



1Q- 2015 Results Presentation

May 20, 2015



SAFE HARBOR STATEMENT

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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. This presentation does not substitute Bank Hapoalim's Annual Financial Statement as at March 31, 2015 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.



FIRST QUARTER 2015 HIGHLIGHTS



Growth in
Business Activity



Negative Inflation
Low Interest Rate



Reduced
Current
Expenses



Increased
Capital



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

	2013	2014	2015F
Gross domestic product	3.2%	2.8%	3.4%
Unemployment	6.2%	5.9%	5.8%
Budget deficit (% of GDP)	3.1%	2.8%	3.0%
Inflation	1.8%	(0.2%)	0.1%
Bank of Israel interest rate	1.0%	0.25%	0.1%
NIS-USD exchange rate	3.47	3.90	4.00

SOURCE: CBS, BoI, Bank Hapoalim Forecast



PROFIT AND PROFITABILITY

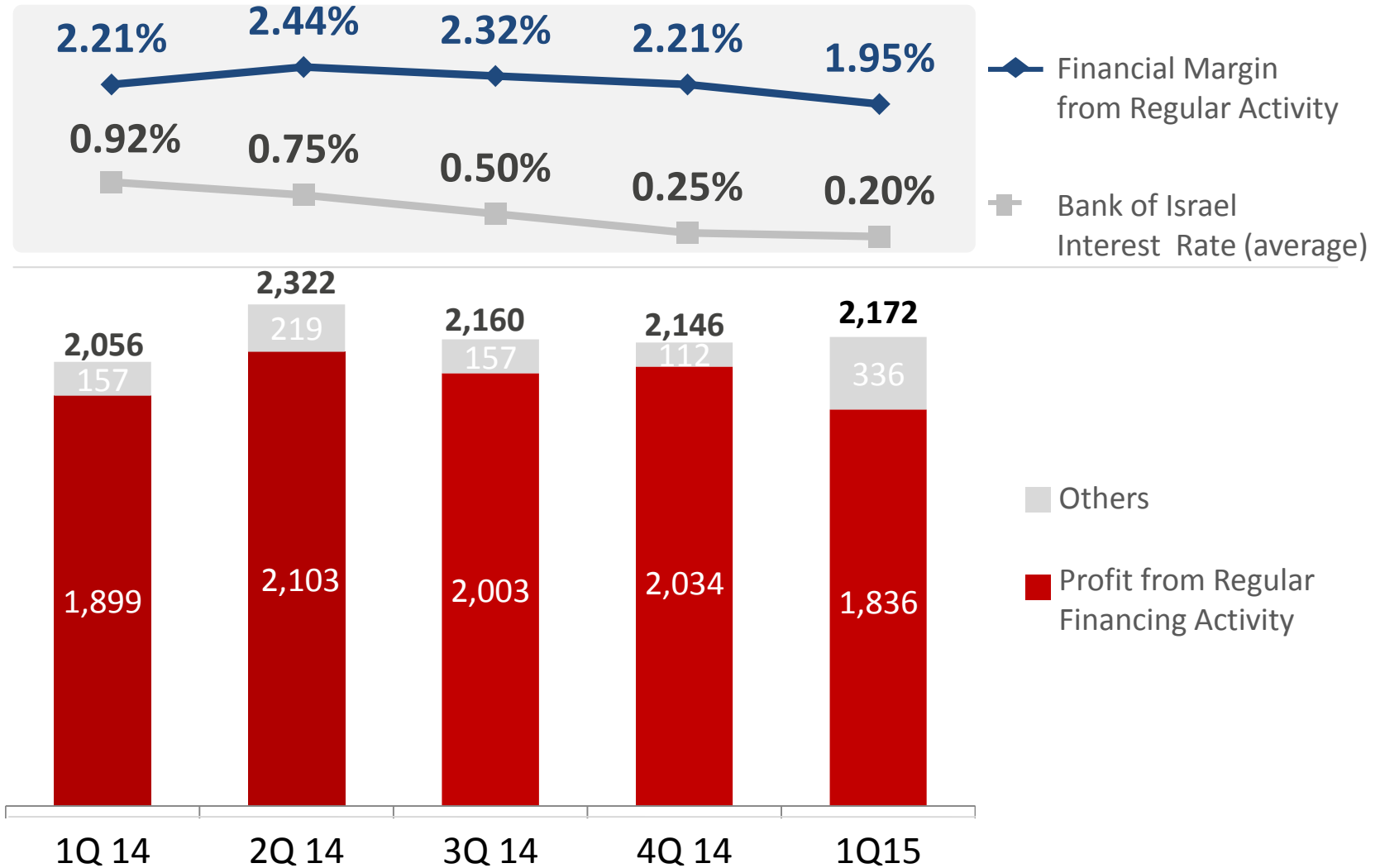
NIS MILLIONS

	1Q-14	4Q-14	1Q-15
Total Net Financing Profit	2,056	2,146	2,172
Fees and Other Income	1,299	1,438	1,383
Total Income	3,355	3,584	3,555
Provision for Credit Losses	15	(363)	(60)
Operating and Other Expenses	(2,199)	(2,485)	(2,188)
Profit before Taxes	1,171	736	1,307
Provision for Taxes on Profit	(463)	(241)	(514)
Net Profit	726	487	808
Return on Equity (ROE)	10.5%	6.4%	10.7%



NET FINANCING PROFIT

NIS MILLIONS



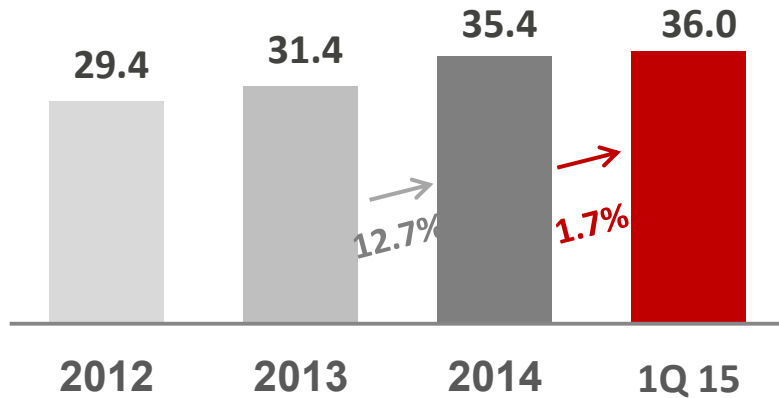
NOTE: Includes net interest income and non-interest financing income



