



2Q- 2015

Results

Presentation

August 19, 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 Financial Statement as at June 30, 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.



SECOND QUARTER 2015 HIGHLIGHTS



Continuous
Growth in
Business Activity



Positive Inflation
Low Interest Rate



Reduced
Current
Expenses



20% Dividend
Payout



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	2015F
Gross domestic product	2.8%	3.0%
Unemployment	5.9%	5.8%
Budget deficit (% of GDP)	2.8%	3.0%
Inflation	(0.2%)	0.2%
Bank of Israel interest rate	0.25%	0.1%
NIS-USD exchange rate	3.89	3.78

SOURCE: CBS. BoI, Bank Hapoalim Forecast



PROFIT AND PROFITABILITY

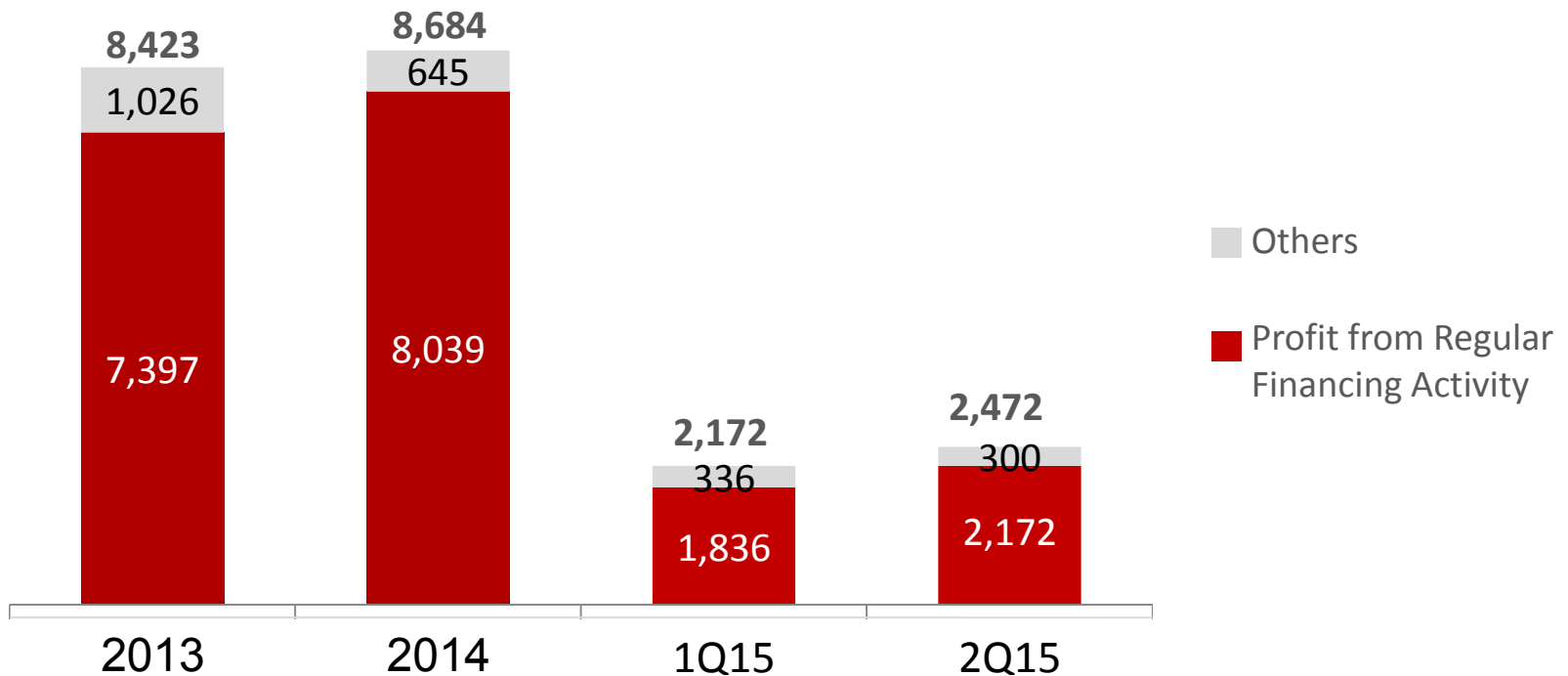
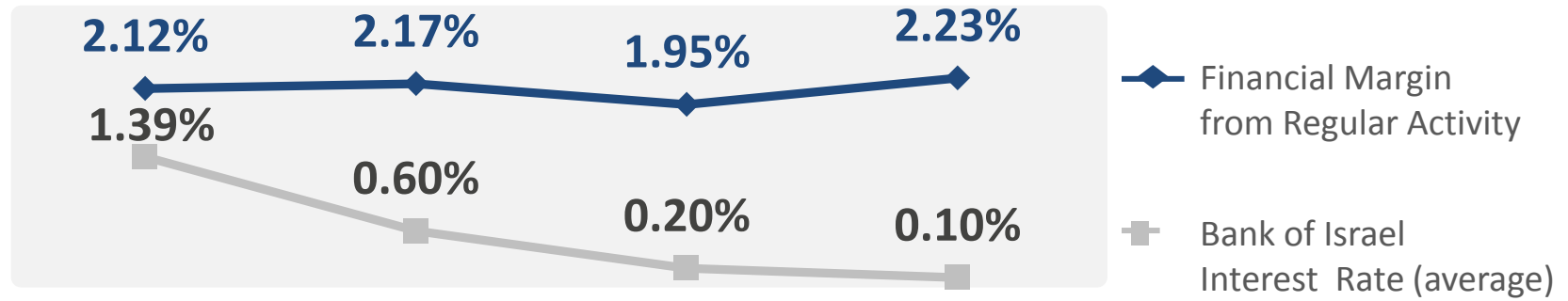
NIS MILLIONS

