

# Third Quarter 2017 Results Presentation

28 November, 2017



# Disclaimer

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This presentation does not substitute Bank Hapoalim's Quarterly Financial Statement as at 30 September, 2017 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.

## Q3 2017 highlights

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Business fundamentals continue to track well

Strong profitability impacted by two items:

- Provision of NIS 110 million associated with discontinuation of activity in Switzerland
- Provision of NIS 282 million for US investigation

Continued growth in credit portfolio, high quality asset book

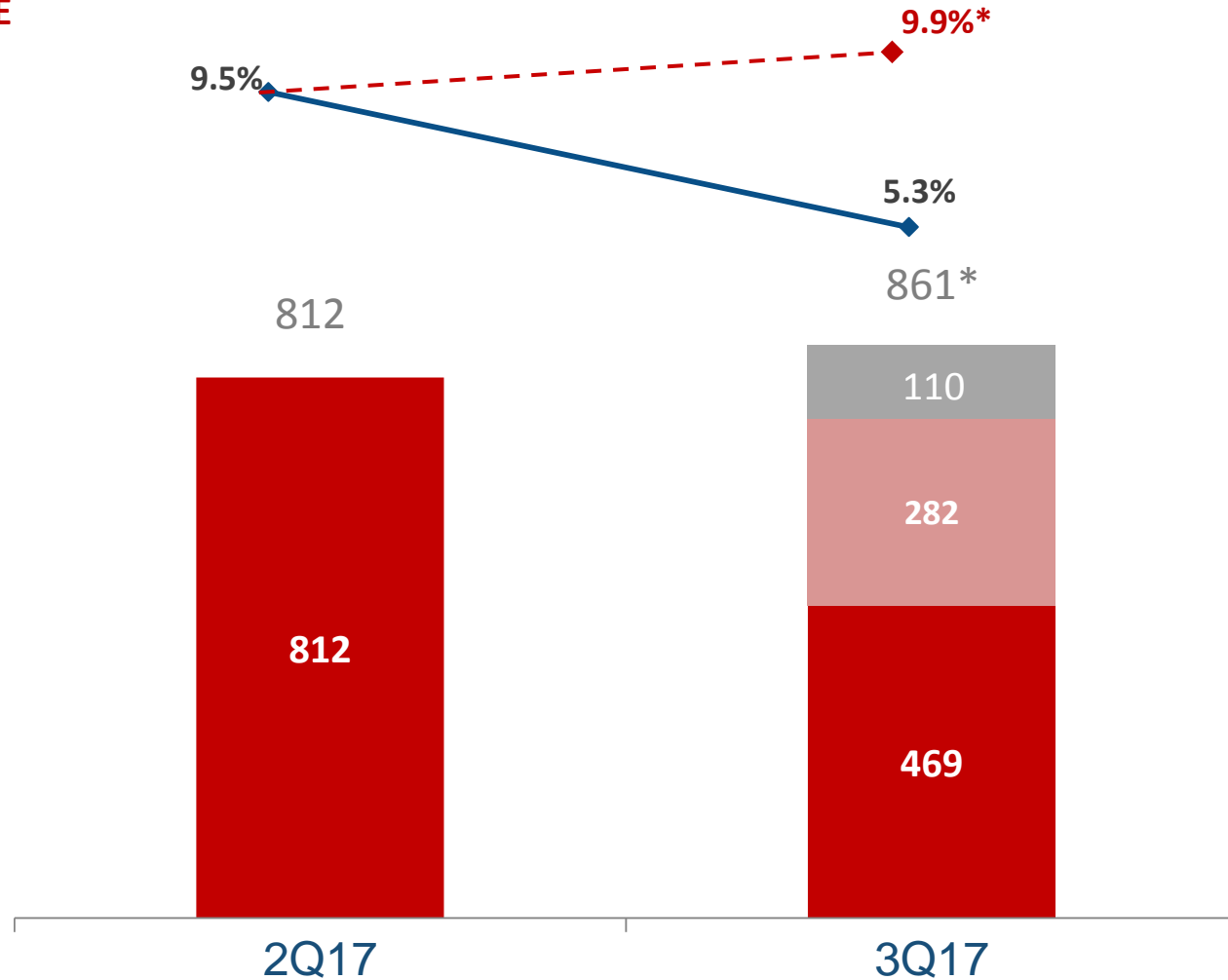
Improved financial profit

Maintaining high efficiency measures

# Maintaining strong profitability

[NIS Millions]

## Net profit and ROE



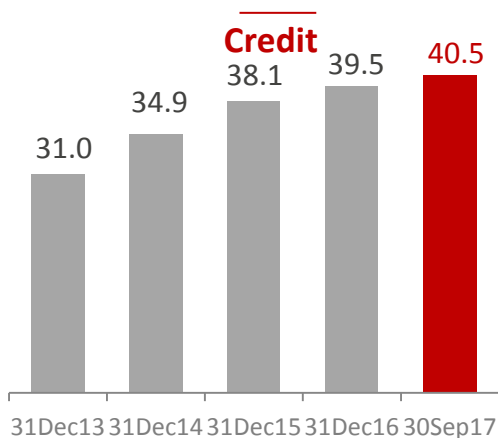
\* Excluding provisions made with respect of discontinuation of activity in Switzerland and US Investigation.