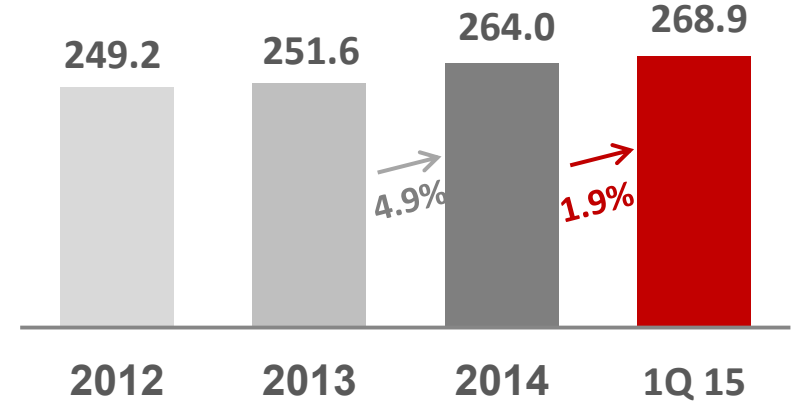
CONTINUED CREDIT GROWTH IN FOCUS SEGMENTS

NIS BILLIONS

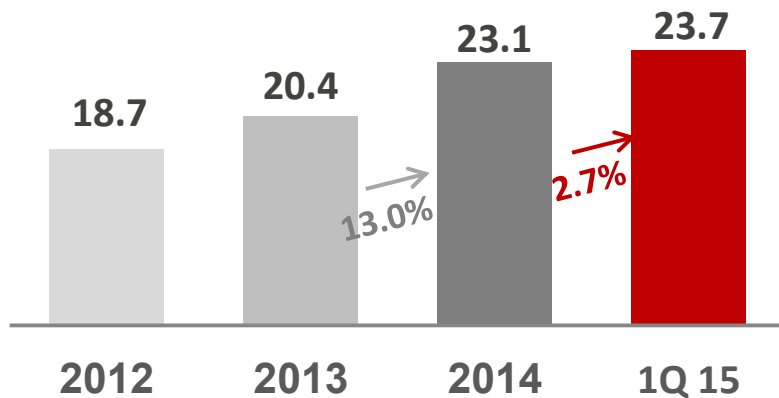
Consumer Credit in Israel



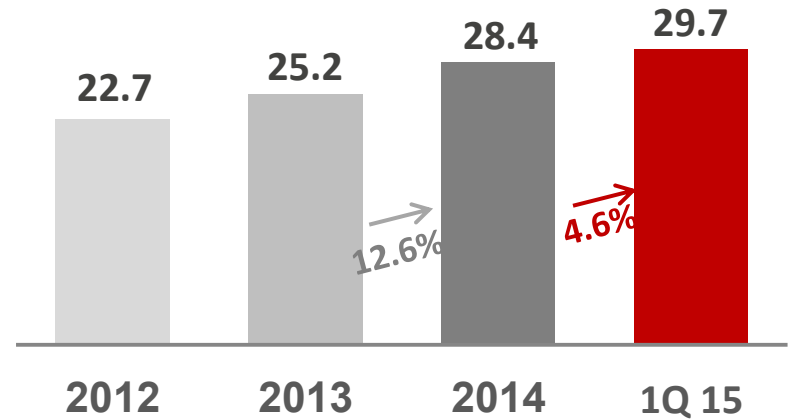
Total Credit



Small Businesses in Israel



Commercial in Israel

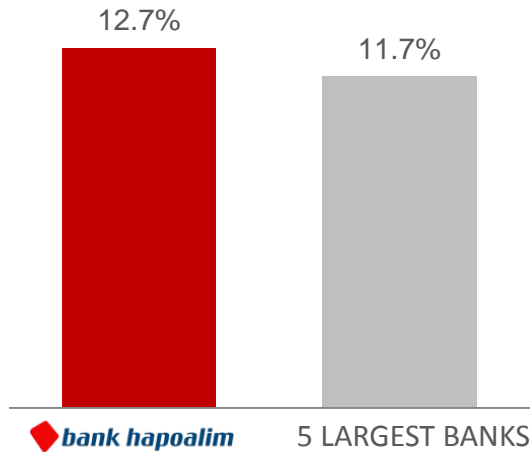




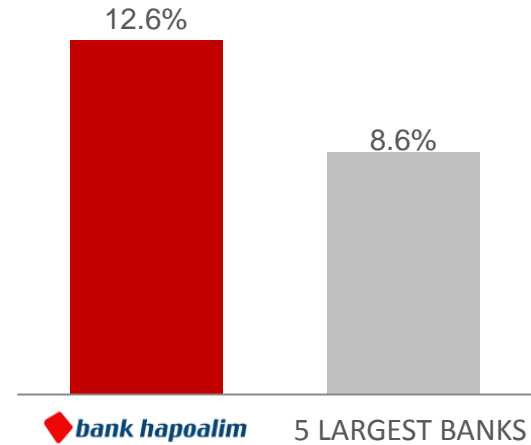
CREDIT AND DEPOSIT GROWTH RATES in 2014

COMPARED TO THE 5 LARGEST BANKS IN ISRAEL

