



# Q/3

## Bank Hapoalim

# Results Presentation

November 30, 2011



# Safe Harbor Statement

This document has been prepared by Bank Hapoalim solely for use at the company's presentation of third quarter 2011 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.

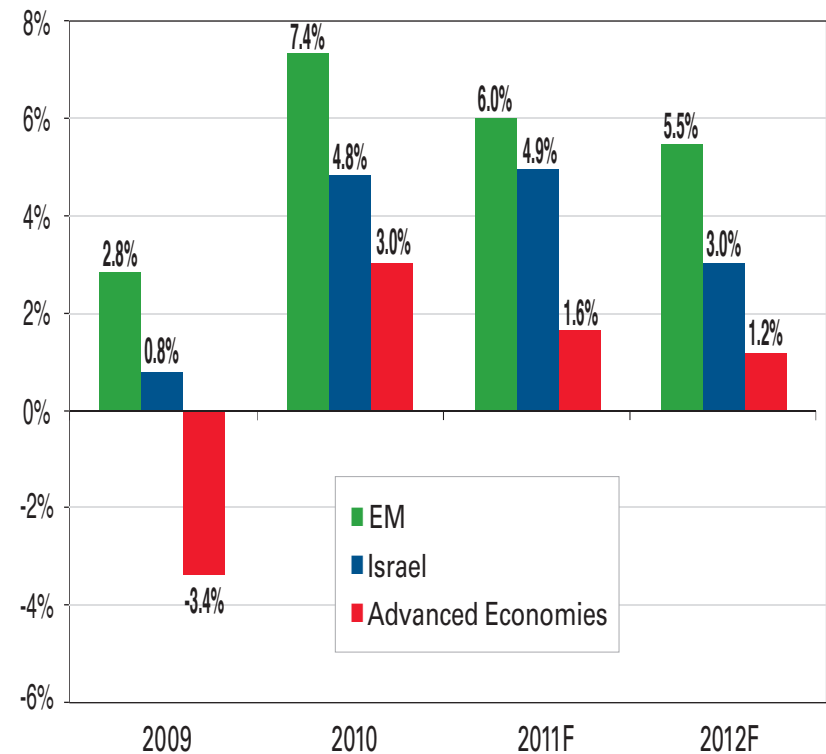
This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose. The distribution of this document may be restricted by law, and persons into whose 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.