# Continued growth in strategic segments

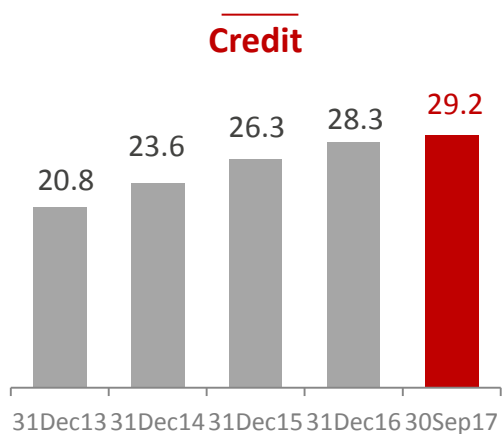
[NIS Billions]



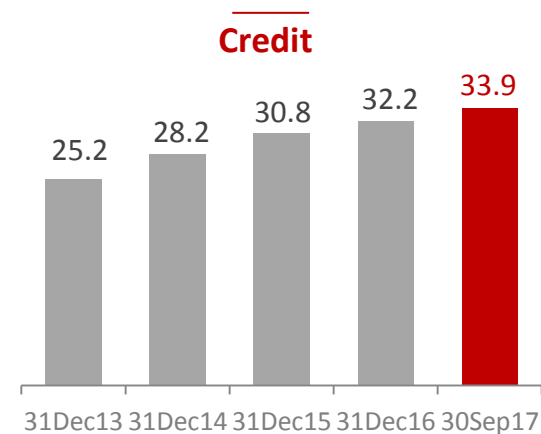
## Consumers



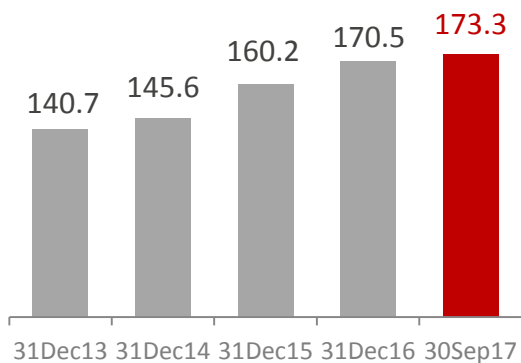
## Small Businesses



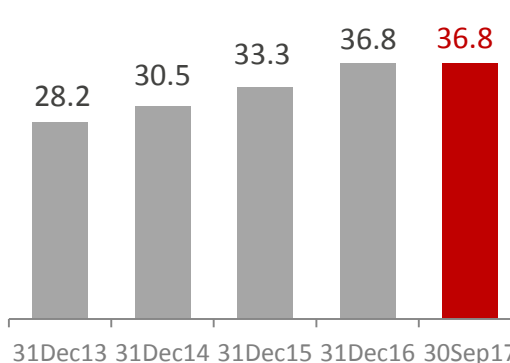
## Commercial



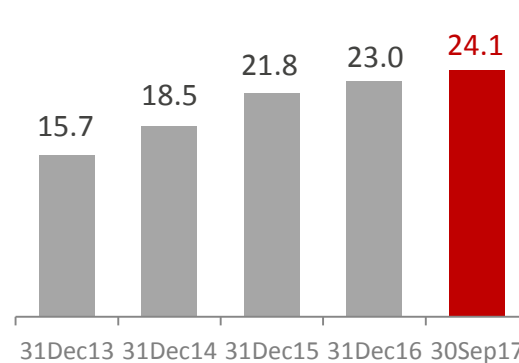
## Deposits



## Deposits

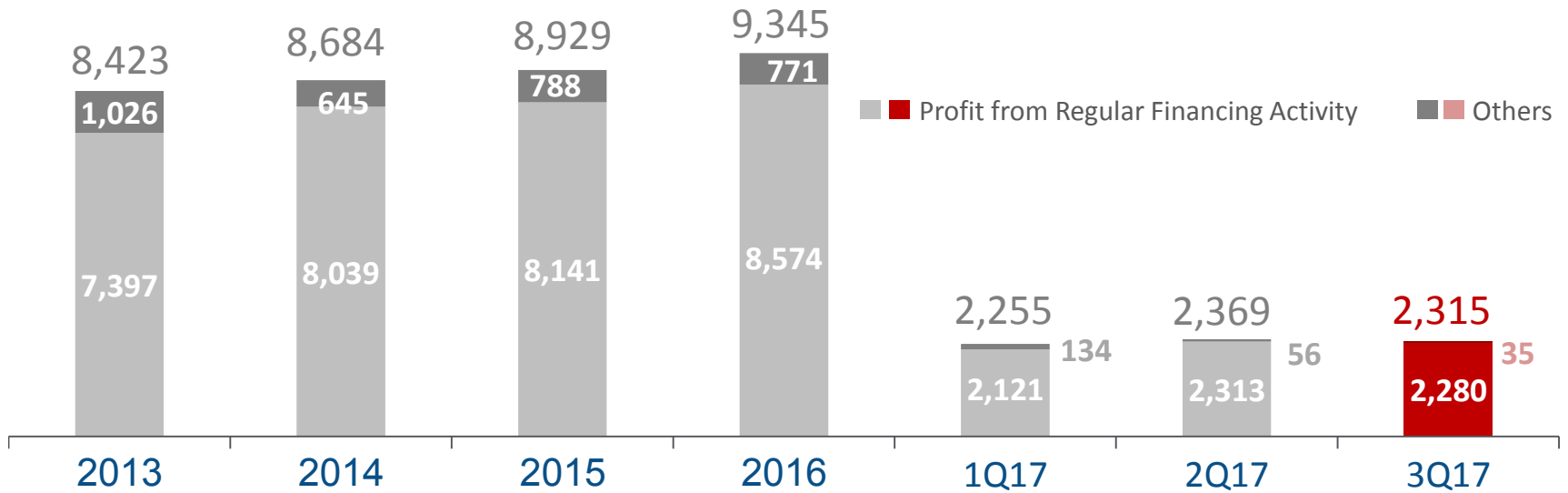
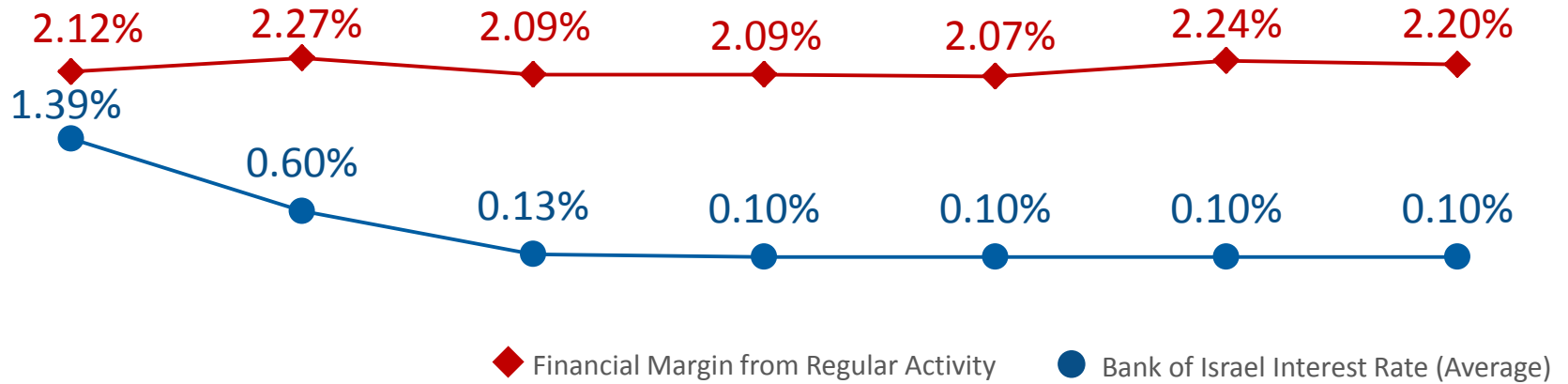