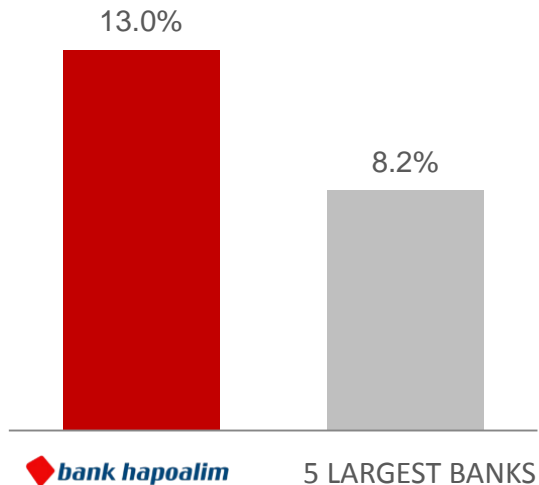
Consumer Credit



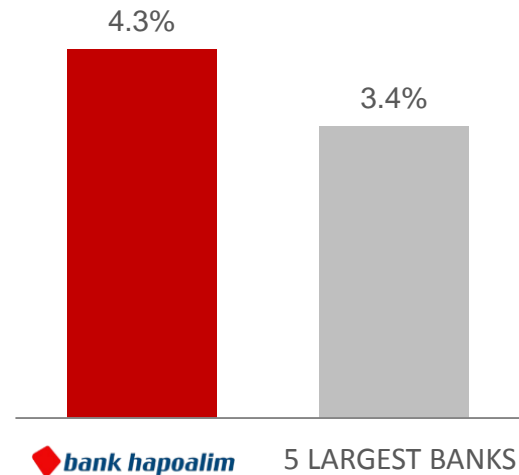
Commercial Credit



Credit to Small Businesses



Retail Deposits

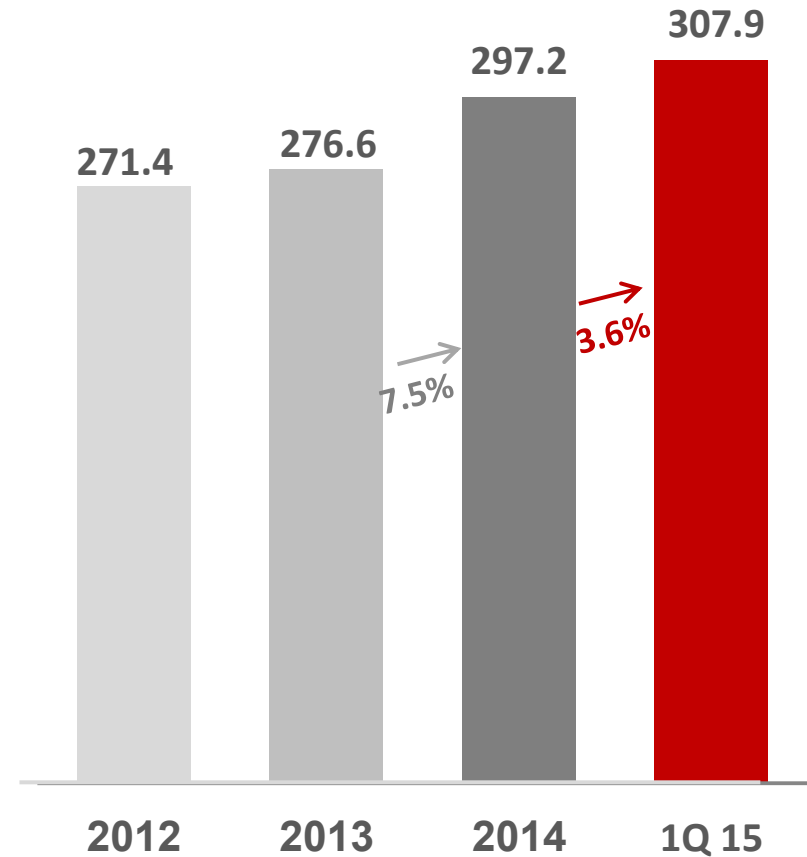




CONTINUED GROWTH IN DEPOSITS

NIS BILLIONS

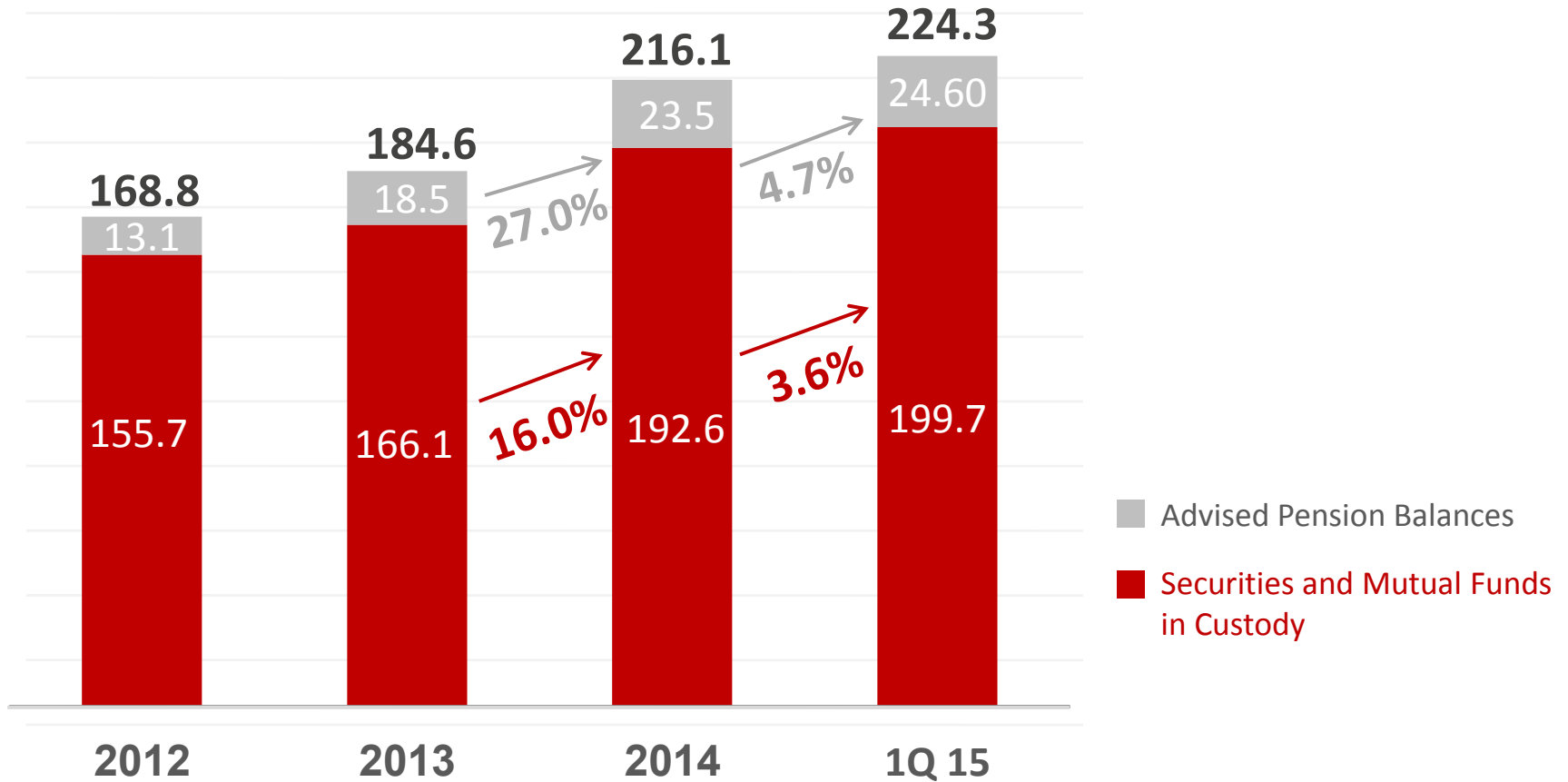
	12/14	3/15	Change
Retail	195.6	200.1	2.3%
Commercial	24.7	26.0	5.2%
Corporate	27.6	30.6	11.1%
Financial Management	49.4	51.2	3.6%
Total	297.2	307.9	3.6%