# The Israeli Economy: Update

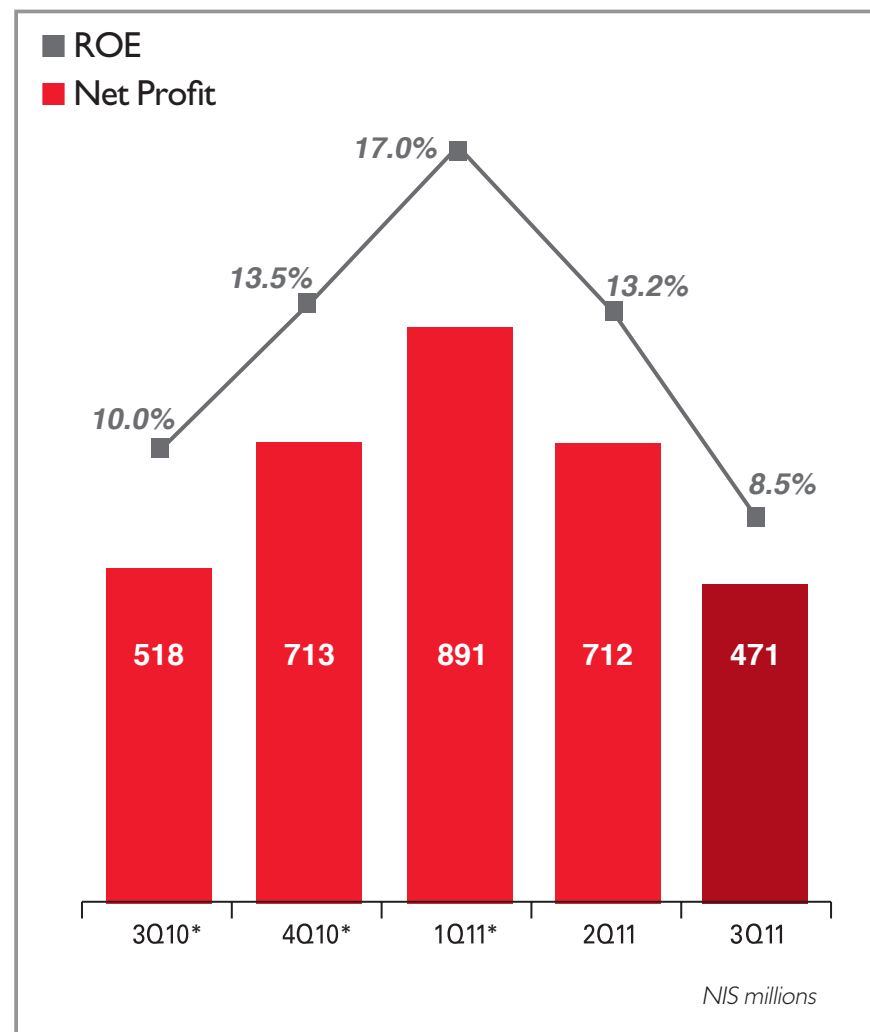
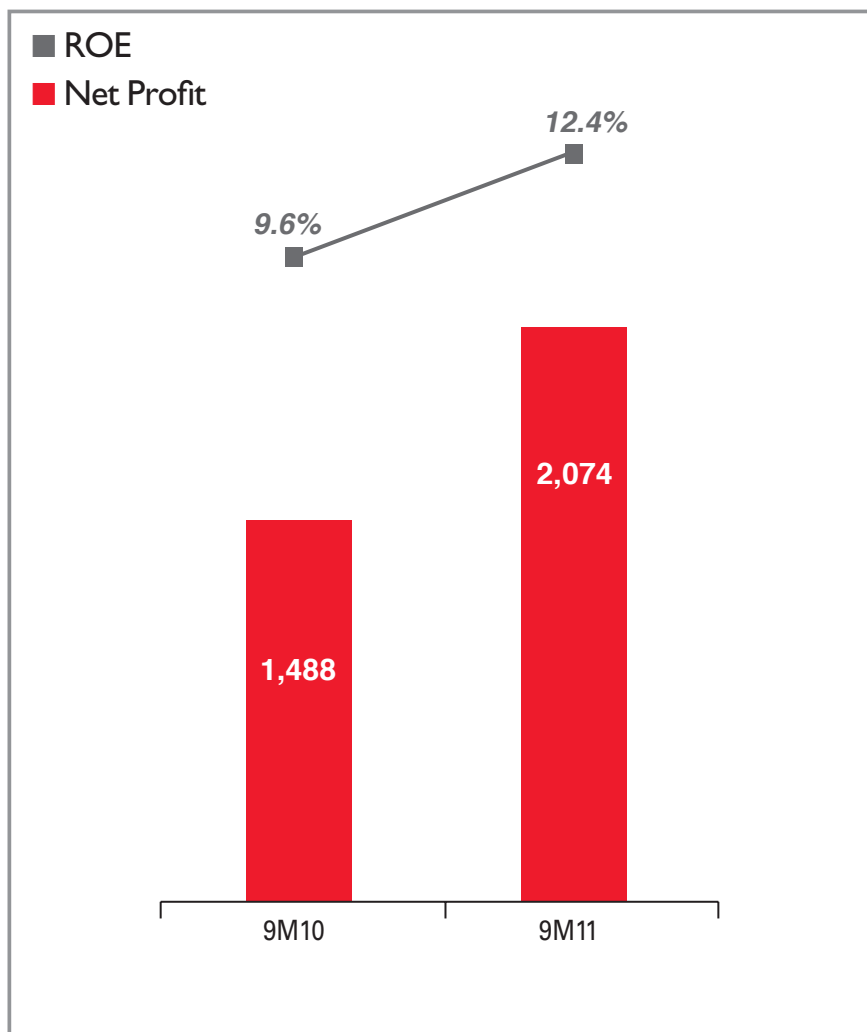
- The Israeli economy grew in Q3 at a reasonable rate of 3.4% in annual terms, following growth rates of 4.5% and 3.5% in the previous two quarters.
- We assume that the world economy is not going into a double-dip, but to a period of low growth (3.5% for the world) and perhaps a recession in Europe. We believe that the favorable opening conditions in Israel and the fact that no austerity plan is needed, will help to maintain a reasonable growth rate of 3.0% in 2012.
- Foreign trade growth, both exports and imports, is expected to slow considerably. The current account should be balanced.
- Since growth is below the preliminary plan, we believe the budget deficit will exceed the target by 2% and reach 4% of GDP.
- Inflation expectations are now very low, and that will enable the Bank of Israel to cut interest rates further in the coming months.