## Deposits



# Maintaining high margins in low interest environment

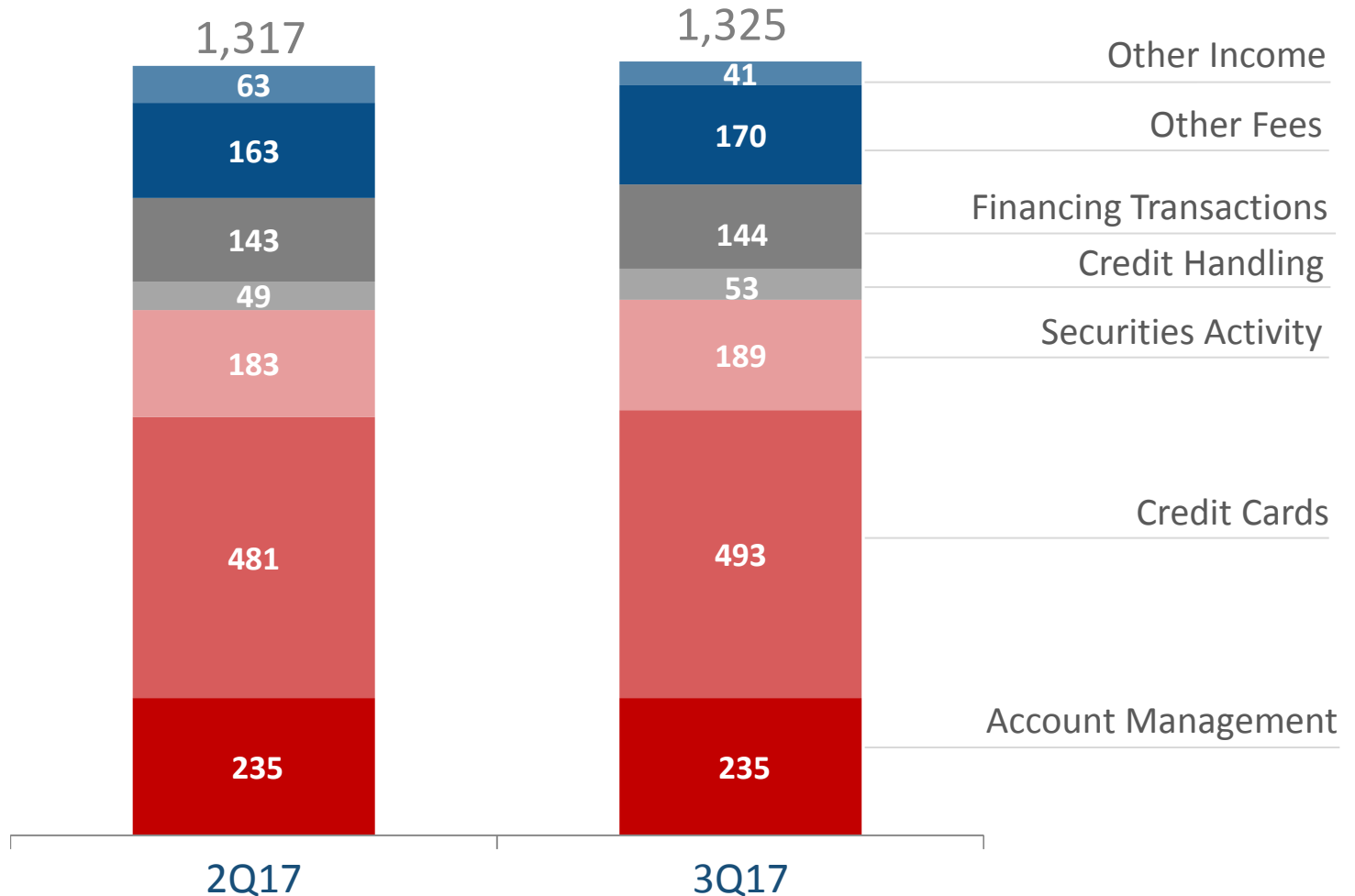
[NIS Millions]