	2Q-14	1Q-15	2Q-15
Total Net Financing Profit	2,322	2,172	2,472
Fees and Other Income	1,297	1,383	1,344
Total Income	3,619	3,555	3,816
Provision for Credit Losses	(3)	(60)	(213)
Operating and Other Expenses	2,254	(2,188)	(2,108)
Profit before Taxes	1,371	1,307	1,495
Provision for Taxes on Profit	(587)	(514)	(628)
Net Profit	782	808	886
Return on Equity (ROE)	11.1%	10.7%	11.6%



NET FINANCING PROFIT

NIS MILLIONS



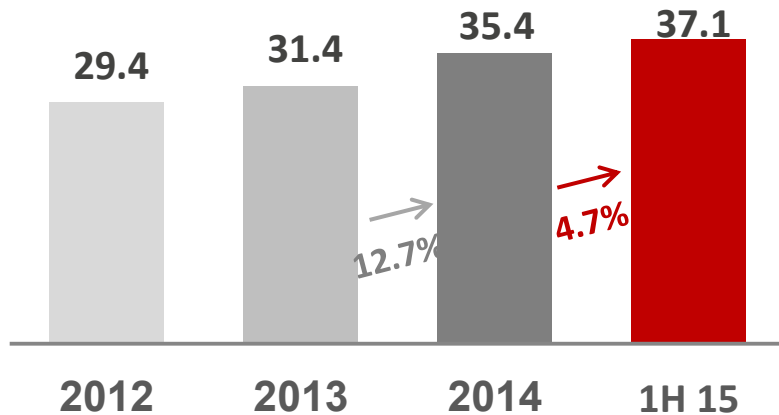
NOTE: Includes net interest income and non-interest financing income