## GDP – annual growth rates



Source: IMF and BNHP economic department forecast

# Net Profit and ROE NIS millions



\* Restated - following the retroactive implementation of new accounting directives regarding financial reporting on employee benefits.

## Main Results: P&L NIS millions

	3Q11	2Q11	1Q11	4Q10	3Q10
Net Interest Income	1,750	2,142	2,252	2,133	2,053
Operating and other Income	1,207	1,224	1,275	1,315**	1,186**
Total Income	2,957	3,366	3,527	3,448**	3,239**
Provision for credit losses	498	327	14	100*	290*
<i>Credit loss provision as a % of Credit</i>	0.80%	0.55%	0.02%	0.45%	0.47%
Operating and other expenses	2,033	2,013	2,122**	2,310**	2,064
Net Operating profit	470	711	890**	701	516**
Net Profit from extraordinary transactions	1	1	1	12	2
Net Profit	471	712	891**	713	518**
ROE	8.5%	13.2%	17.0%	13.5%	10.0%

\* Data is not comparable due to new accounting directives.

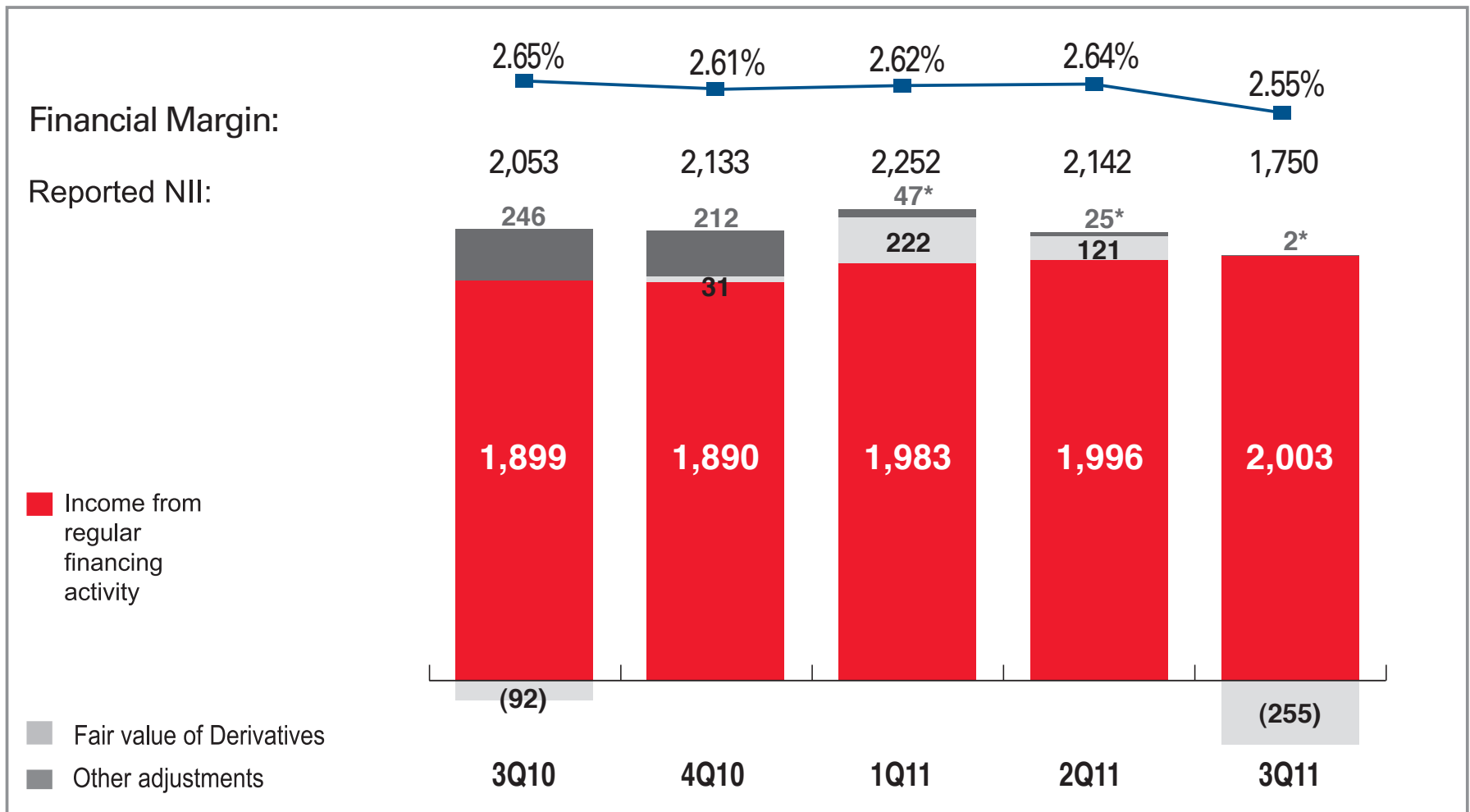
\*\* Restated - following the retroactive implementation of new accounting directives regarding financial reporting on employee benefits.