Note: Net financing income includes net interest income and non-interest financing income

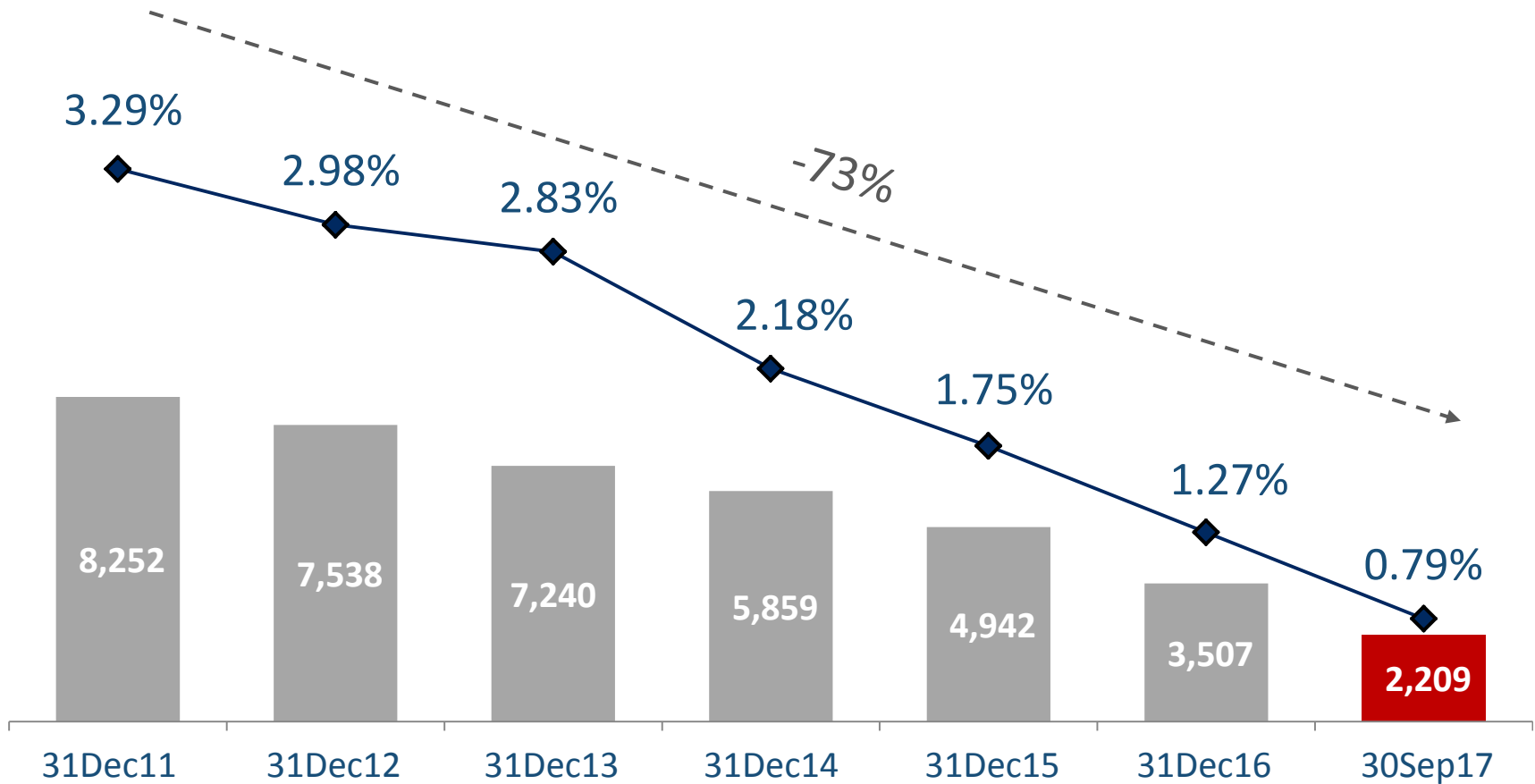
# Consistent and diverse fee income

[NIS Millions]