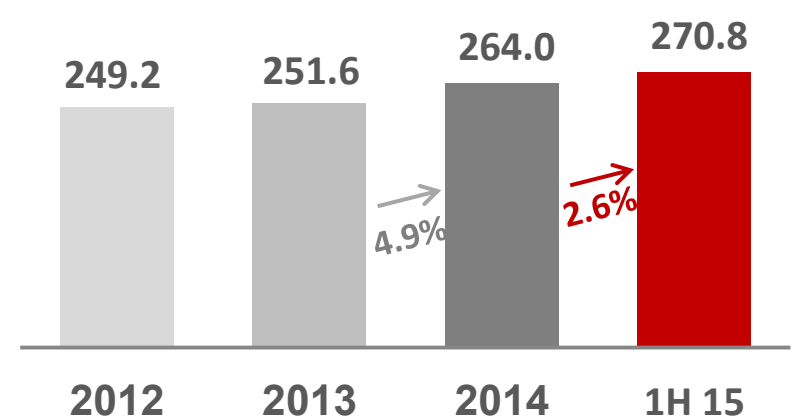
CONTINUED CREDIT GROWTH IN FOCUS SEGMENTS

NIS BILLIONS

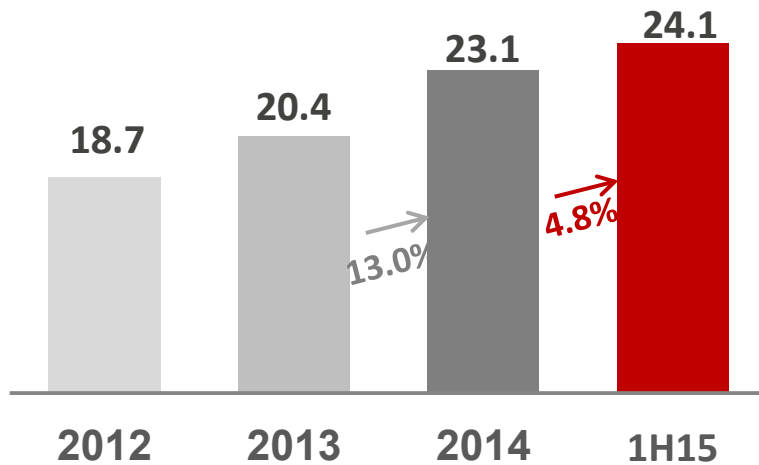
Consumer Credit in Israel



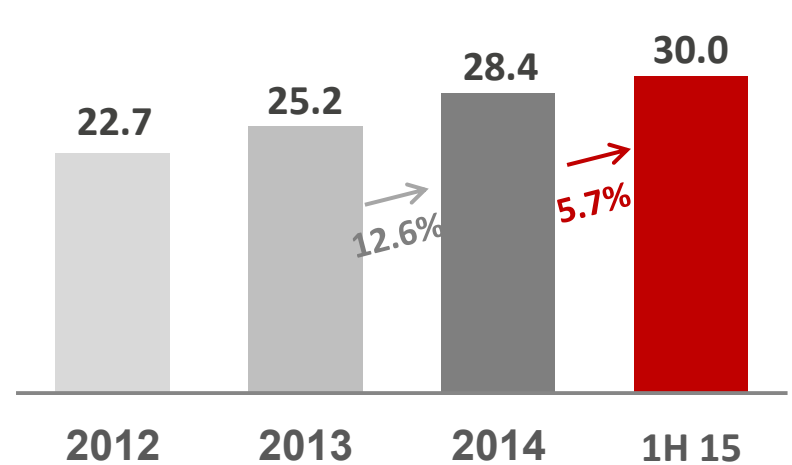
Total Credit



Small Businesses in Israel



Commercial in Israel



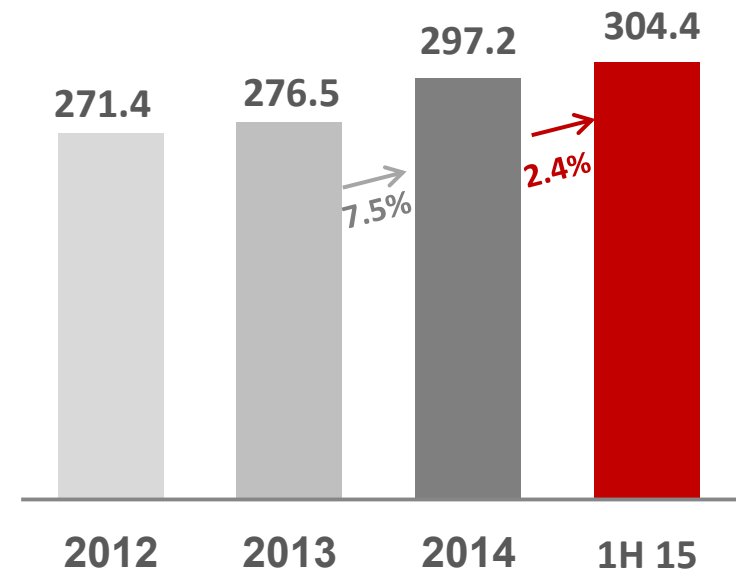


CONTINUED GROWTH IN DEPOSITS

NIS BILLIONS

	12/14	6/15	Change
Retail	195.6	203.7	4.2%
Commercial	24.7	26.0	5.3%
Corporate	27.6	31.4	13.9%
Financial Management	49.4	43.7	(11.5%)
Total	297.2	304.4	2.4%

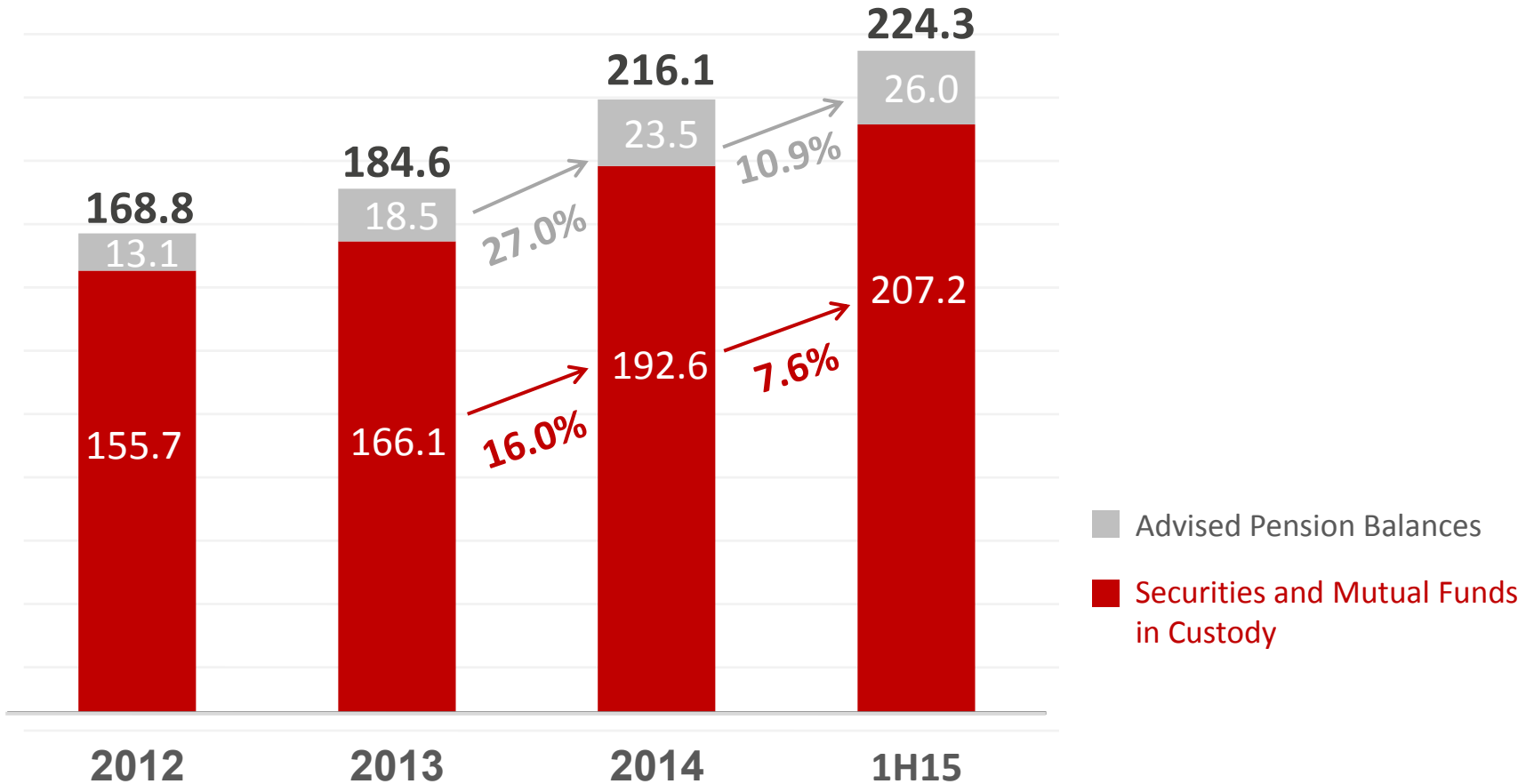
Liquidity Coverage Ratio (LCR):	
	Consolidated
Liquidity coverage ratio	88%
Minimum required LCR	60%