## Main Results: Balance Sheet NIS millions

	Sept 30, 2011	June 30, 2011	March 31, 2011	Dec. 31, 2010	Sept. 30, 2010
Cash on hand and deposits with banks	49,964	46,859	46,230	50,331	37,236
Securities	27,789	27,701	28,932	31,604	28,935
Credit to the public	244,577	234,069	229,835	225,288	220,665
Deposits from the public	242,931	233,237	231,769	233,965	217,554
Bonds and Debentures	32,050	29,962	28,295	27,608	25,920
Shareholders' equity	23,076	22,732	22,434*	22,561*	21,779*
<b>Total Balance Sheet</b>	<b>341,993</b>	<b>323,808</b>	<b>319,682*</b>	<b>321,089*</b>	<b>302,826*</b>

\* Restated - following the retroactive implementation of new accounting directives regarding financial reporting on employee benefits.

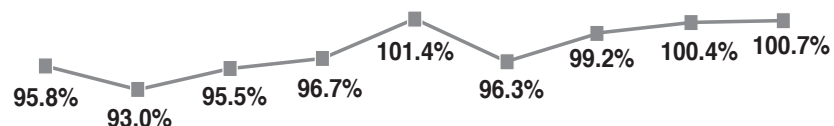
# Net Interest Income NIS millions



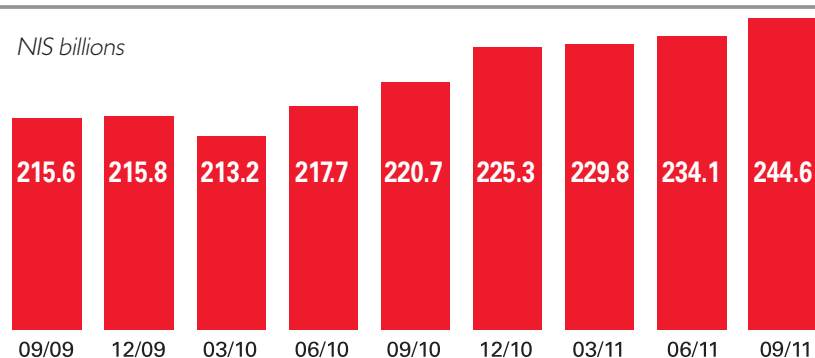
\* Interest income with respect to impaired debts that can be recognized within financing profit decreased significantly as a result of new accounting directives.