# Continuous improvement in loan quality

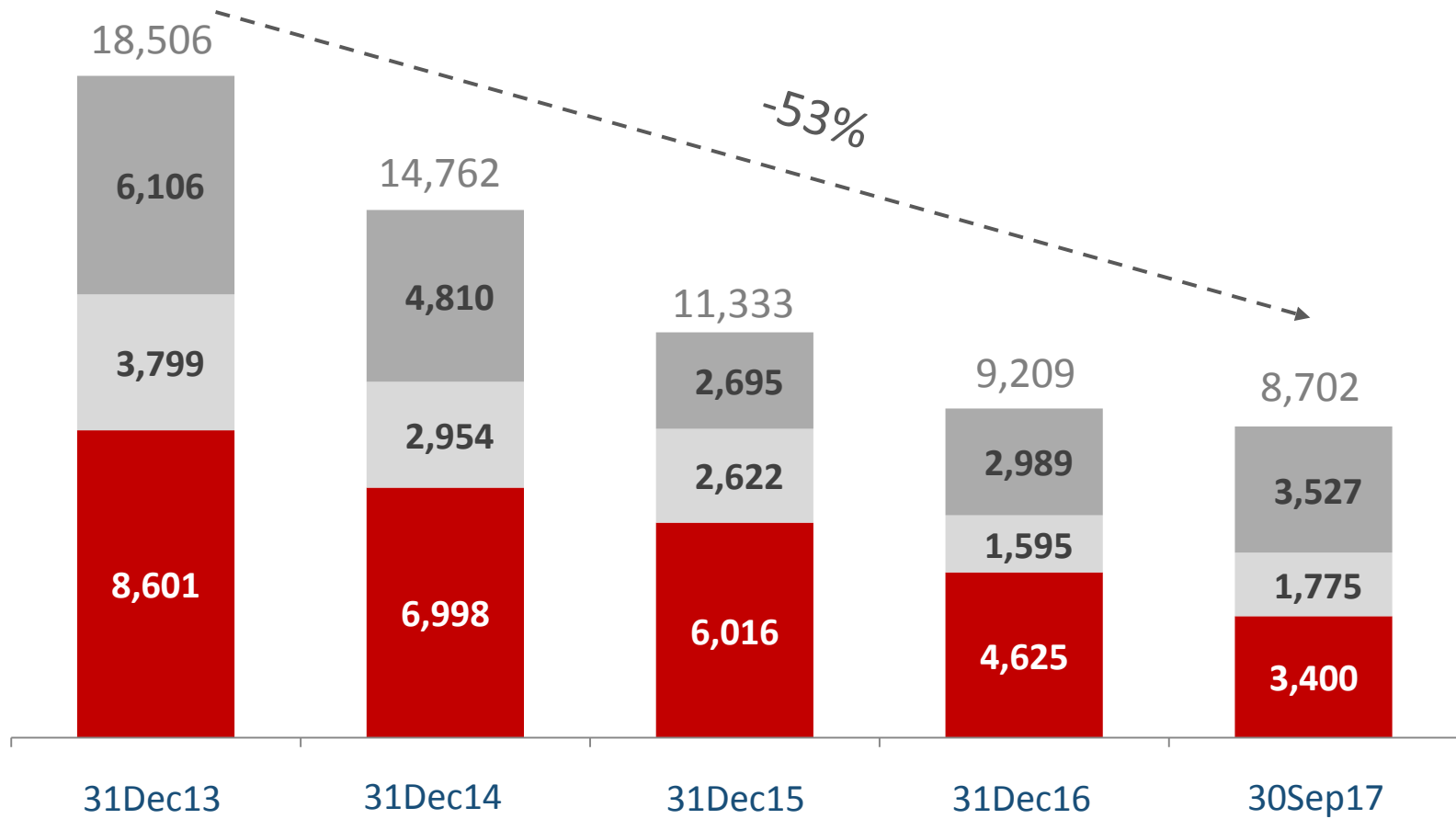
[NIS Millions]



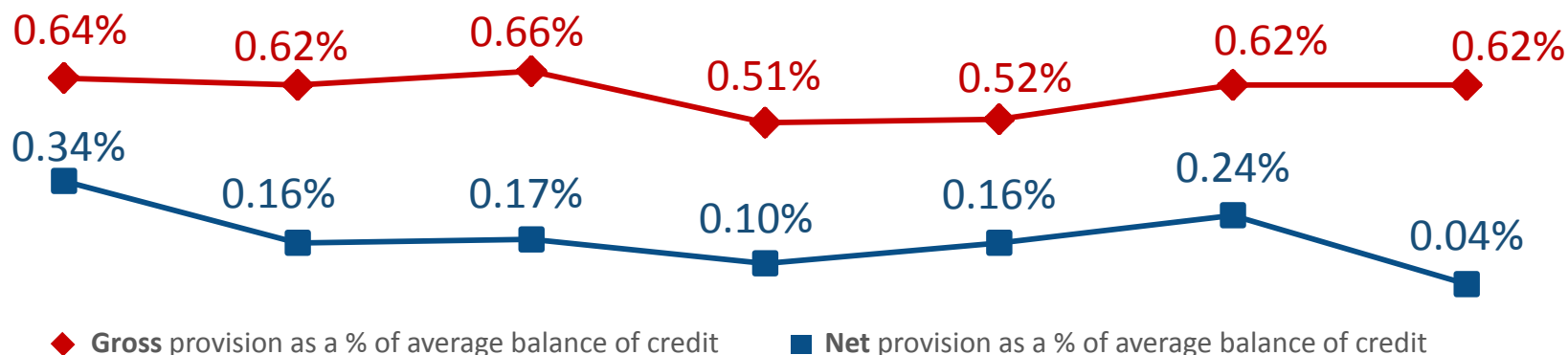


# High quality loan book

[NIS Millions]