INCREASE IN RETAIL CLIENTS AUM

NIS BILLIONS



NOTE: Average yearly balances



INCREASE IN FEES AND OTHER INCOME

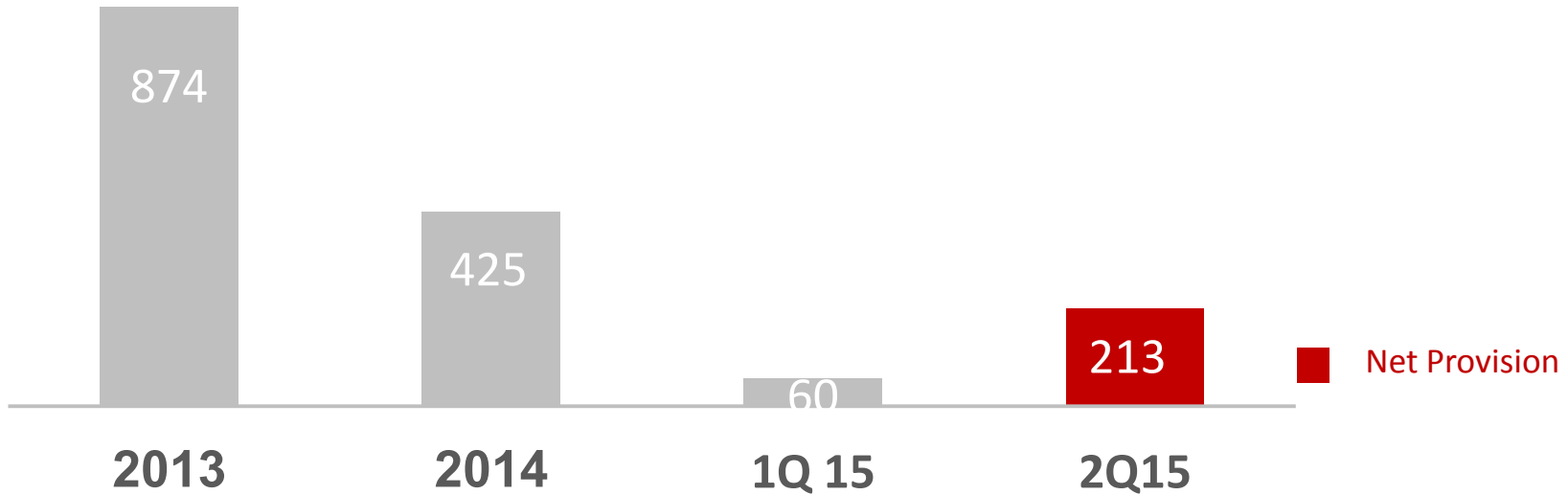
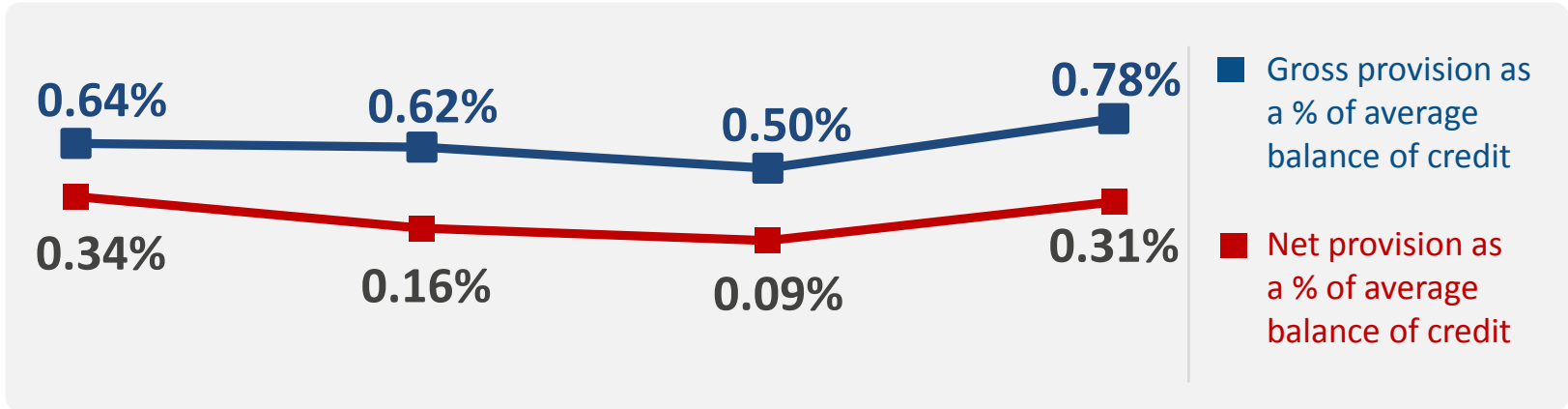
NIS MILLIONS

	2Q 14	1Q 15	2Q 15	Change y-o-y
Securities Activity	253	289	261	3.2%
Credit Cards	418	409	420	0.5%
Account Management	233	244	251	7.7%
Credit Handling	39	49	54	38.5%
Financing Transactions	132	140	133	0.8%
Other Fees	202	208	194	(4.0%)
Other Income	20	44	31	55.0%
Total	1,297	1,383	1,344	3.6%



