



3Q- 2015

Results

Presentation

November 15th, 2015



# SAFE HARBOR STATEMENT

---

This document has been prepared by Bank Hapoalim solely for use at the company's presentation of third quarter 2015 results and a strategic update.

The information contained in this document has not been independently verified. No representation or warranty express or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained herein. None of the company, or any of their employees or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with this document.

This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose. The distribution of this document may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. By accepting this report you agree to be bound by the foregoing instructions.

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.

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](http://www.bankhapoalim.com) - investor relations/financial information.



## THIRD QUARTER 2015 HIGHLIGHTS

---



Continuous  
Growth in  
Business Activity



Further Improved  
Quality of Credit  
Portfolio



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	2.6%	2.6%
Unemployment	5.9%	5.2%
Budget deficit (% of GDP)	2.8%	2.5%
Inflation	(0.2%)	(0.8%)
Bank of Israel interest rate	0.25%	0.1%
NIS-USD exchange rate	3.90	3.90

SOURCE: CBS. BoI, Bank Hapoalim Forecast



# PROFIT AND PROFITABILITY

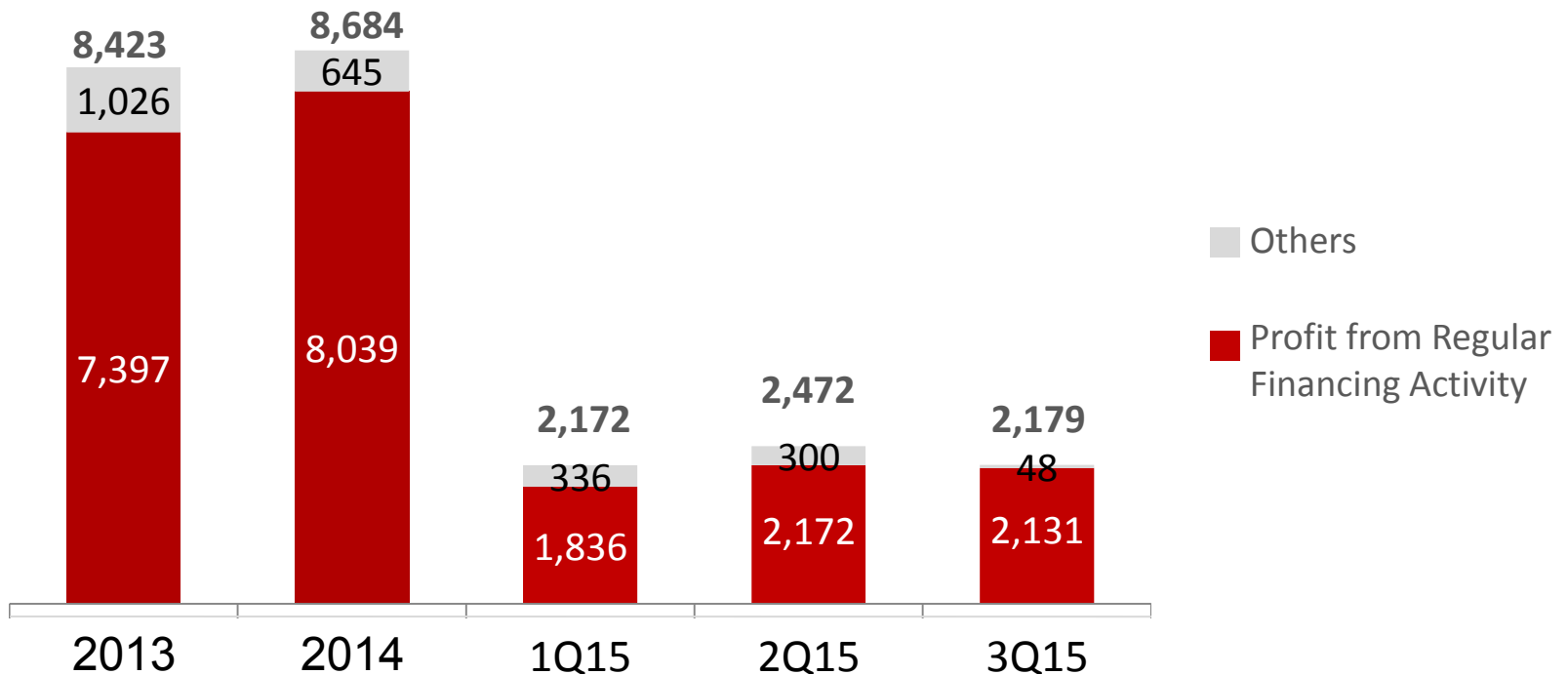
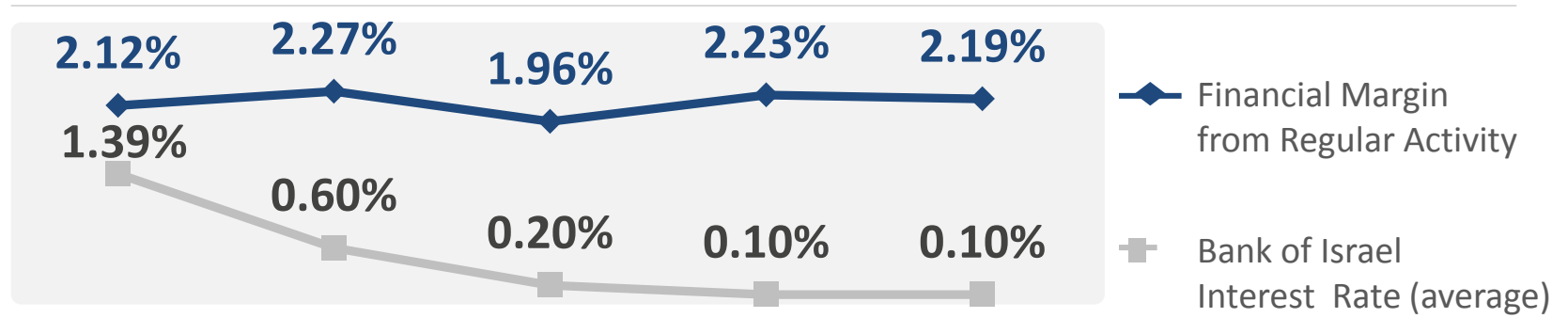
## NIS MILLIONS