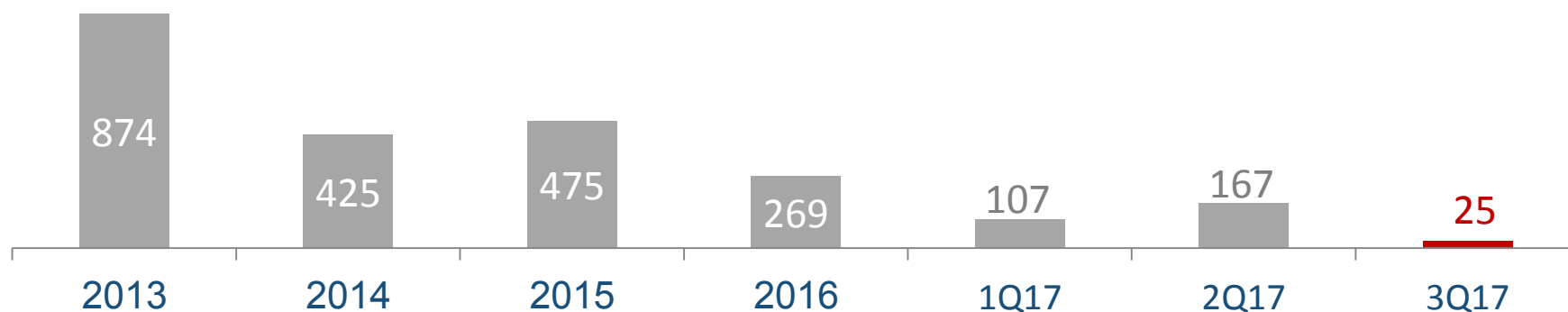


## Low provision for credit losses driven by a quality loan book and conservative approach



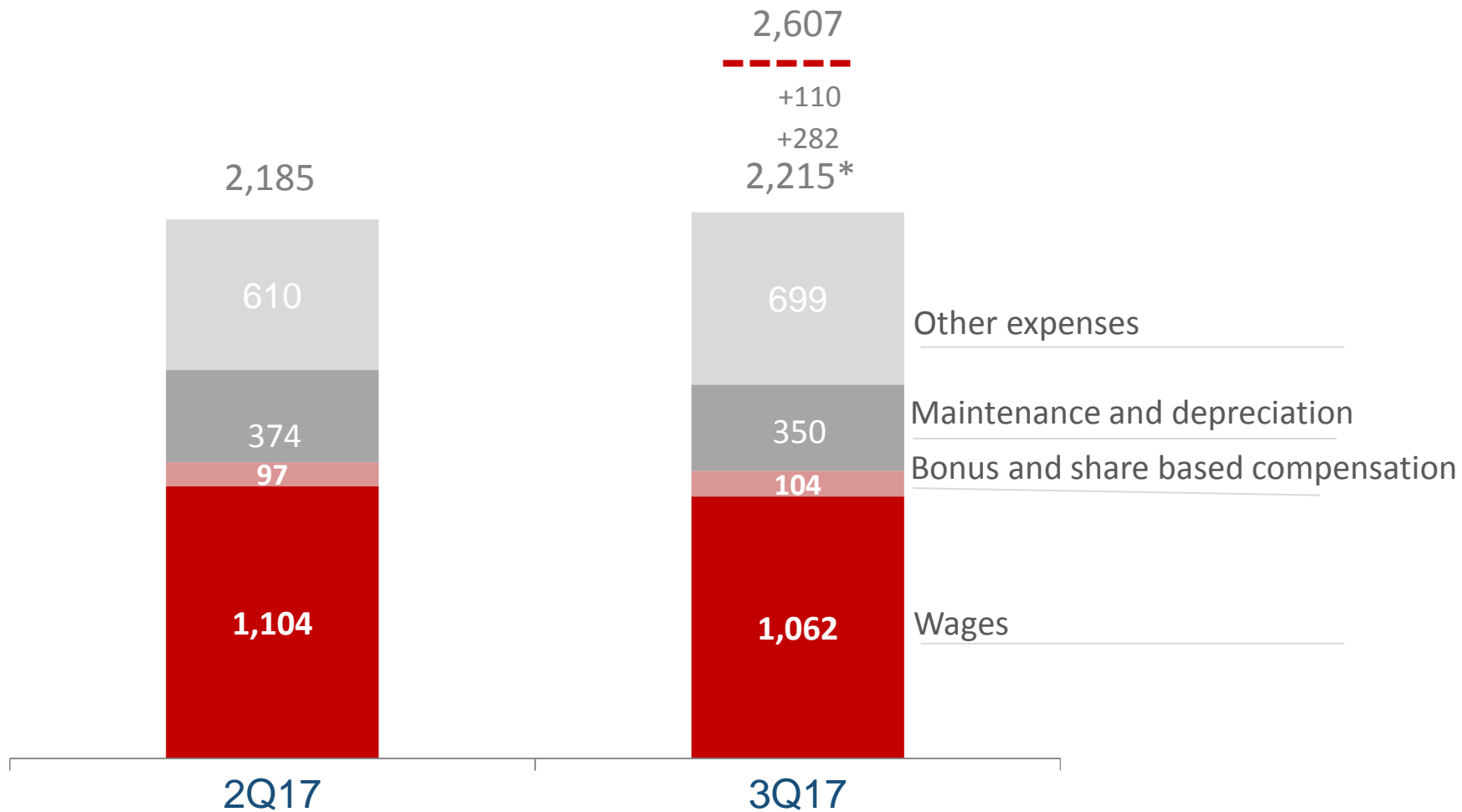
### Net provision for credit losses

[NIS Millions]