PROVISION FOR CREDIT LOSSES

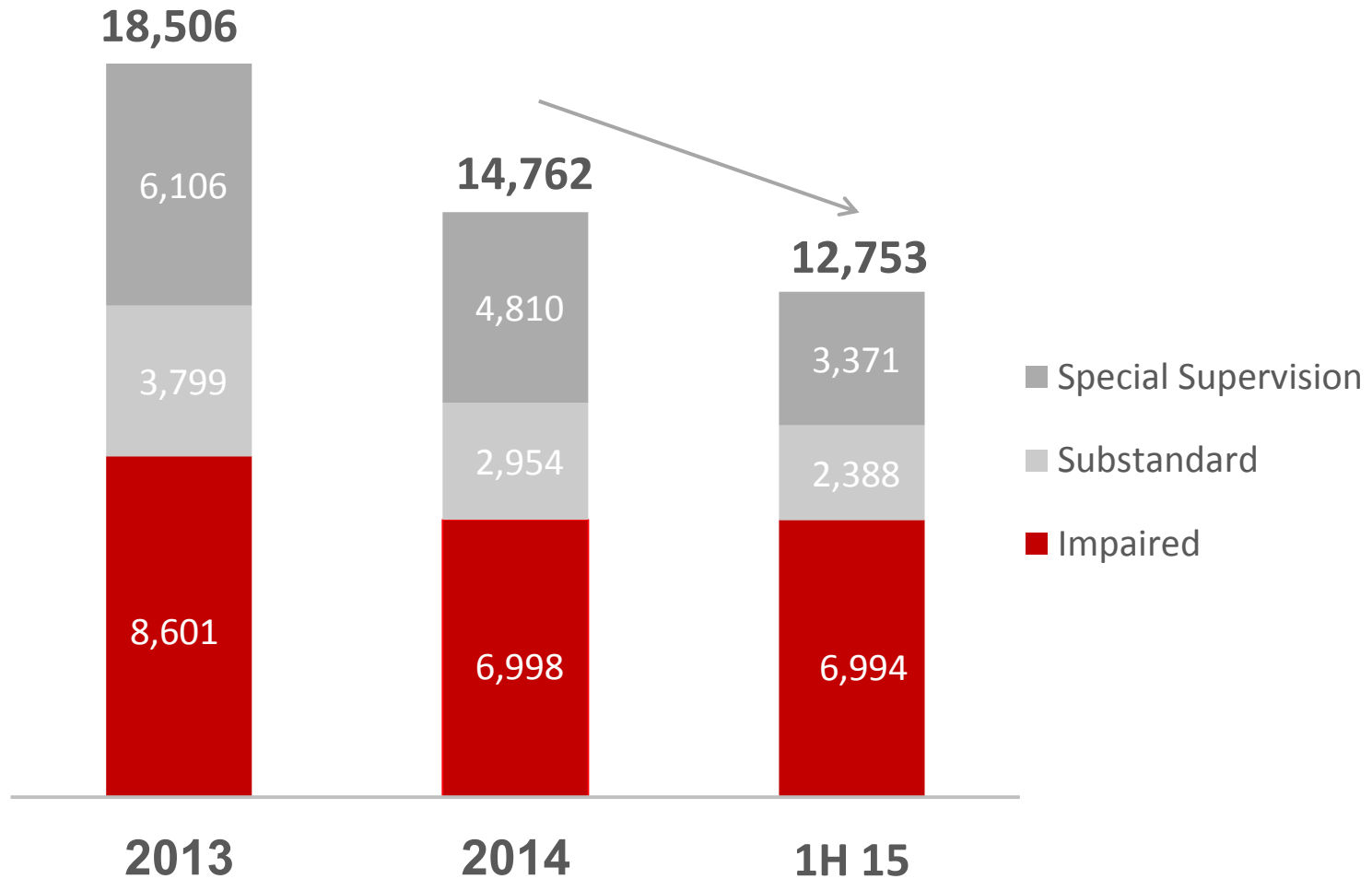
NIS MILLIONS





PROBLEMATIC DEBTS

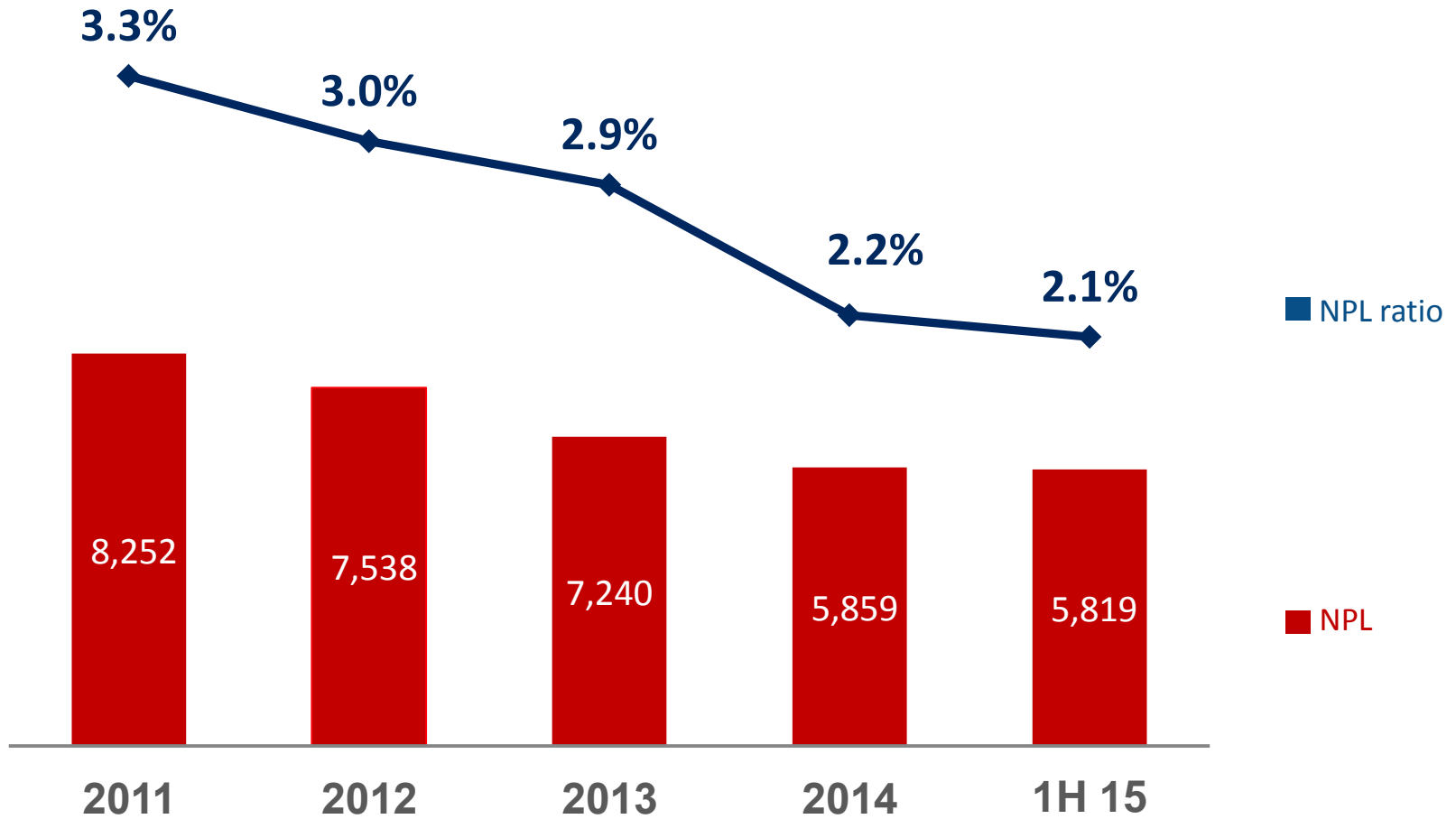
NIS MILLIONS





NON-PERFORMING LOANS

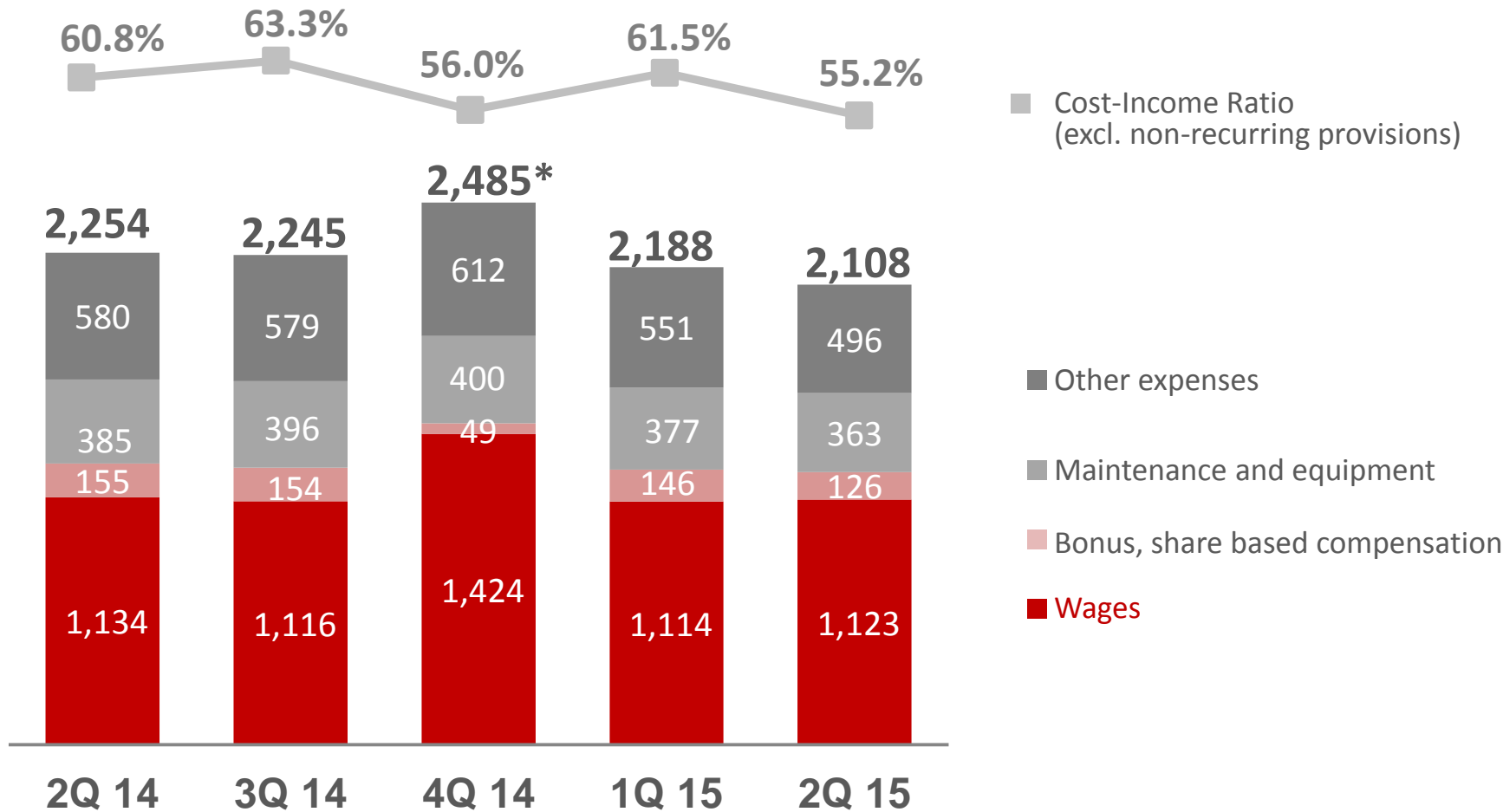
NIS MILLIONS





OPERATING AND OTHER EXPENSES

NIS MILLIONS

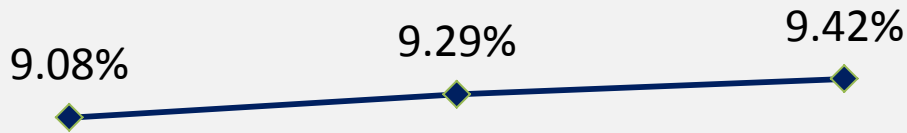


* Includes non-recurring provisions with respect to efficiency plan and banking services to US clients



CAPITAL ADEQUACY

NIS MILLIONS

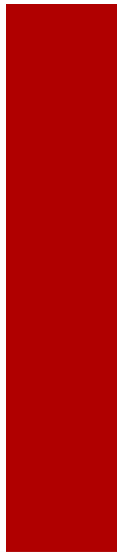


Capital Targets, Basel 3:

Jan. 1, 2015 → 9.0%

Jan. 1, 2017 → 10.2%

28,966



31,482



32,370



Bank's Capital Plan :

