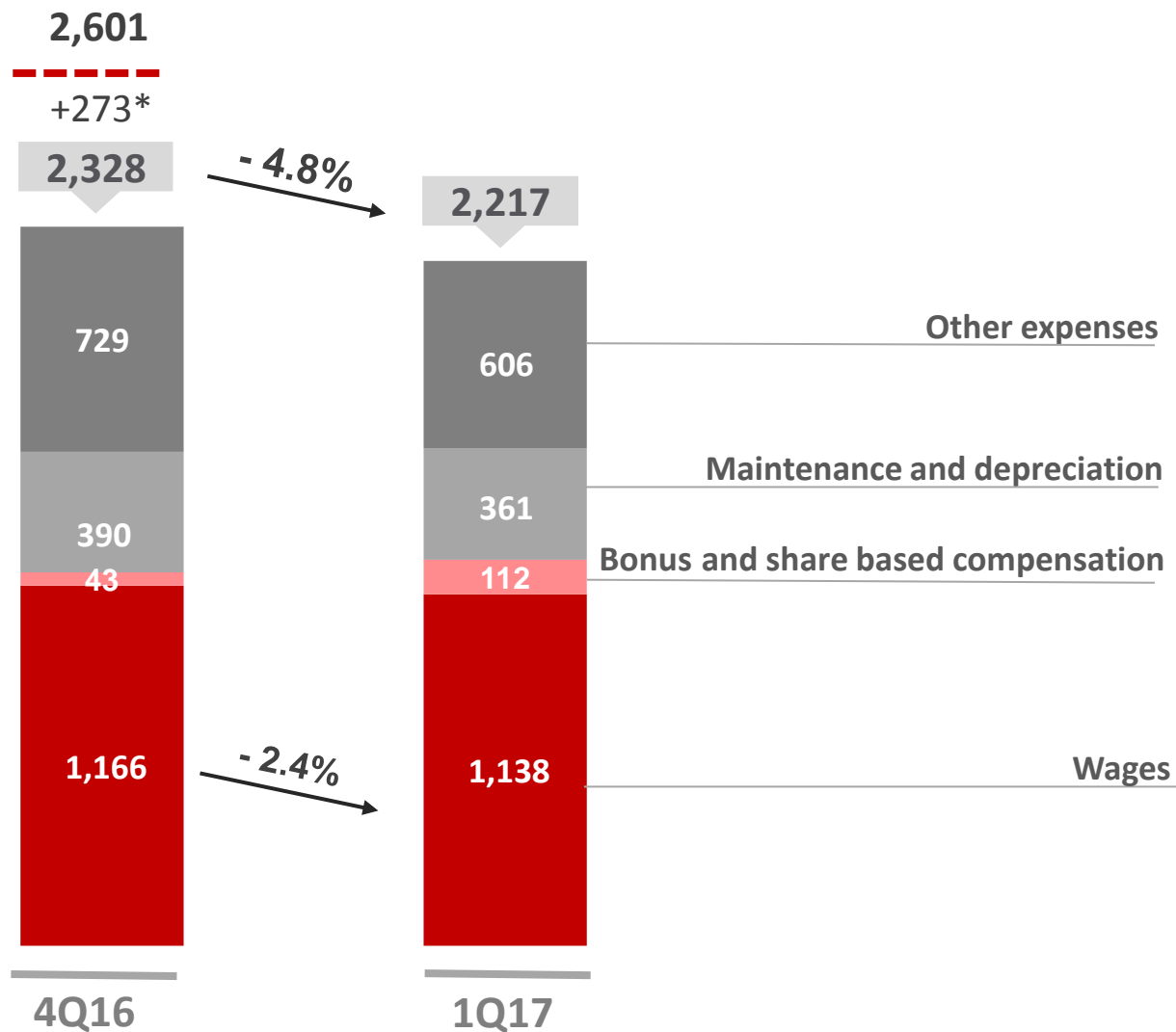
PROVISION FOR CREDIT LOSSES

[NIS Millions]