# Net Credit to the Public

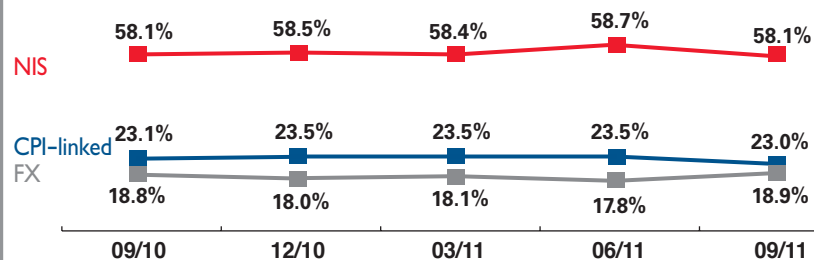
## Loan to Deposit Ratio



NIS billions



## Share of Credit by Currency

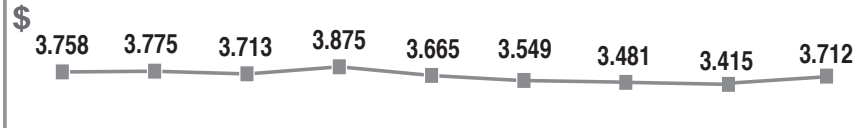


## Net Credit to the Public by Segment

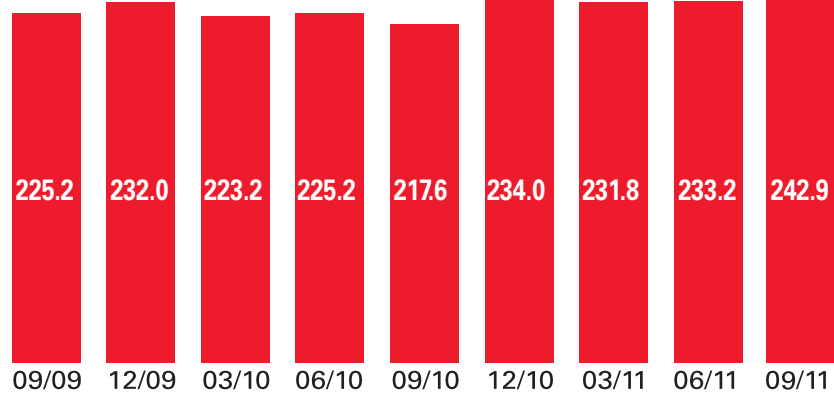
	Sept. 30, 2011 <i>NIS millions</i>	Dec. 31, 2010 <i>NIS millions</i>	change
Households	61,529	57,666	6.7%
Private Banking	27,489	23,932	14.9%
Small Business	22,486	21,384	5.2%
<b>Total Retail</b>	<b>111,504</b>	<b>102,982</b>	<b>8.3%</b>
Commercial	24,041	21,575	11.4%
Corporate	104,903	96,760	8.4%
Others and Adjustments	4,129	3,971	4.0%
<b>TOTAL</b>	<b>244,577</b>	<b>225,288</b>	<b>8.6%</b>
<b>Of which:</b>			
Consumer Credit in Israel	55,764	54,059	3.2%
Mortgages in Israel	48,665	42,929	13.4%