Dec. 31, 2017 → 10.75%

■ Tier 1 ratio

■ Common Equity Tier 1 capital

Jan. 1, 2014

Dec. 31, 2014

June 30, 2015



DIVIDEND PAYOUT



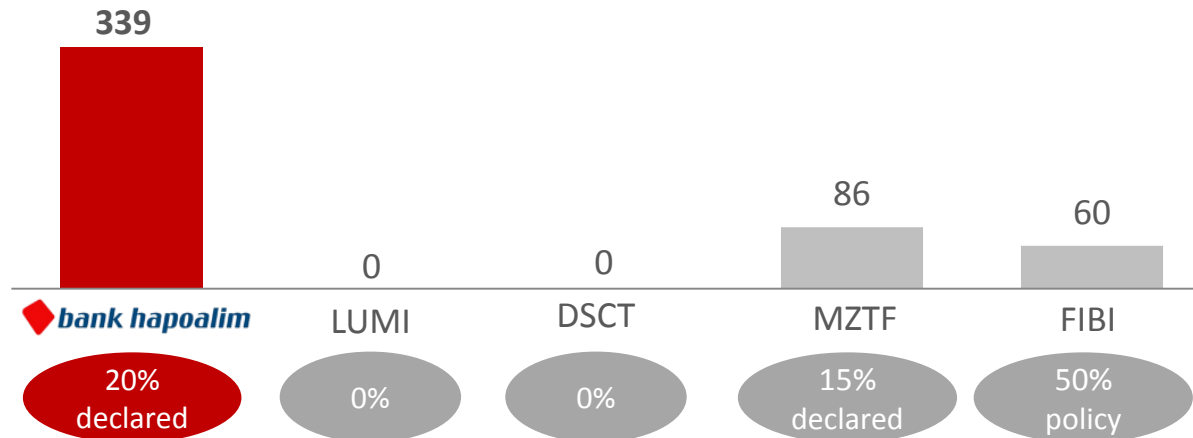
20% Quarterly dividend payout
from net profit



NIS 177 million

Will be paid from second quarter 2015 earnings

COMPARATIVE DIVIDEND PAYOUTS for 2015 PROFITS in NIS millions



POLICIES:



LEVERAGE RATIO

The Leverage Ratio is the ratio of Tier 1 capital to total exposures (balance sheet exposures, exposures to derivatives and securities financing transactions, and off-balance sheet items)

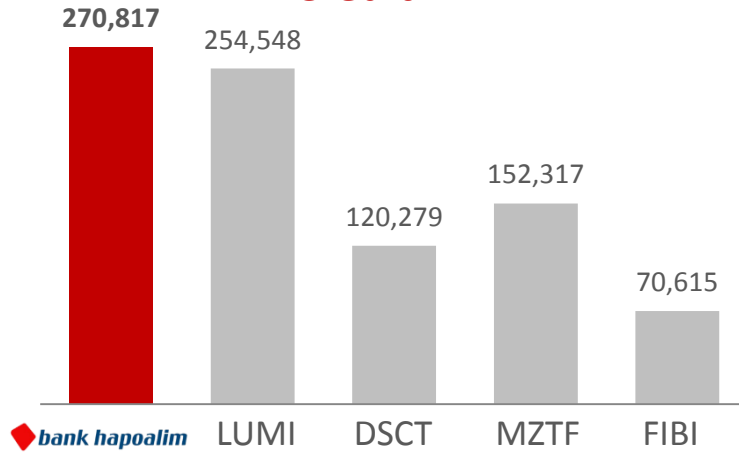
Leverage Ratio:	
Tier 1 capital	34,079
Total exposures	475,900
Leverage ratio	7.16%
Minimum required leverage ratio	6%