INCREASE IN RETAIL CLIENTS AUM

NIS BILLIONS



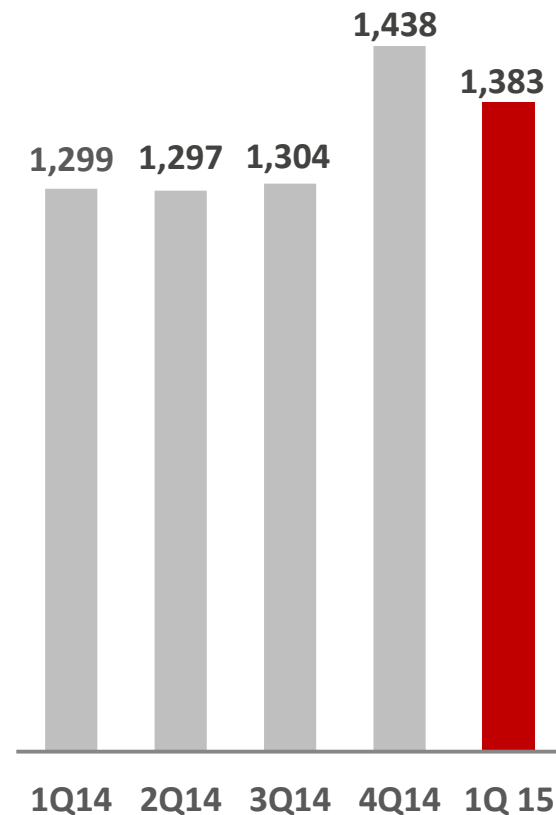
NOTE: Average yearly balances



INCREASE IN FEES AND OTHER INCOME

NIS MILLIONS

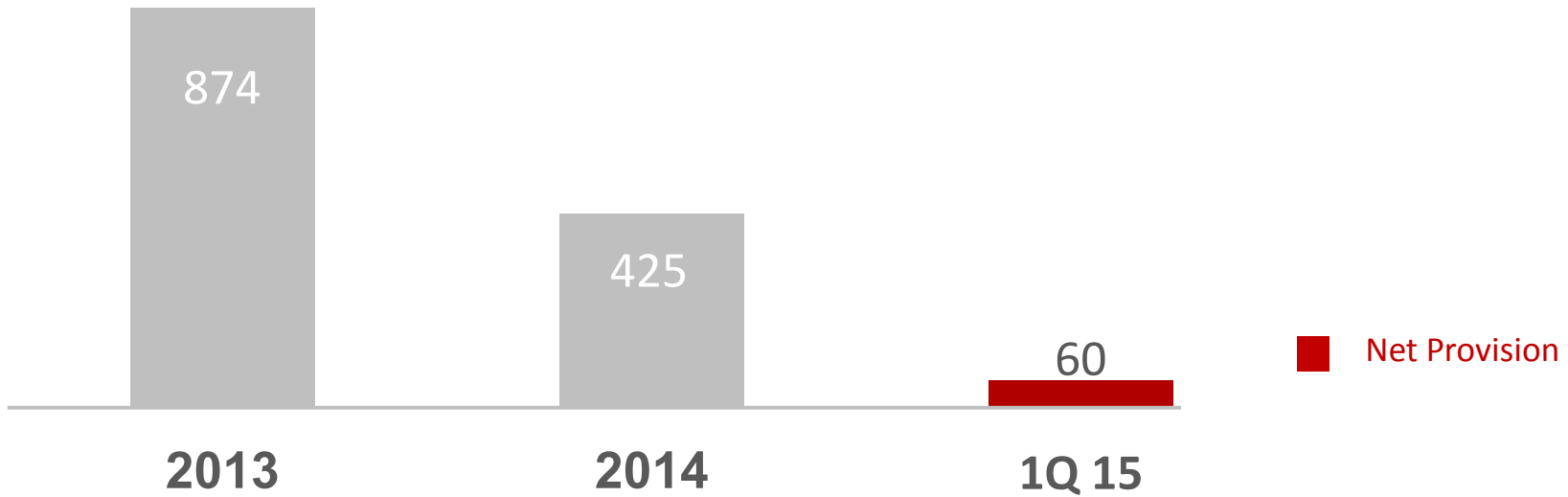
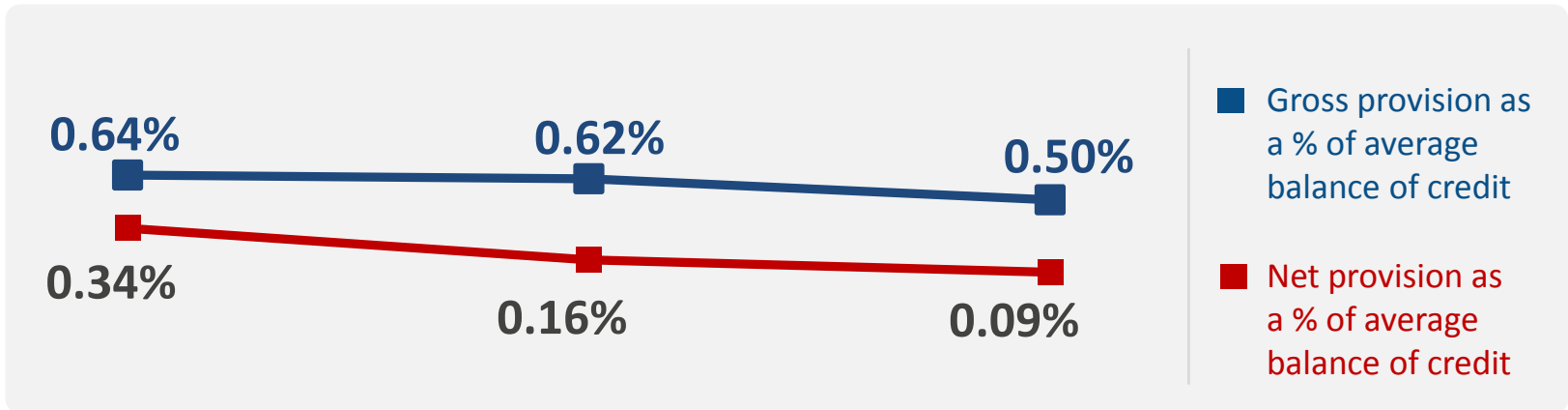
	1Q 14	4Q14	1Q 15	Change y-o-y
Securities Activity	262	287	289	10.3%
Credit Cards	404	426	409	1.2%
Account Management	247	251	244	(1.2%)
Credit Handling	27	64	49	81.5%
Financing Transactions	135	143	140	3.7%
Other Fees	195	206	208	6.7%
Other Income	29	61	44	55.2%
Total	1,299	1,438	1,383	6.5%