# Deposits from the Public

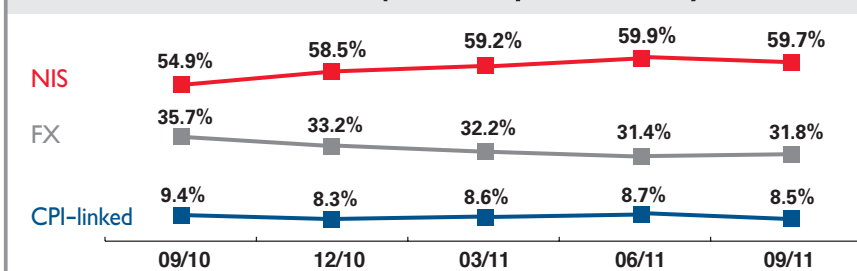
\$-shekel exchange rate



NIS billions



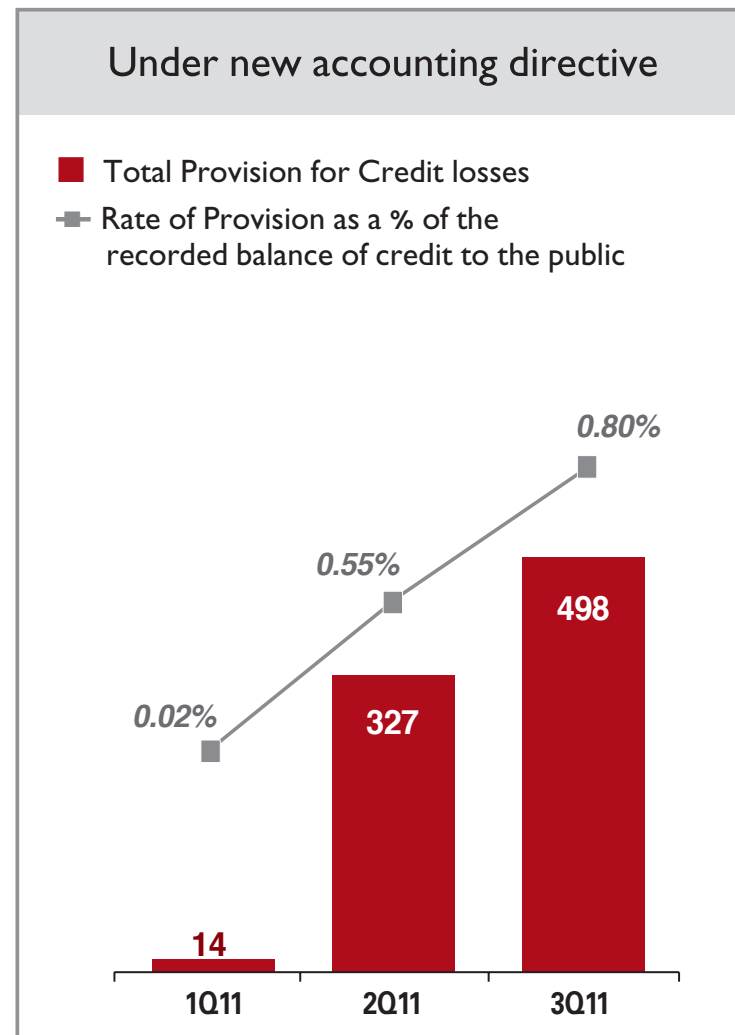
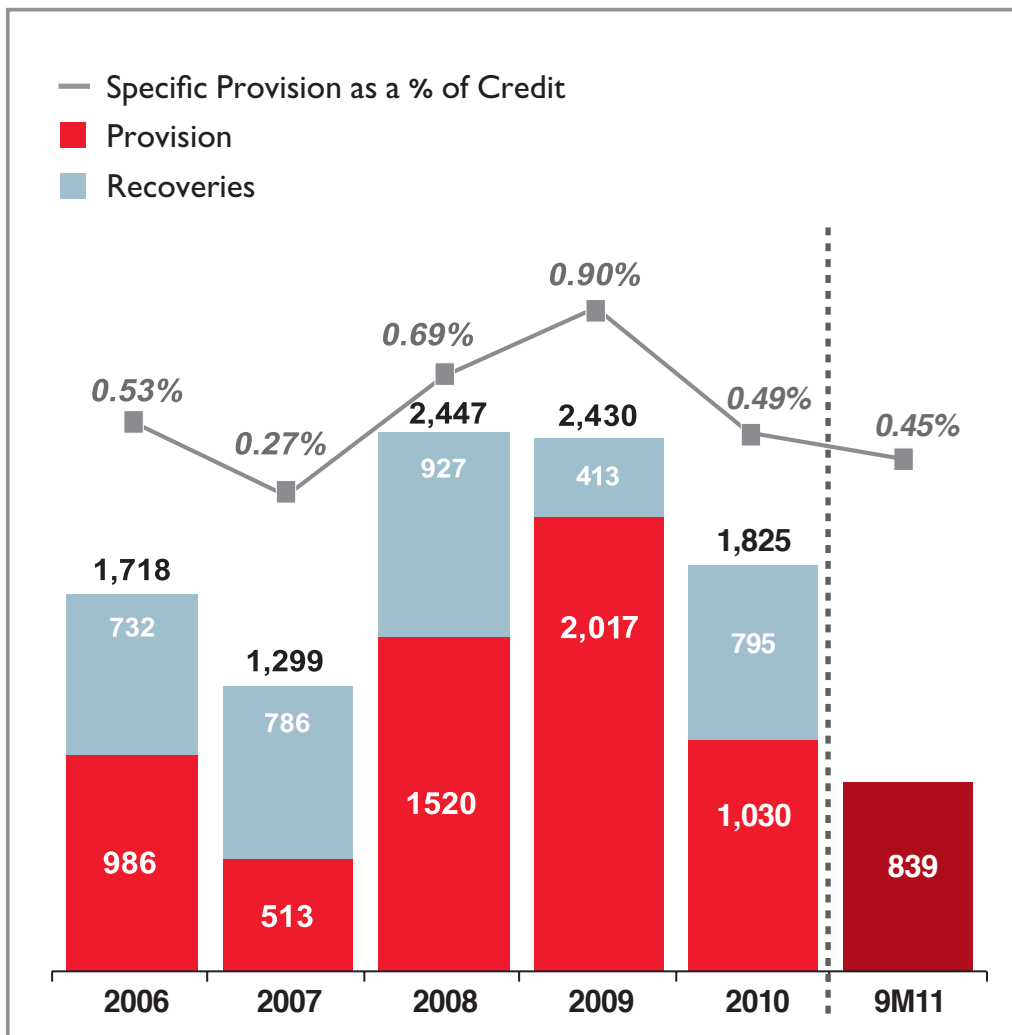
Share of Deposits by Currency