	3Q-14	2Q-15	3Q-15
Total Net Financing Profit	2,160	2,472	<b>2,179</b>
Fees and Other Income	1,304	1,344	<b>1,354</b>
Total Income	3,464	3,816	<b>3,533</b>
Provision for Credit Losses	(80)	(213)	<b>(55)</b>
Operating and Other Expenses	(2,245)	(2,108)	<b>(2,183)</b>
Profit before Taxes	1,139	1,495	<b>1,295</b>
Provision for Taxes on Profit	(424)	(628)	<b>(527)</b>
Net Profit	718	886	<b>802</b>
Return on Equity (ROE)	9.8%	11.6%	<b>10.4%</b>



# NET FINANCING PROFIT

NIS MILLIONS



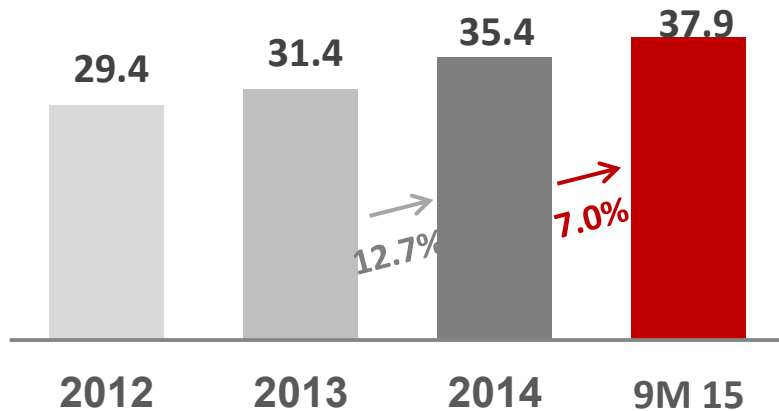
NOTE: Includes net interest income and non-interest financing income



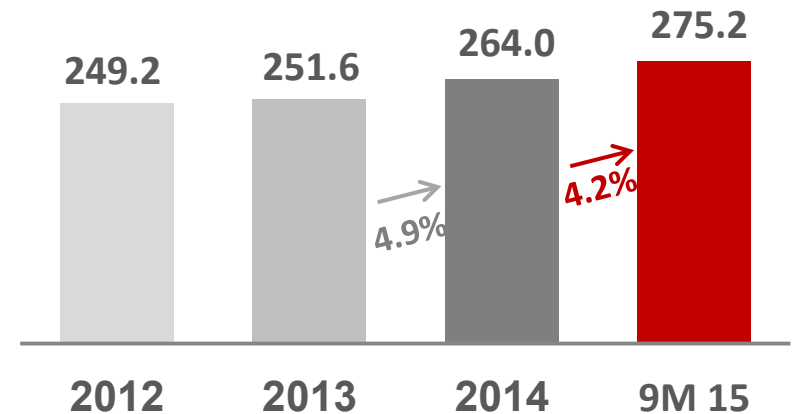
# CONTINUED CREDIT GROWTH IN FOCUS SEGMENTS