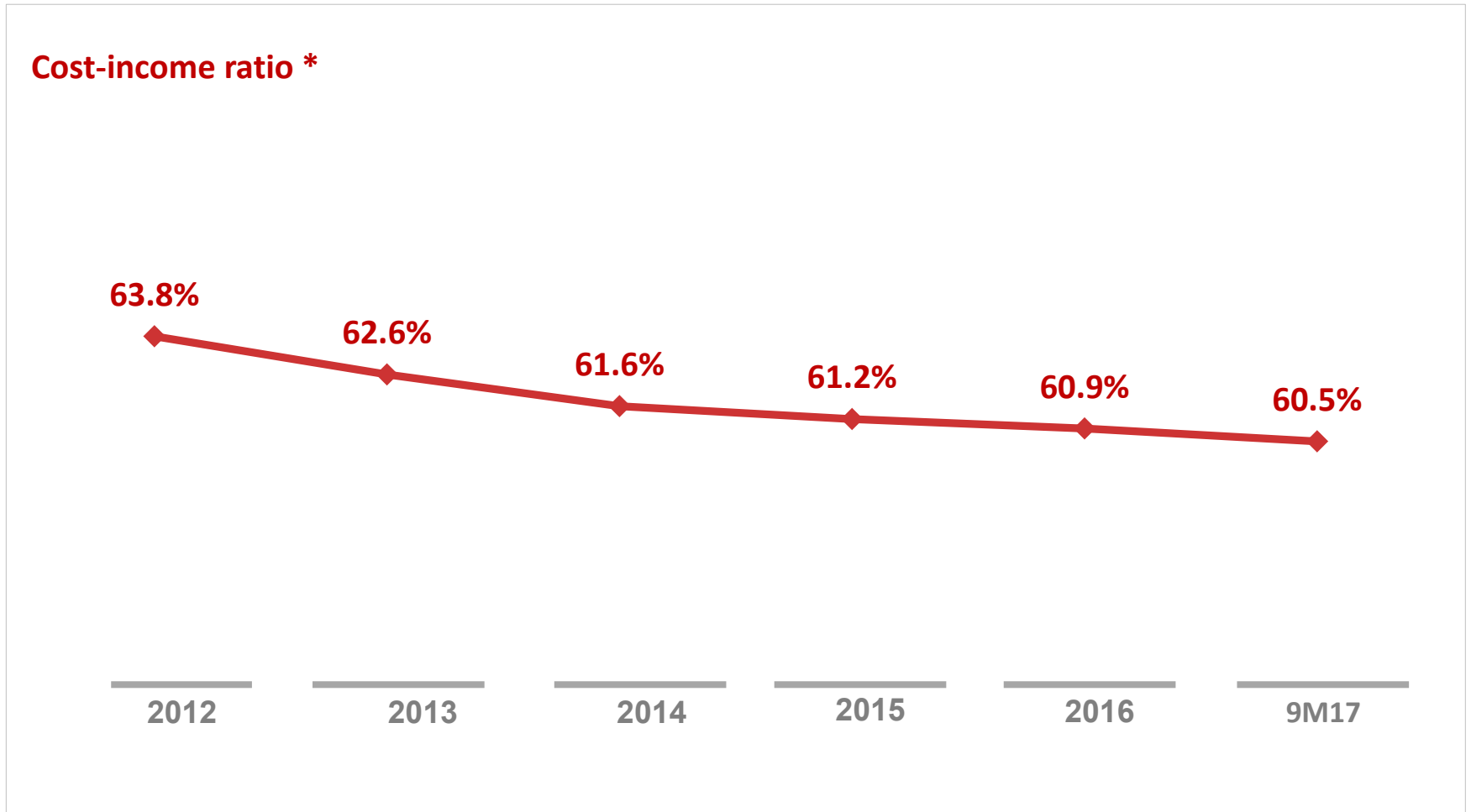
# Efficiency measures on track

[NIS Millions]



\* Excluding provisions made with respect of discontinuation of activity in Switzerland and US Investigation.

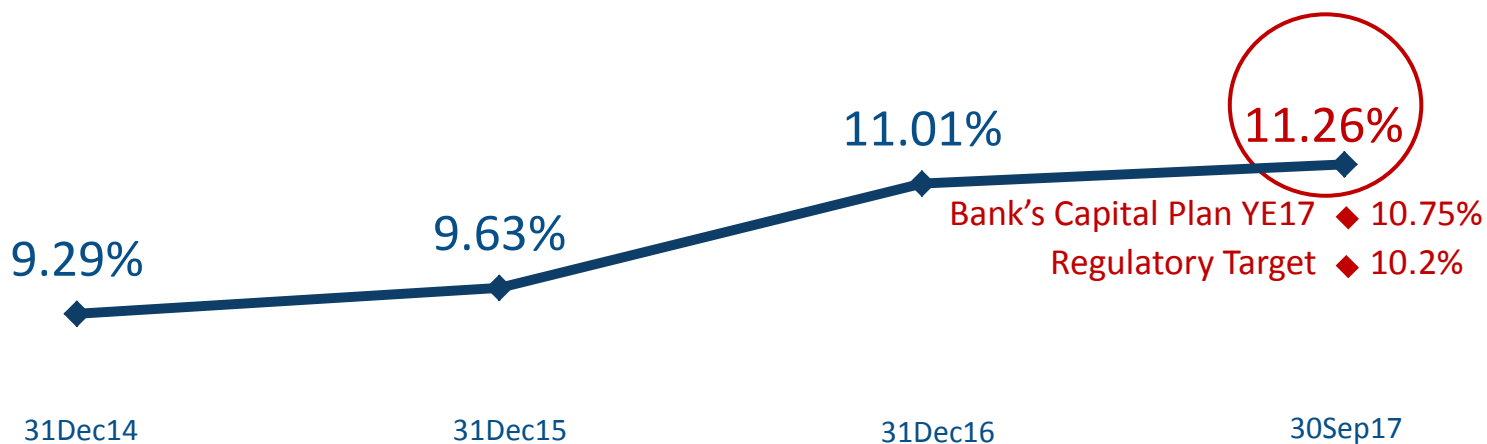
# Efficiency as a way of life



\* Excluding provisions made with respect of efficiency program, costs associated with discontinuation of activity in Switzerland and US Investigation.