Deposits from the Public by Segment

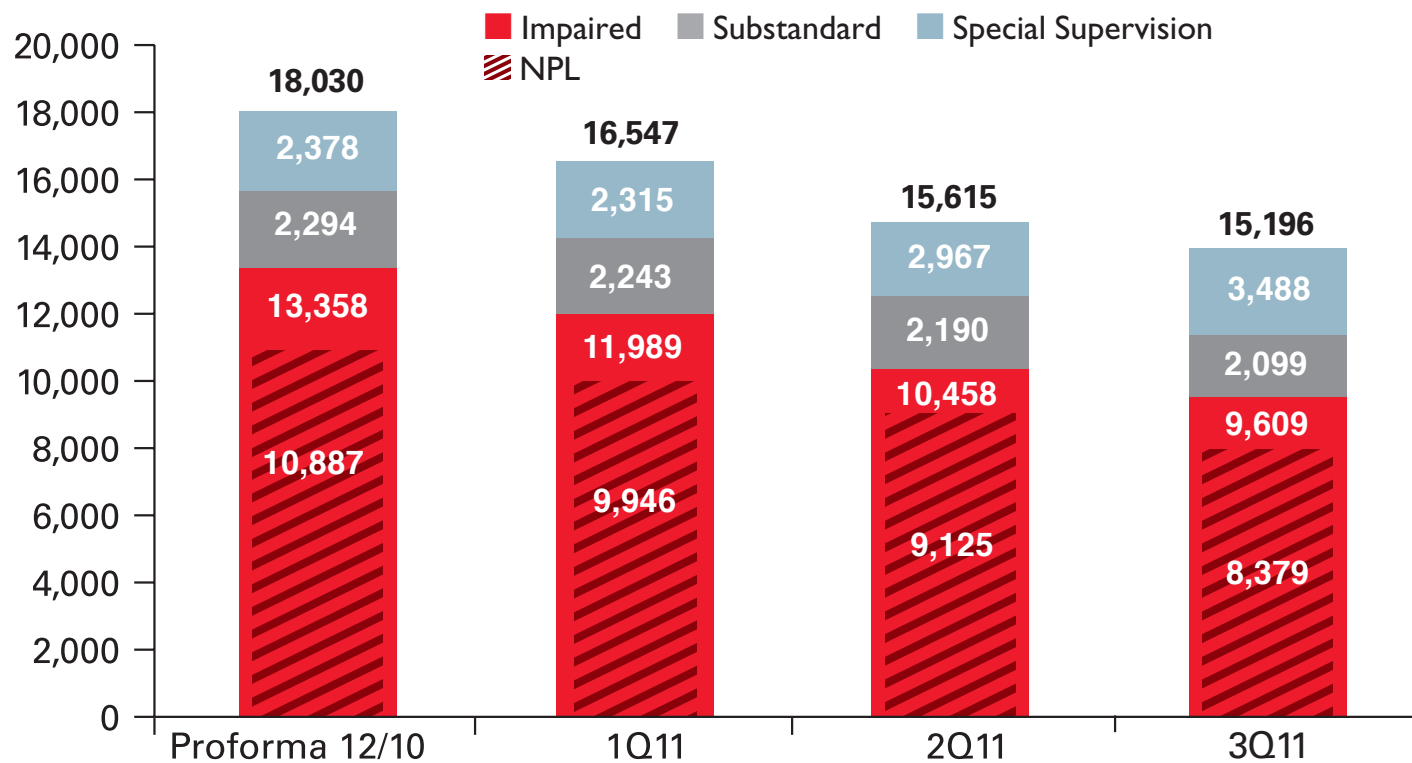
	Sept. 30, 2011 <i>NIS millions</i>	Dec. 31, 2010 <i>NIS millions</i>	change
Households	33,983	31,250	8.7%
Private Banking	119,090	107,266	11.0%
Small Business	21,689	20,216	7.3%
<b>Total Retail</b>	<b>174,762</b>	<b>158,732</b>	<b>10.1%</b>
Commercial	11,477	11,113	3.3%
Corporate	49,060	55,109	(11.0%)
Financial Management	7,632	9,011	(15.3%)
<b>TOTAL</b>	<b>242,931</b>	<b>233,965</b>	<b>3.8%</b>