PROVISION FOR CREDIT LOSSES

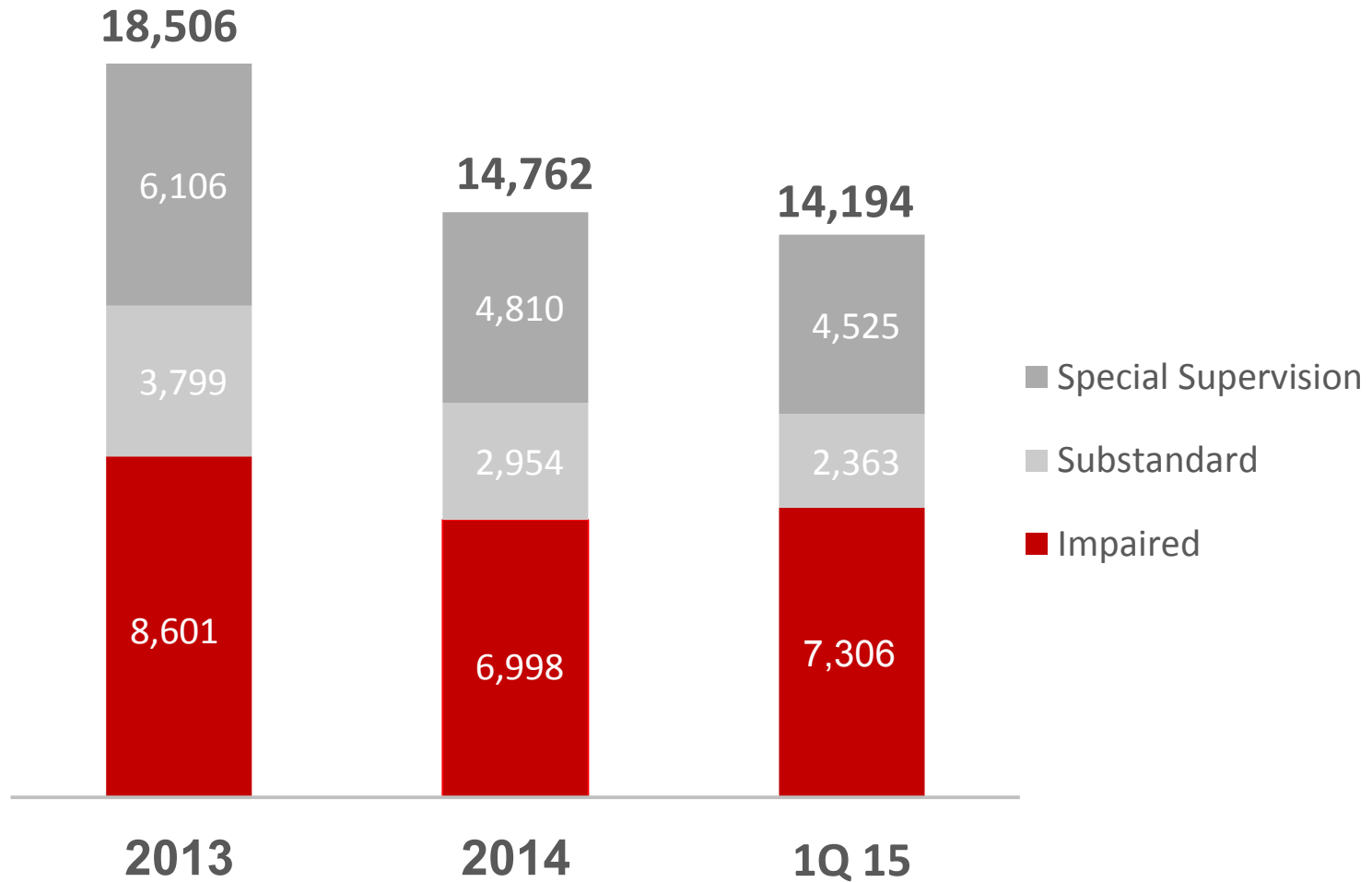
NIS MILLIONS





PROBLEMATIC DEBTS

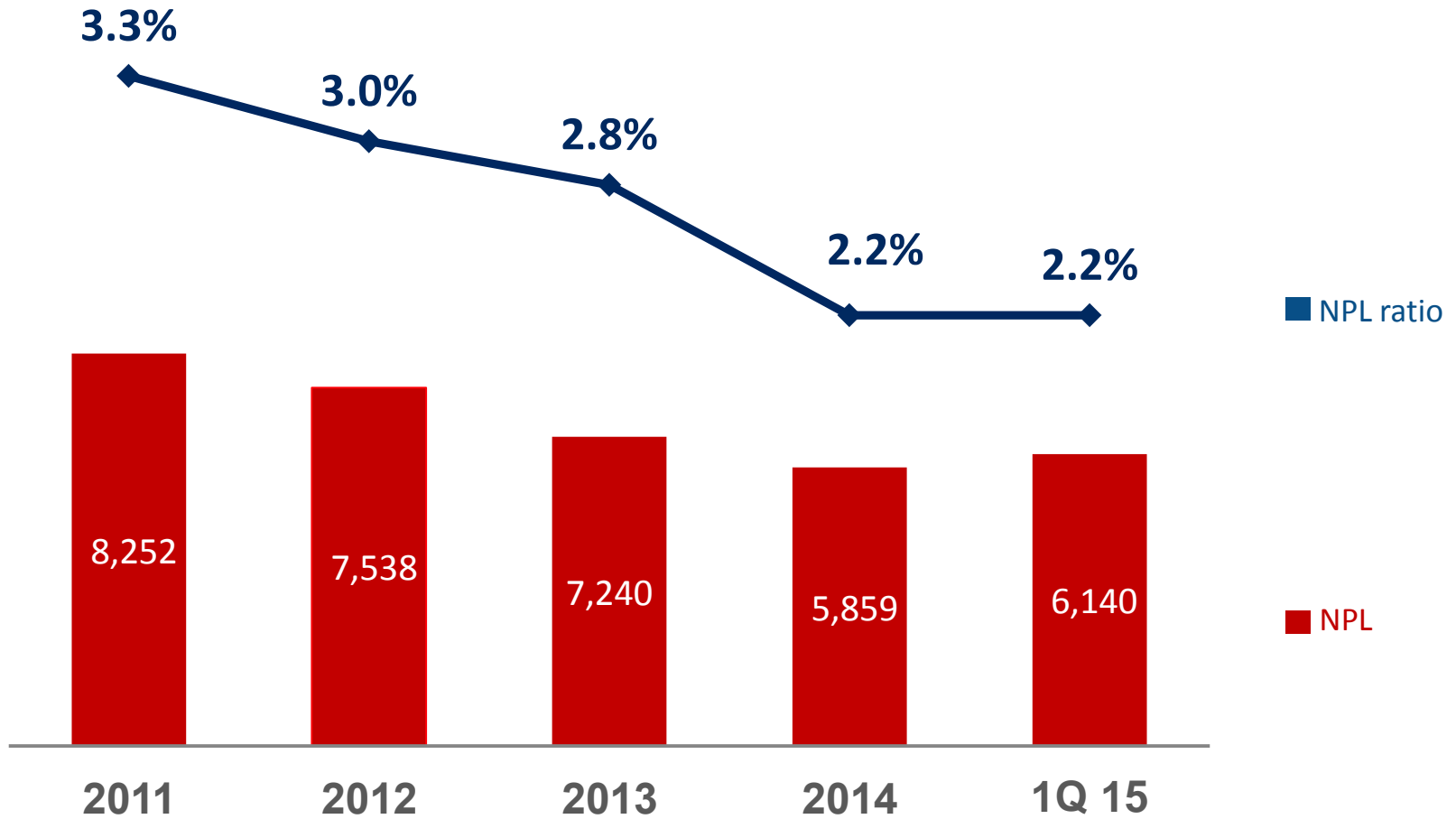
NIS MILLIONS





NON-PERFORMING LOANS

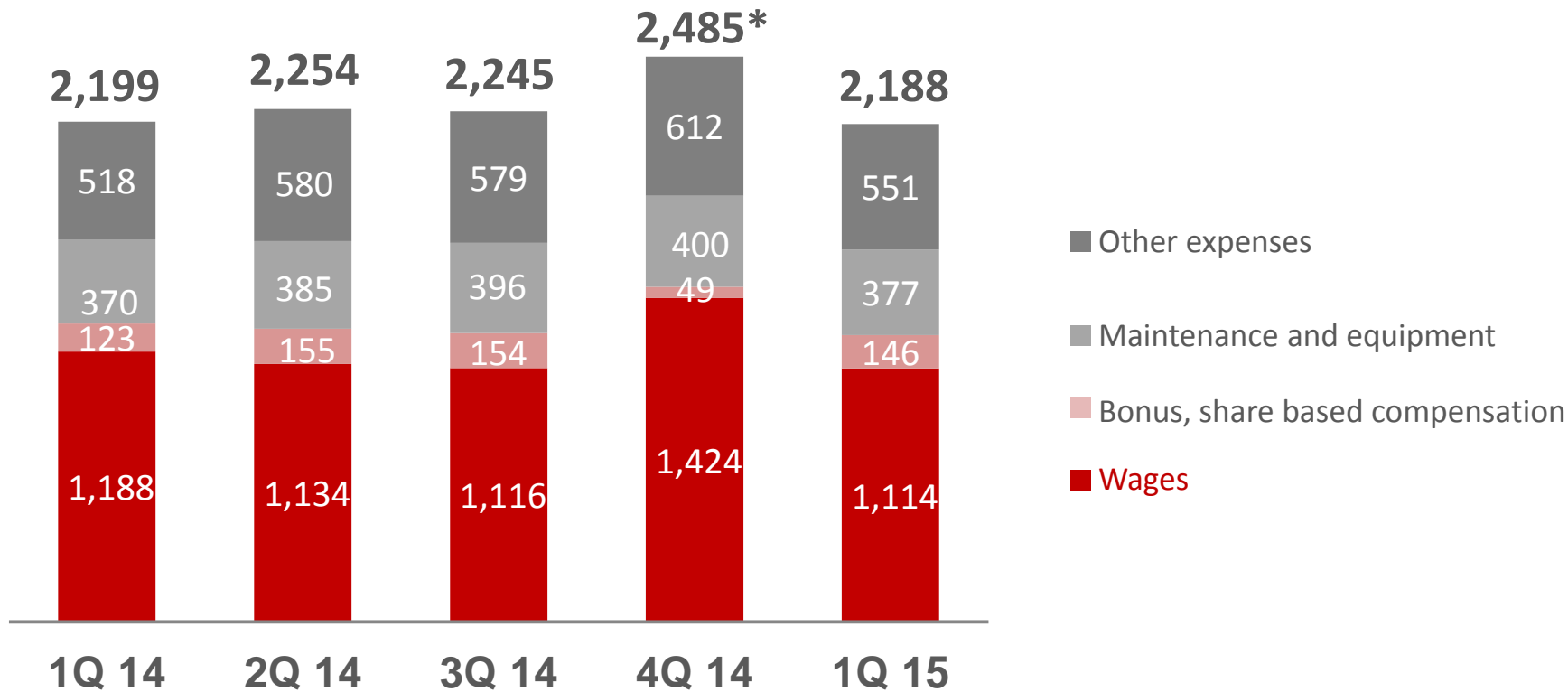
NIS MILLIONS





OPERATING AND OTHER EXPENSES

NIS MILLIONS

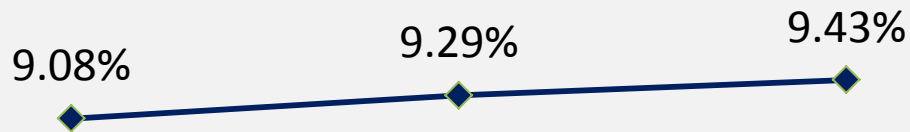


* Includes NIS 390 million provision with respect to efficiency plan



CAPITAL ADEQUACY

NIS MILLIONS

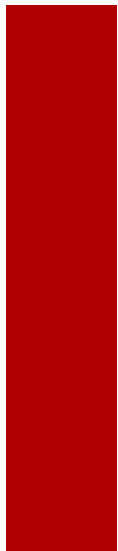


Capital Targets, Basel 3:

Jan. 1, 2015 → 9.0%

Jan. 1, 2017 → 10.2%

28,966



31,482



32,069



Bank's Capital Plan :

Dec. 31, 2017 → 10.75%

■ Tier 1 ratio

■ Common Equity Tier 1 capital

Jan. 1, 2014

Dec. 31, 2014

Mar. 31, 2015



DIVIDEND PAYOUT



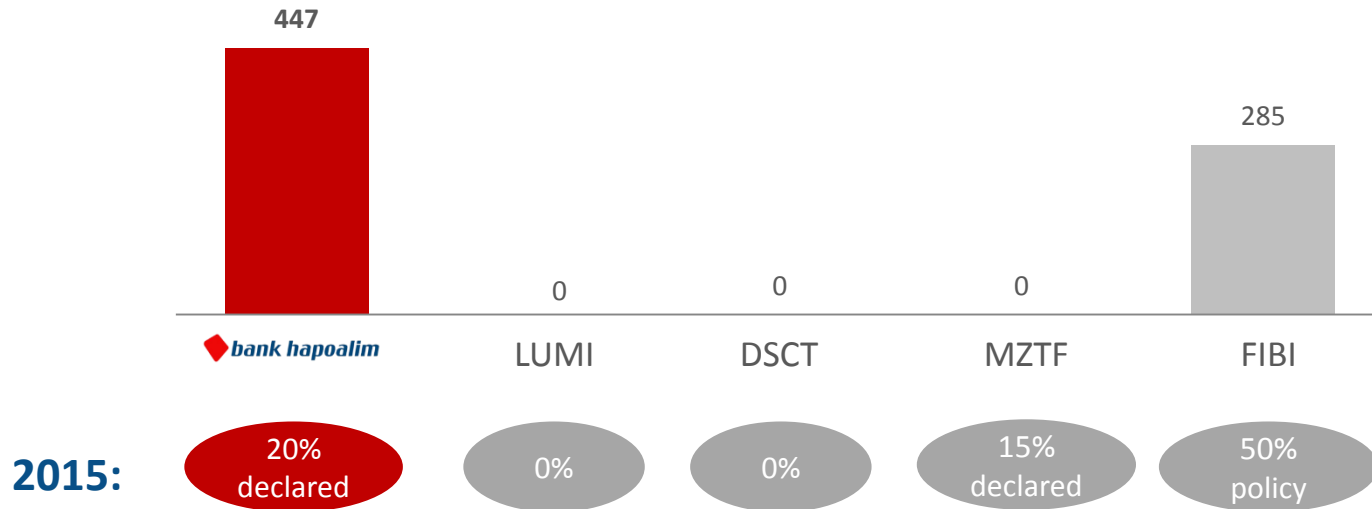
20% Quarterly dividend payout
from net profit