## Surpassed capital targets

### ➤ Tier 1 Capital Ratio



➤ Total Capital Ratio 14.85%

➤ Total Capital Target 13.7%

➤ Leverage Ratio 7.37%

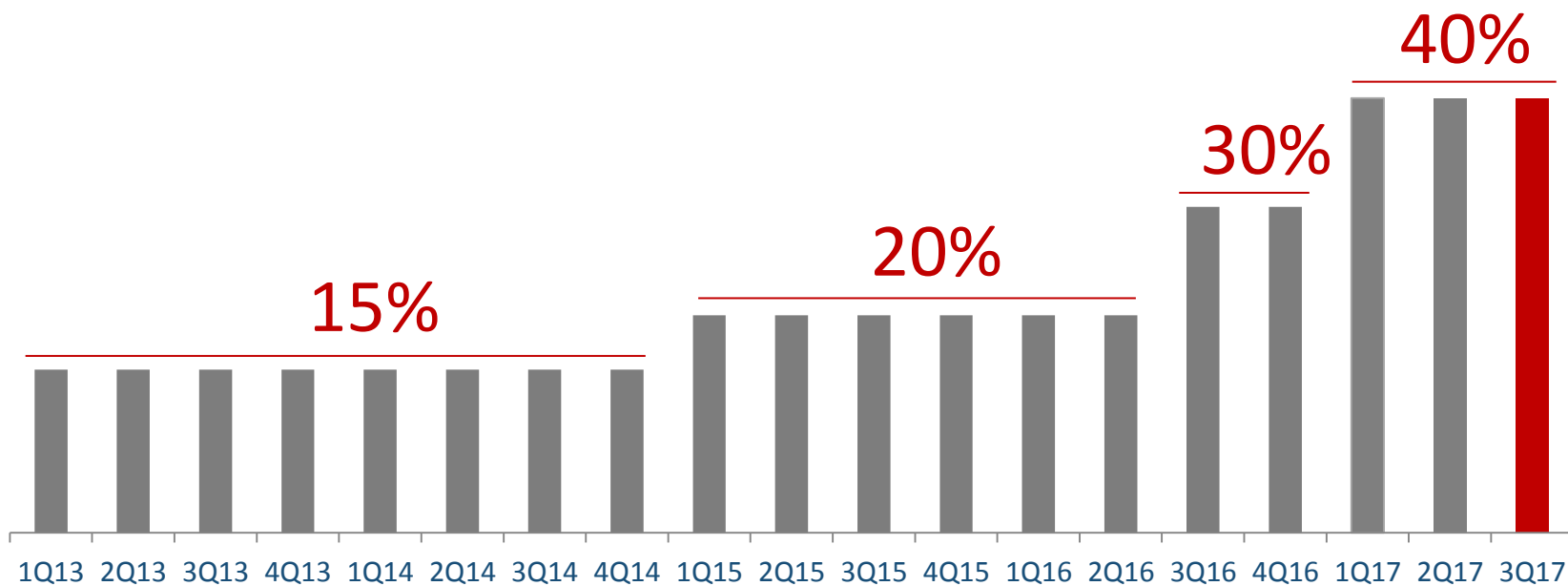
# Meaningful dividend yield

**NIS 820M**

With Respect to 9M17 Net Profits

**NIS 188M**

With Respect to 3Q17 Net Profits



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**Thank You**



The background features a series of overlapping, curved lines in shades of gray and red, creating a sense of motion and depth. In the lower right quadrant, there is a faint, stylized bar chart with several vertical bars of varying heights. A white arrow points from the right towards the center of the chart area.

**Appendix**



## Israeli economy - robust macro environment

	2016	2017E	2018F
Gross domestic product	2.5%	3.2%	3.2%
Unemployment	5.3%	4.2%	4.4%
Budget deficit (% of GDP)	2.2%	2.0%	2.9%
Inflation	(1.0%)	0.3%	0.8%
Bank of Israel interest rate	0.1%	0.1%	0.1%
NIS-USD exchange rate	3.90	3.55	3.55

SOURCE: CBS, Bol, Bank Hapoalim Forecast

## Solid P&L performance

[NIS Millions]

3 months ended:	<b>30.9.16</b>	<b>30.6.17</b>	<b>30.9.17</b>
Total Net Financing Profit	2,196	2,369	<b>2,315</b>
Fees and Other Income	1,386	1,317	<b>1,325</b>
Total Income	3,582	3,686	<b>3,640</b>
Provision for Credit Losses	(118)	167	<b>25</b>
Operating and Other Expenses	2,445	2,185	<b>2,607</b>
Profit Before Taxes	1,255	1,334	<b>1,008</b>
Provision for Taxes on Profit	561	524	<b>561</b>
Net Profit	699	812	<b>469</b>
Return on Equity (ROE)	8.3%	9.5%	5.3%

## Strong and diversified balance sheet

[NIS Millions]

3 months ended:	30.9.16	31.12.16	30.9.17
Cash on hand and Deposits with Banks	71,759	80,378	85,606
Securities	65,215	71,449	64,196
Net Credit to the Public	277,539	271,957	275,505
Deposits from the Public	326,244	338,502	342,747
Deposits from Banks	3,508	4,377	3,544
Bonds and Subordinated Notes	35,836	33,560	29,411
Shareholders' Equity	34,119	34,047	35,591
Total Balance Sheet	440,188	448,105	449,815