NIS BILLIONS

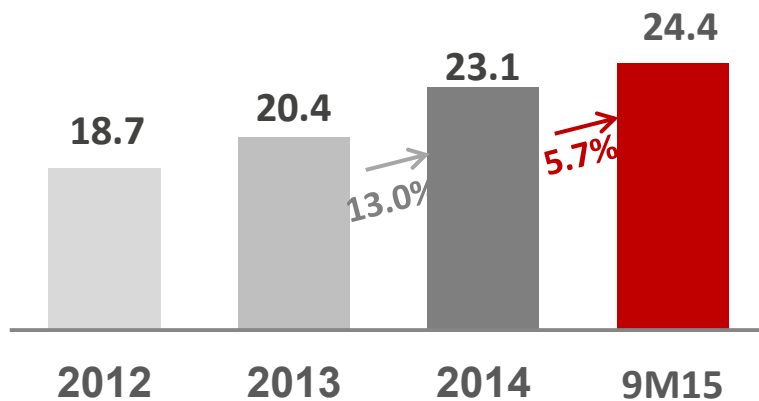
## Consumer Credit in Israel



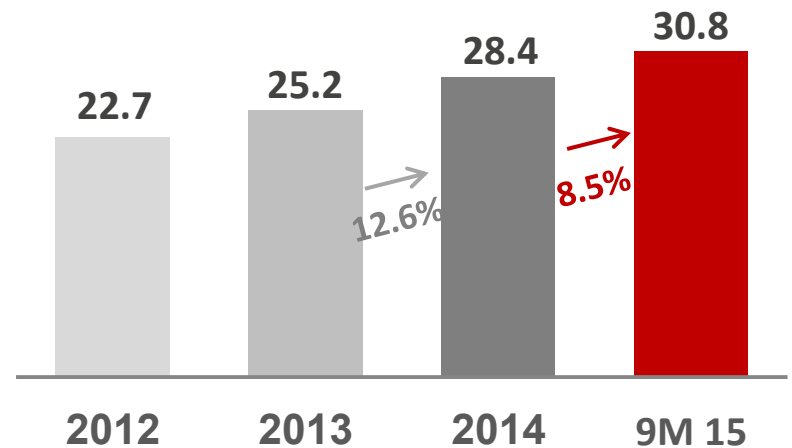
## Total Credit



## Small Businesses in Israel



## Commercial in Israel

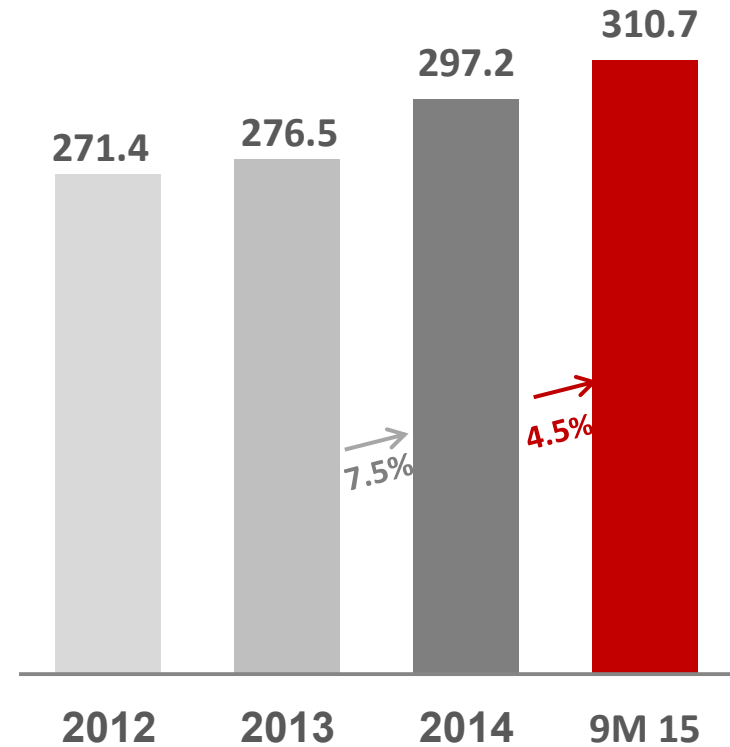




# CONTINUED GROWTH IN DEPOSITS

## NIS BILLIONS

	12/14	9/15	Change
Retail	195.6	210.3	7.5%
Commercial	24.7	24.3	(1.5%)
Corporate	27.6	30.6	10.9%
Financial Management	49.4	45.5	(8.0%)
<b>Total</b>	<b>297.2</b>	<b>310.7</b>	<b>4.5%</b>