NIS 162 million

Will be paid from first quarter 2015 earnings

COMPARATIVE DIVIDEND PAYOUTS during 2014

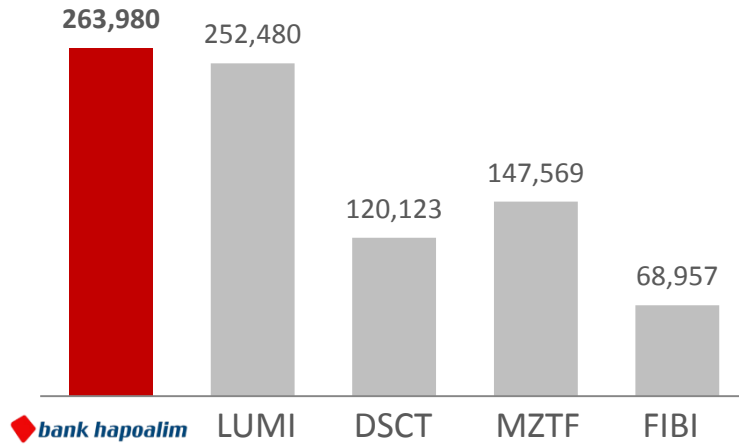




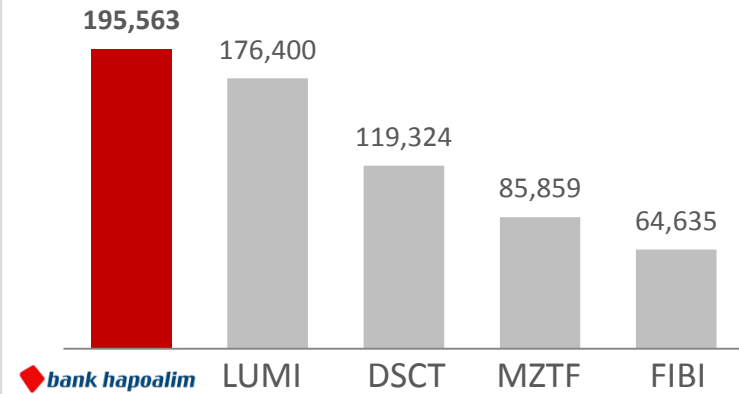
THE LEADING BANK IN ISRAEL

2014 DATA in NIS MILLIONS

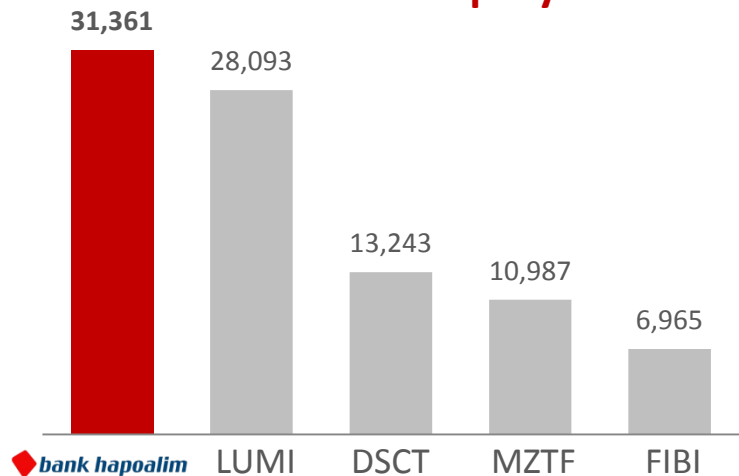
Credit



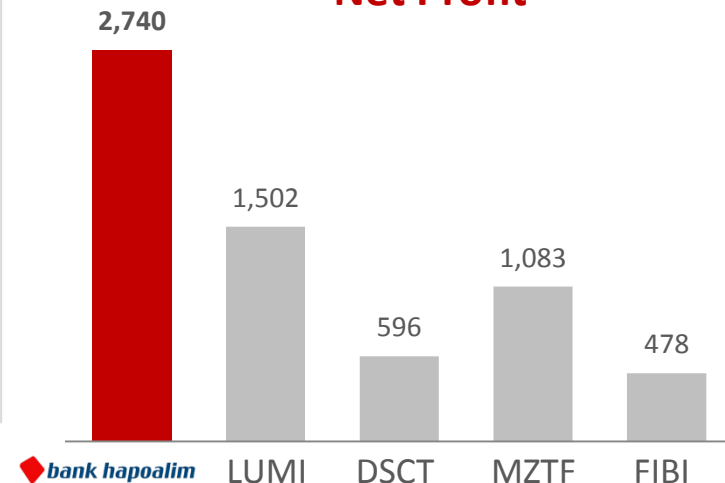
Retail Deposits



Shareholders' Equity



Net Profit

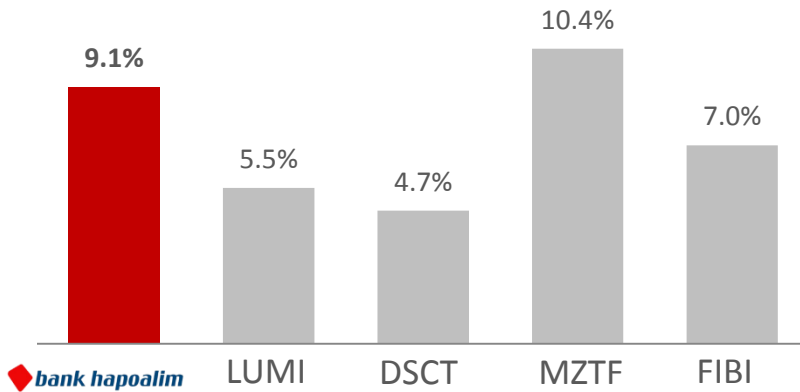


SOURCE: 2014 Annual Reports

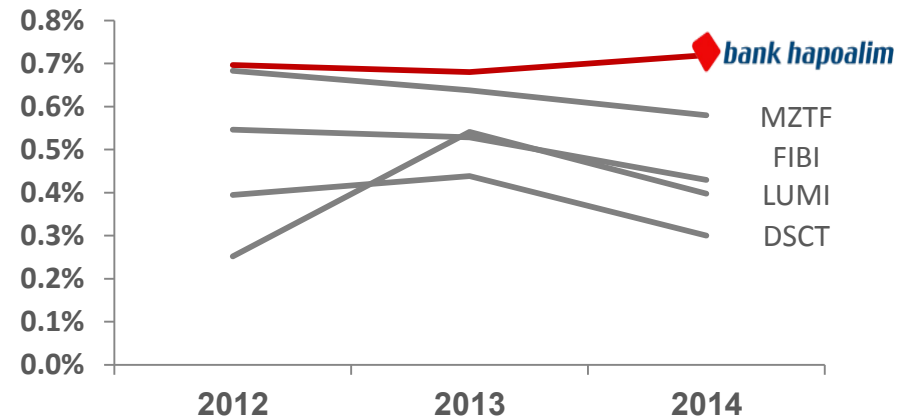


THE LEADING BANK IN ISRAEL

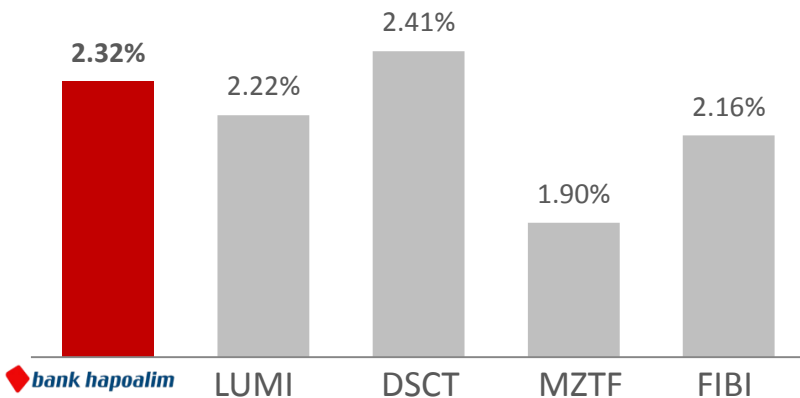
ROE 2014



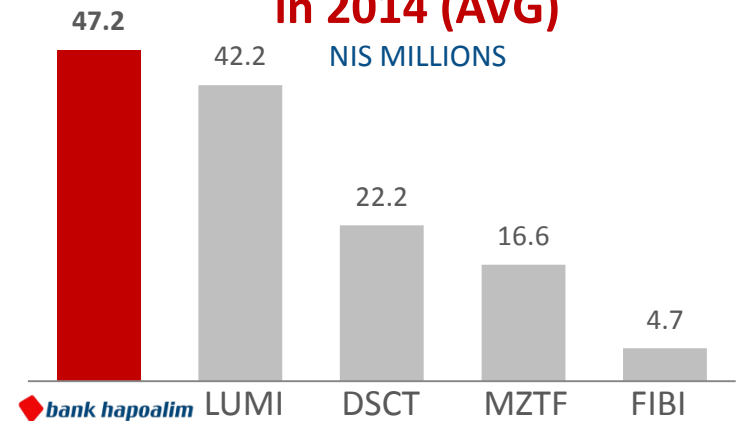
ROA



NIM 2014



TASE DAILY TRADING VOLUME in 2014 (AVG)



SOURCE: 2014 Annual Reports



FIRST QUARTER 2015 SUMMARY



Continued growth of Bank's business activity



Growing credit portfolio



Controlling pace of expense growth;
continuing to increase efficiencies



Increasing Capital



Israel's largest and leading financial institution



THANK YOU!

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