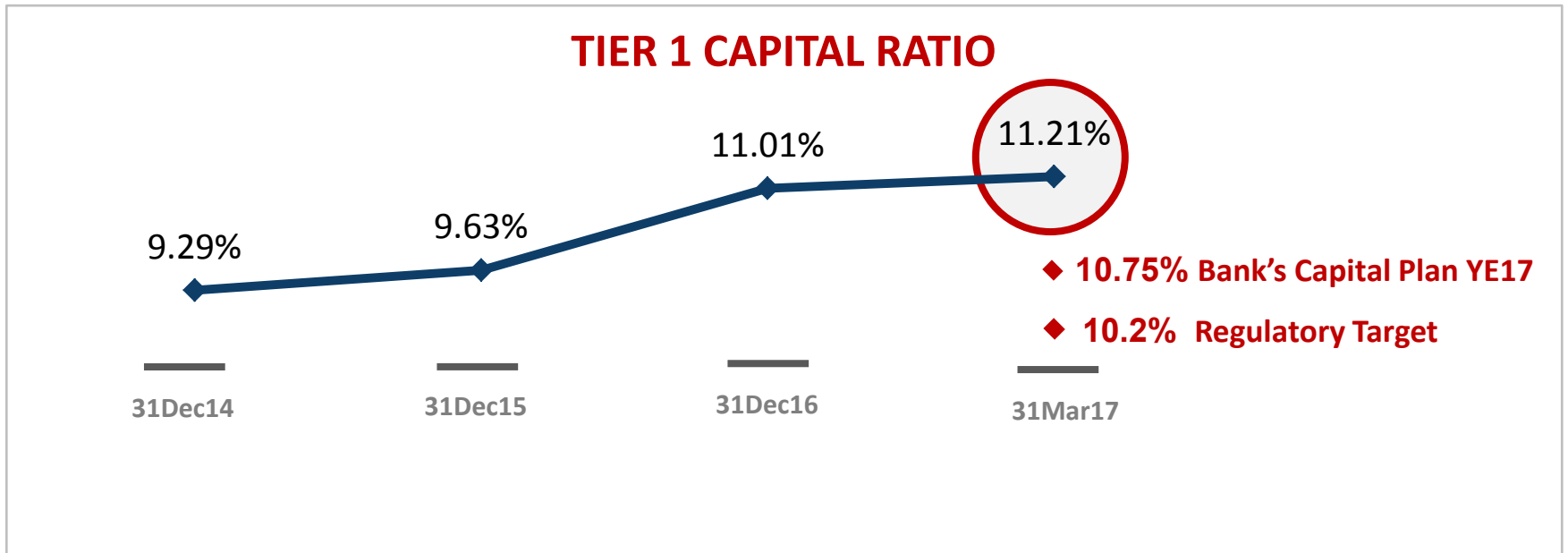
OPERATING AND OTHER EXPENSES

[NIS Millions]



* Provision with respect to US investigation

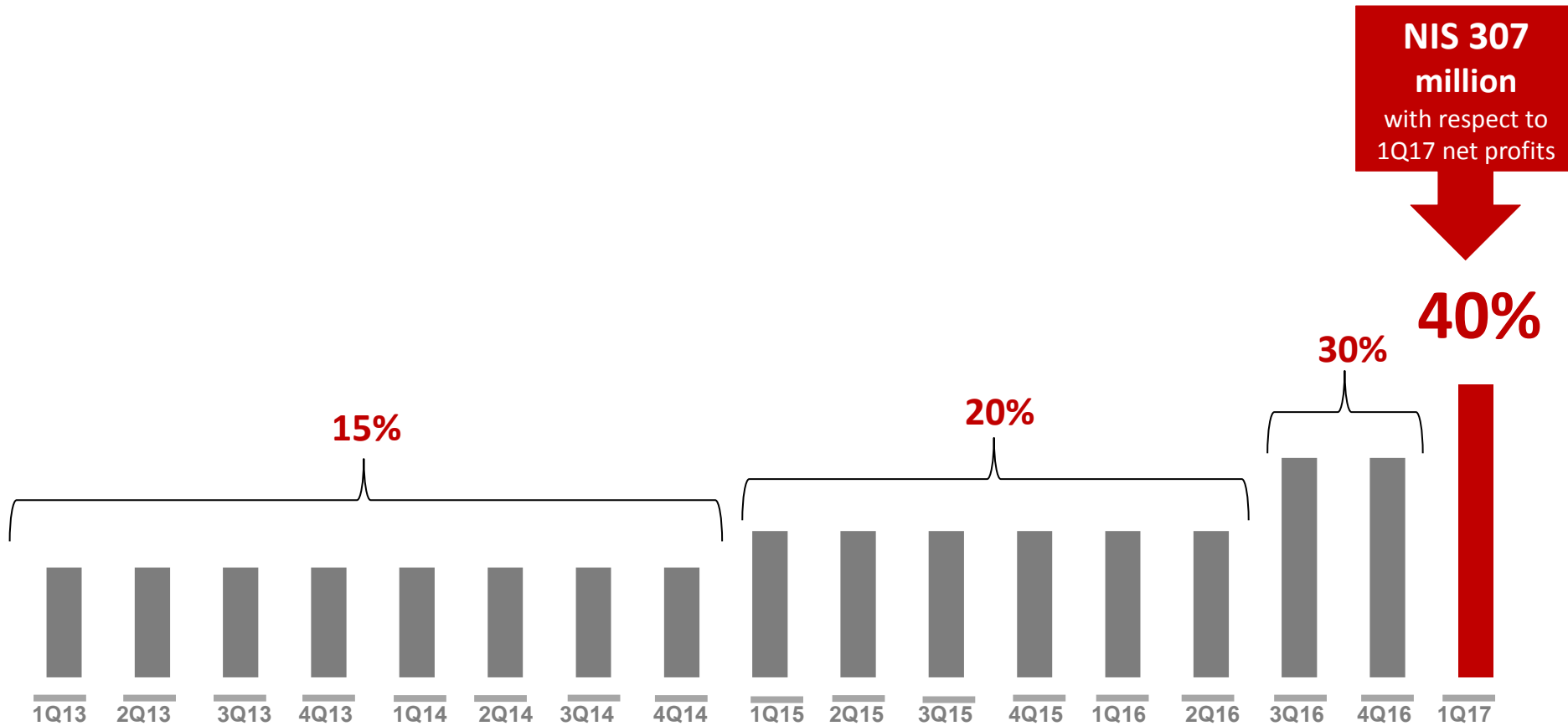
CAPITAL TARGETS



Total Capital Ratio **14.9%**
Total Capital Target **13.7%**

Leverage Ratio = 7.30%
Among the highest in the world

CONSISTENT QUATERLY DIVIDEND PAYOUT



Israel's Leading Financial Institution

THANK YOU!

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APPENDIX

MAIN BALANCE SHEET DATA

[NIS Millions]

	31.3.16	31.12.16	31.3.17
Cash on hand and Deposits with Banks	63,086	80,378	77,088
Securities	66,154	71,449	74,894
Net Credit to the Public	279,850	271,957	269,982
Deposits from the Public	321,576	338,502	337,518
Deposits from Banks	3,817	4,377	4,199
Bonds and Subordinated Notes	36,836	33,560	31,171
Shareholders' Equity	33,336	34,047	34,909
Total Balance Sheet	434,905	448,105	445,847