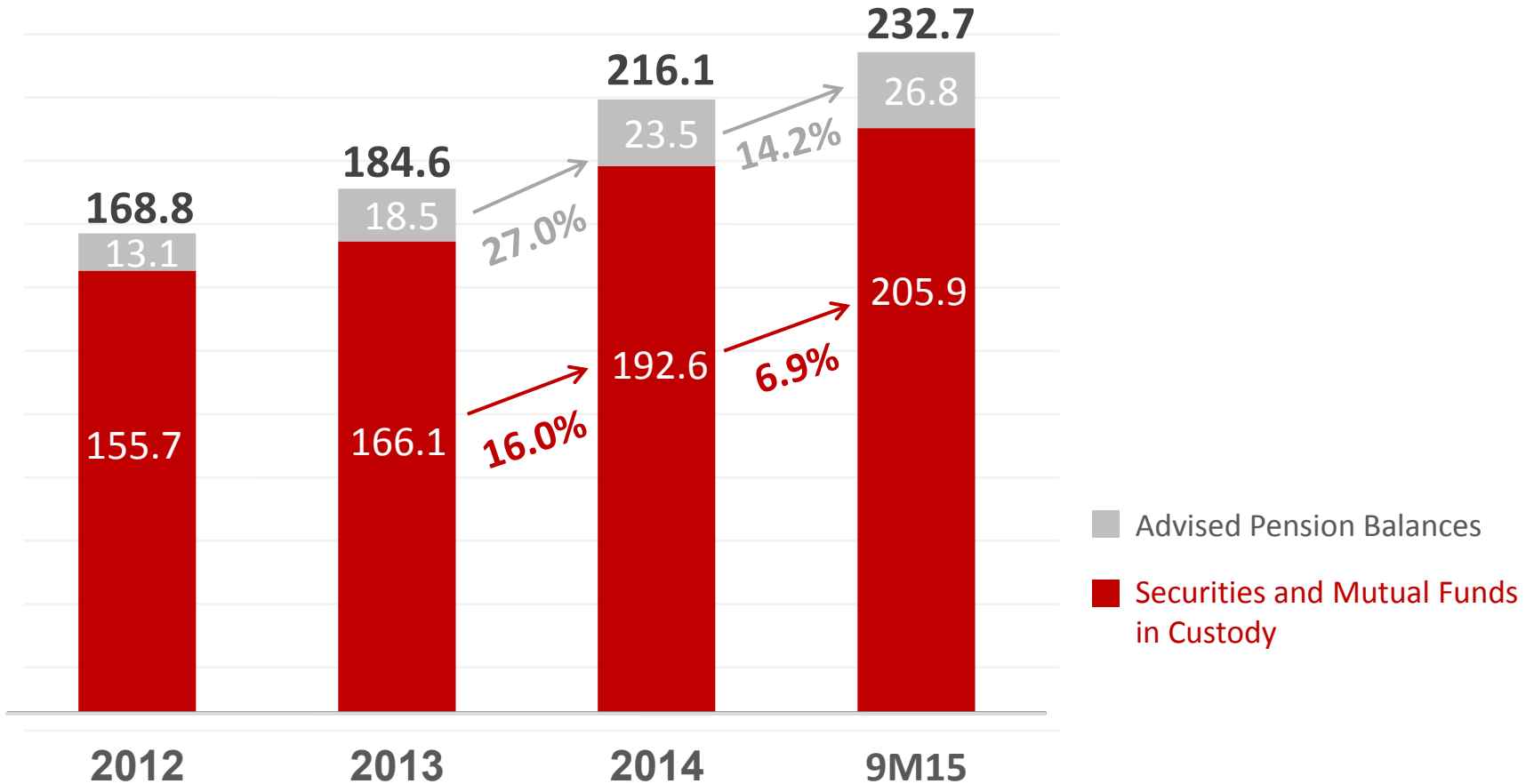






# INCREASE IN RETAIL CLIENTS AUM

NIS BILLIONS



NOTE: Average yearly balances



# INCREASE IN FEES AND OTHER INCOME

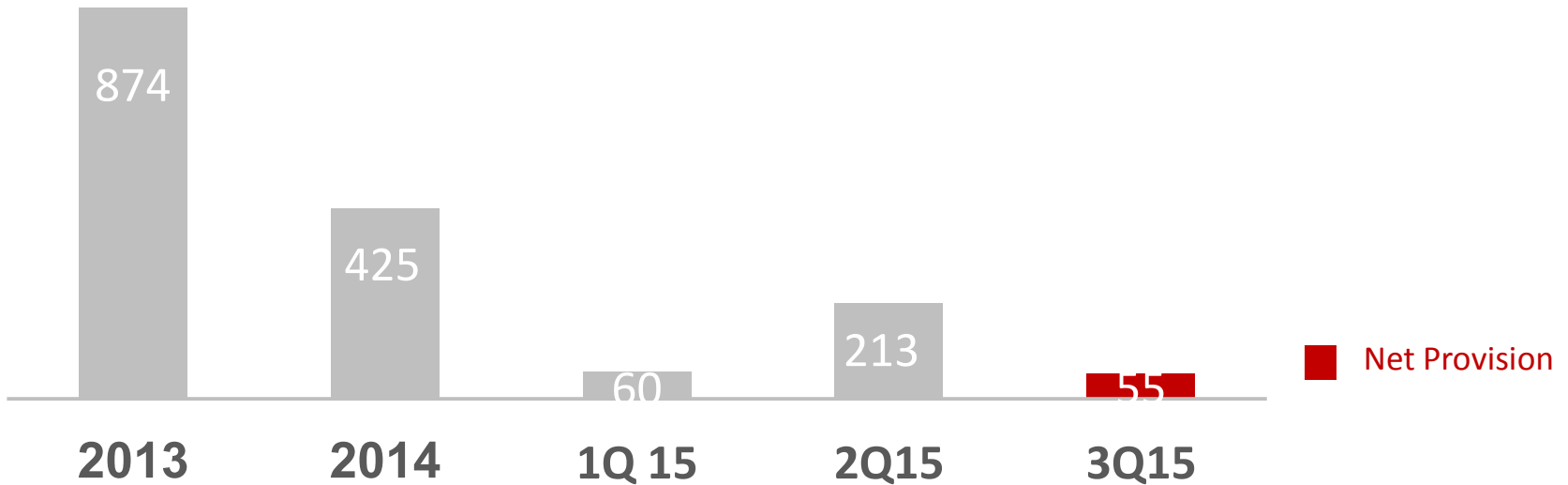
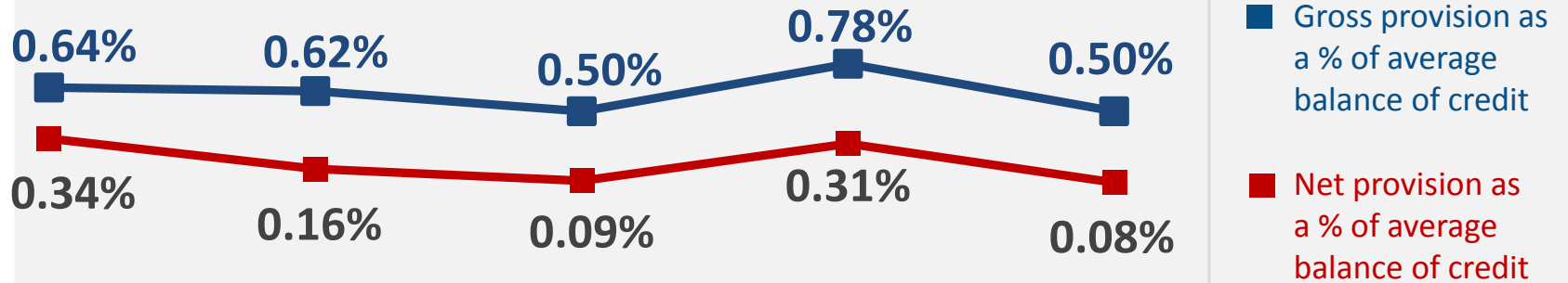
## NIS MILLIONS

	3Q 14	2Q 15	3Q 15	Change y-o-y
Securities Activity	245	261	244	(0.4%)
Credit Cards	426	420	455	6.8%
Account Management	249	251	244	(2.0%)
Credit Handling	43	54	54	25.6%
Financing Transactions	135	133	137	1.5%
Other Fees	185	194	195	5.4%
Other Income	21	31	25	19.0%
<b>Total</b>	<b>1,304</b>	<b>1,344</b>	<b>1,354</b>	<b>3.8%</b>