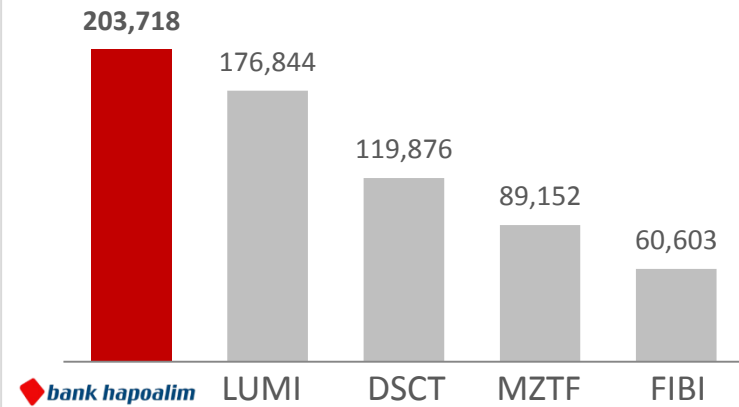
THE LEADING BANK IN ISRAEL

1H-15 DATA in NIS MILLIONS

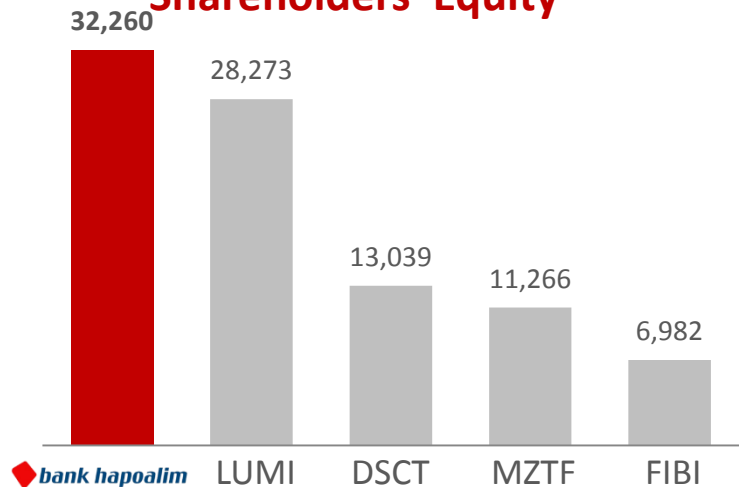
Credit



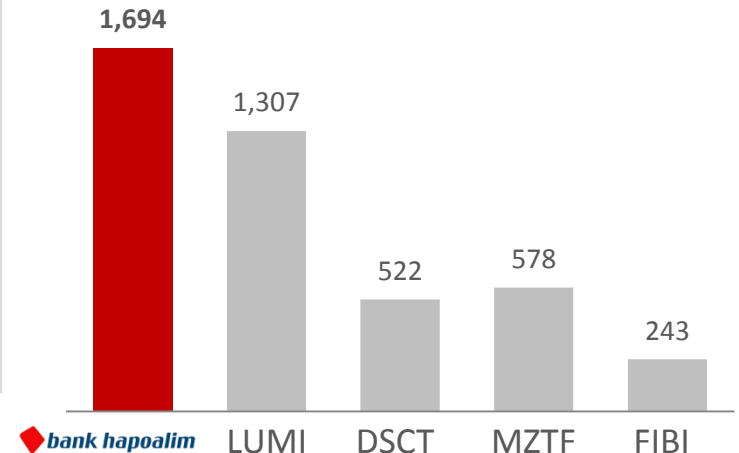
Retail Deposits



Shareholders' Equity



Net Profit



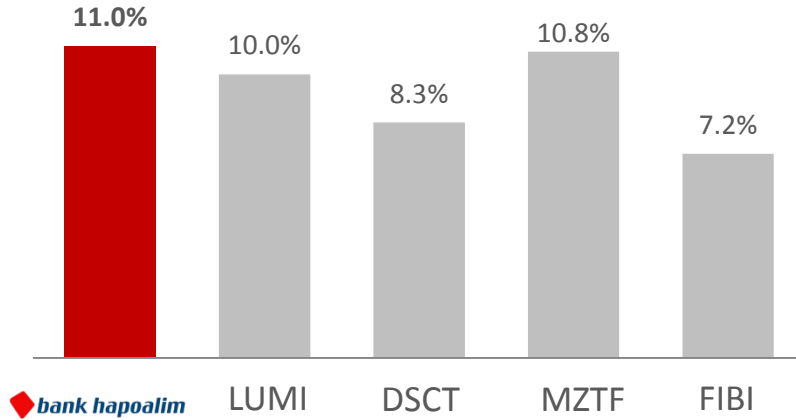
SOURCE: Q2 Financial Statements, LUMI based on 1H-15 pro-forma data



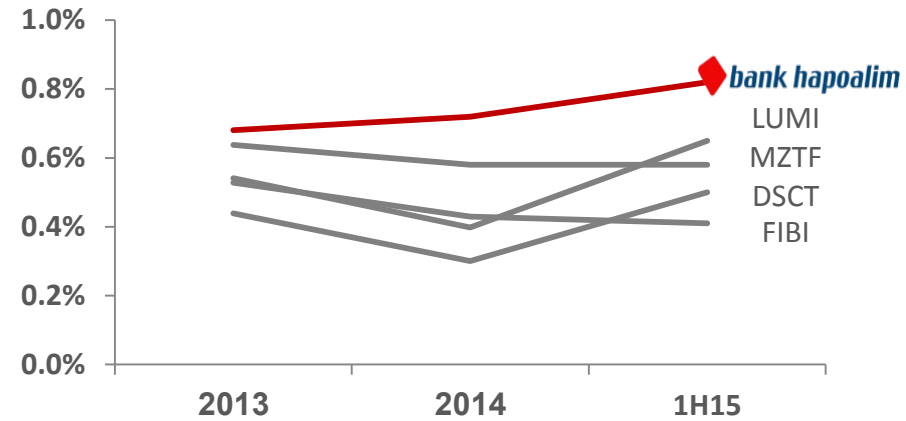
THE LEADING BANK IN ISRAEL

1H-15 RATIOS

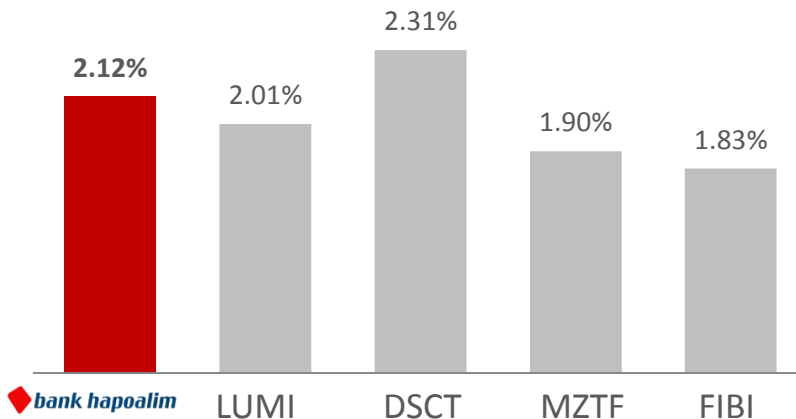
ROE



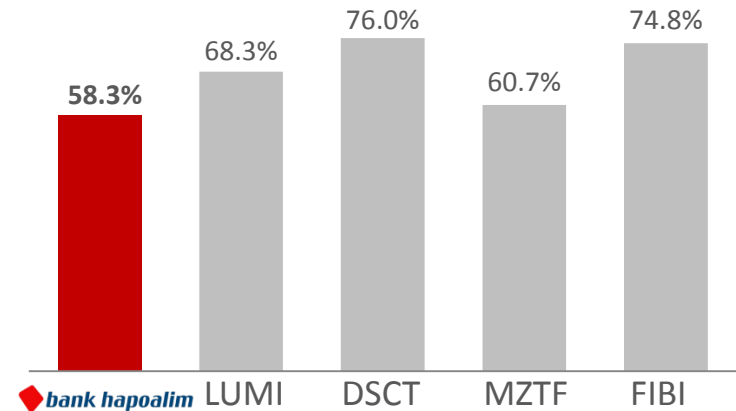
ROA



NIM



COST-INCOME RATIO



SOURCE: Q2 Financial Statements, LUMI based on 1H-15 pro-forma data



SECOND QUARTER 2015 SUMMARY



Continued growth of credit portfolio



Stable deposit base



Controlling pace of expense growth;
continuing to increase efficiencies



Israel's largest and leading financial institution



THANK YOU!

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