# PROVISION FOR CREDIT LOSSES

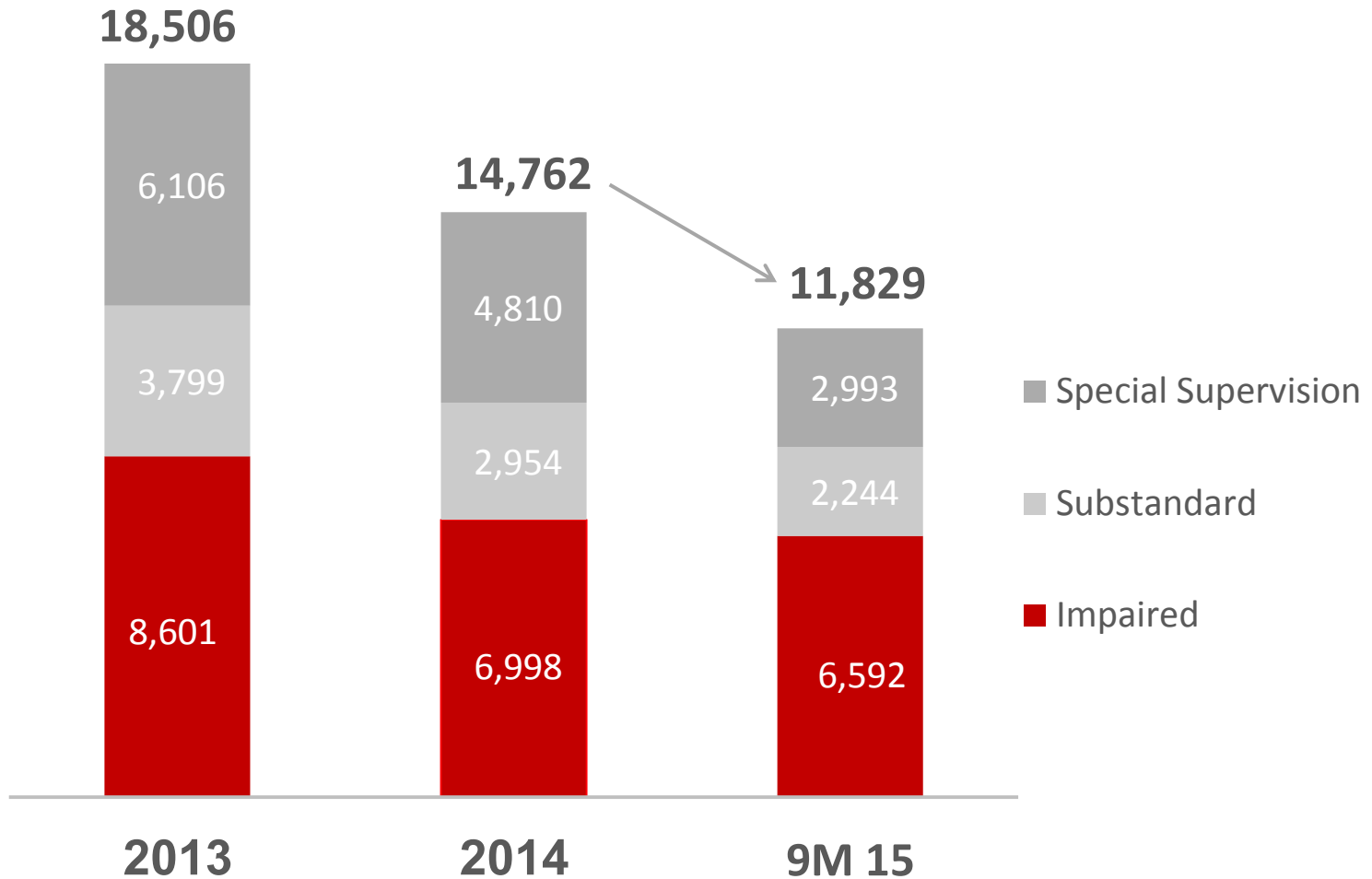
NIS MILLIONS





# PROBLEMATIC DEBTS

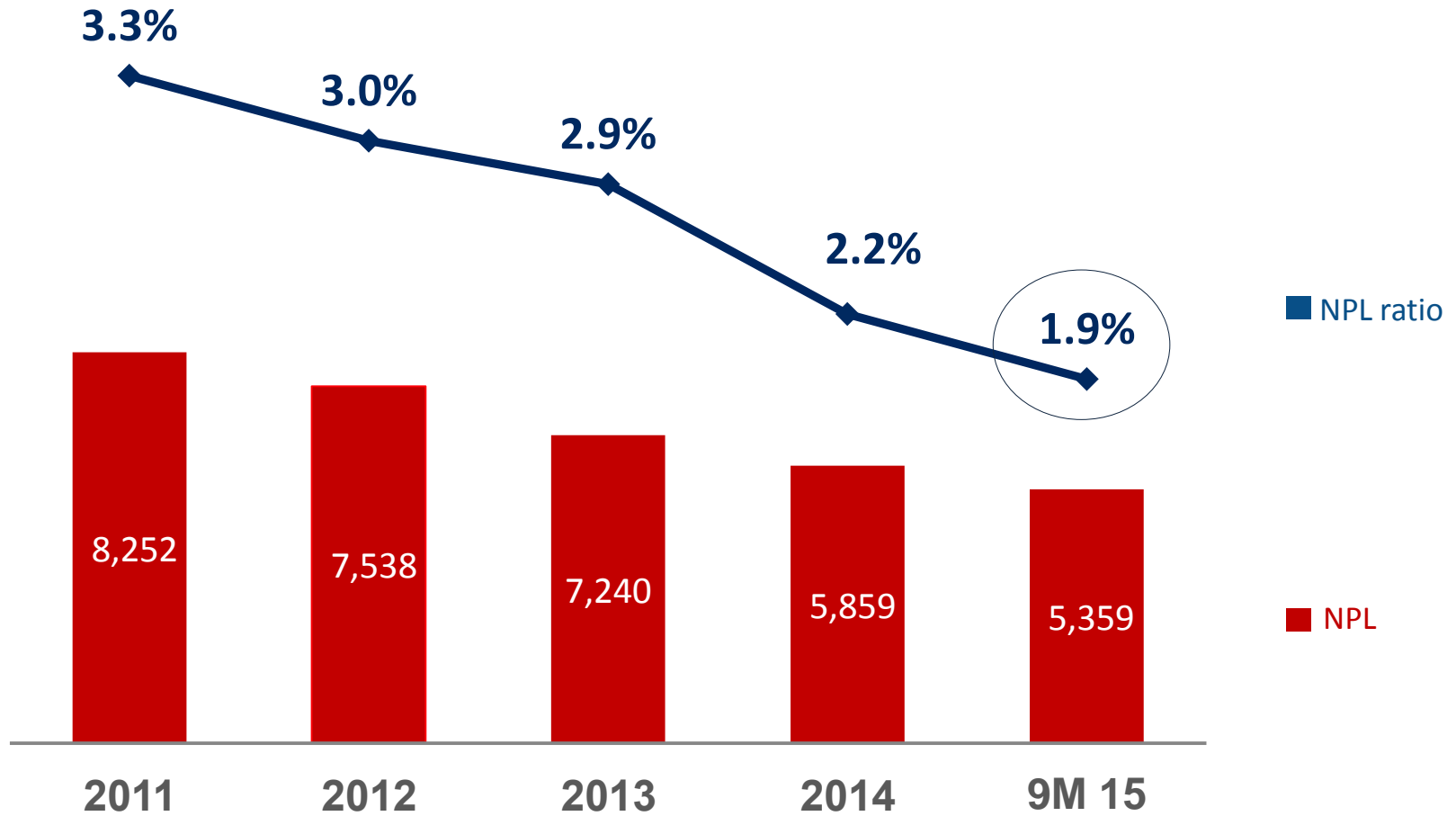
NIS MILLIONS





# NON-PERFORMING LOANS

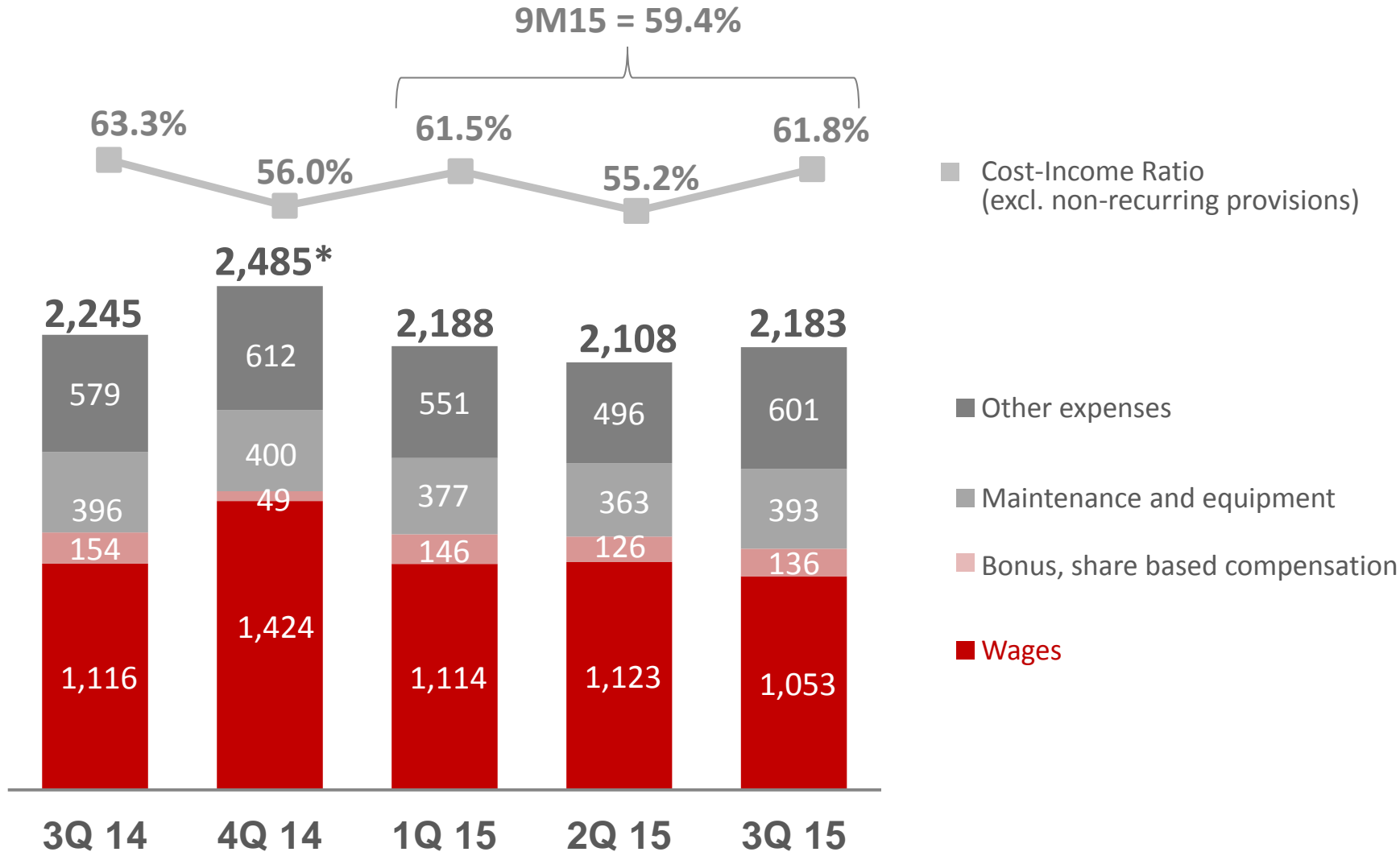
NIS MILLIONS





# OPERATING AND OTHER EXPENSES

NIS MILLIONS

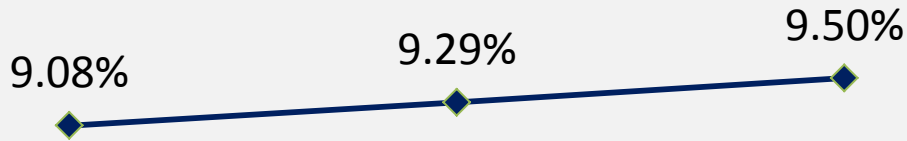


\* Includes non-recurring provisions with respect to efficiency plan and banking services to US clients



# CAPITAL ADEQUACY

NIS MILLIONS

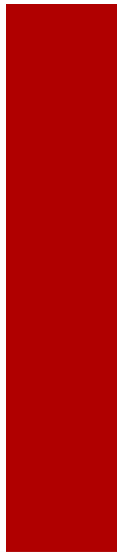


### Capital Targets, Basel 3:

Jan. 1, 2015 → 9.0%

Jan. 1, 2017 → 10.2%

28,966



31,482



32,904



### Bank's Capital Plan :

Dec. 31, 2017 → 10.75%

■ Tier 1 ratio

■ Common Equity Tier 1 capital

Jan. 1, 2014

Dec. 31, 2014

Sept. 30, 2015



## DIVIDEND PAYOUT



**20% Quarterly dividend payout**  
from net profit



**NIS 160 million**

will be paid from third quarter 2015 earnings



**NIS 499 million**

was paid for 2015 earnings

### POLICIES:

 **bank hapoalim**

20%  
declared

LUMI

0%

DSCT

0%

MZTF

15%  
declared

FIBI

50%  
policy





# THE FIRST DIGITAL BRANCH IN ISRAEL





## THIRD QUARTER 2015 SUMMARY

---



Continued growth of credit portfolio

---



Solid income generation

---



Controlling pace of expense growth;  
continuing to place effort on efficiency

---



Israel's largest and leading financial institution



**THANK YOU!**

**For more information contact:**

**Ms. Effie Werber**

Head of Investor Relations

Tel: +972-3-567-3440

Email: [effie.werber@poalim.co.il](mailto:effie.werber@poalim.co.il)