# Provision for Credit Losses NIS millions



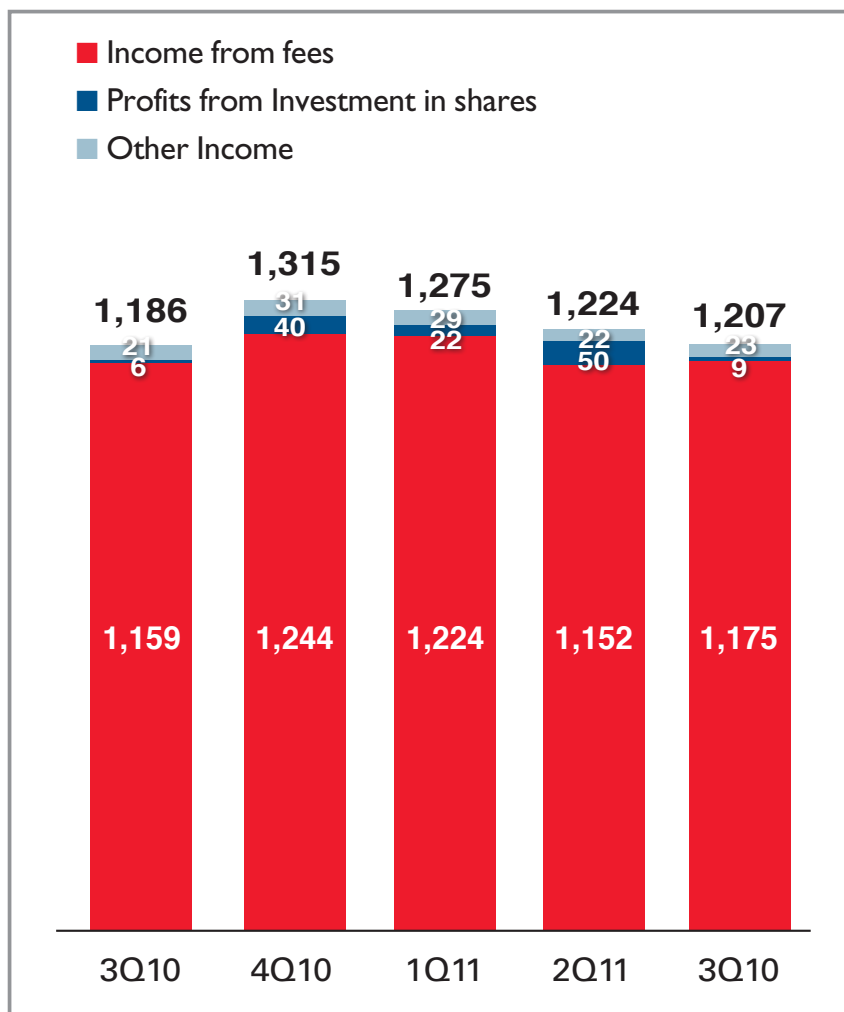
# Problematic Debts – under new directive NIS millions

(Presented before deduction of Allowance for Loan Losses)



Allowance for Loan Losses	5,013m	4,793m	4,211m	4,048m
NPL Coverage Ratio	46.0%	48.2%	46.1%	48.3%

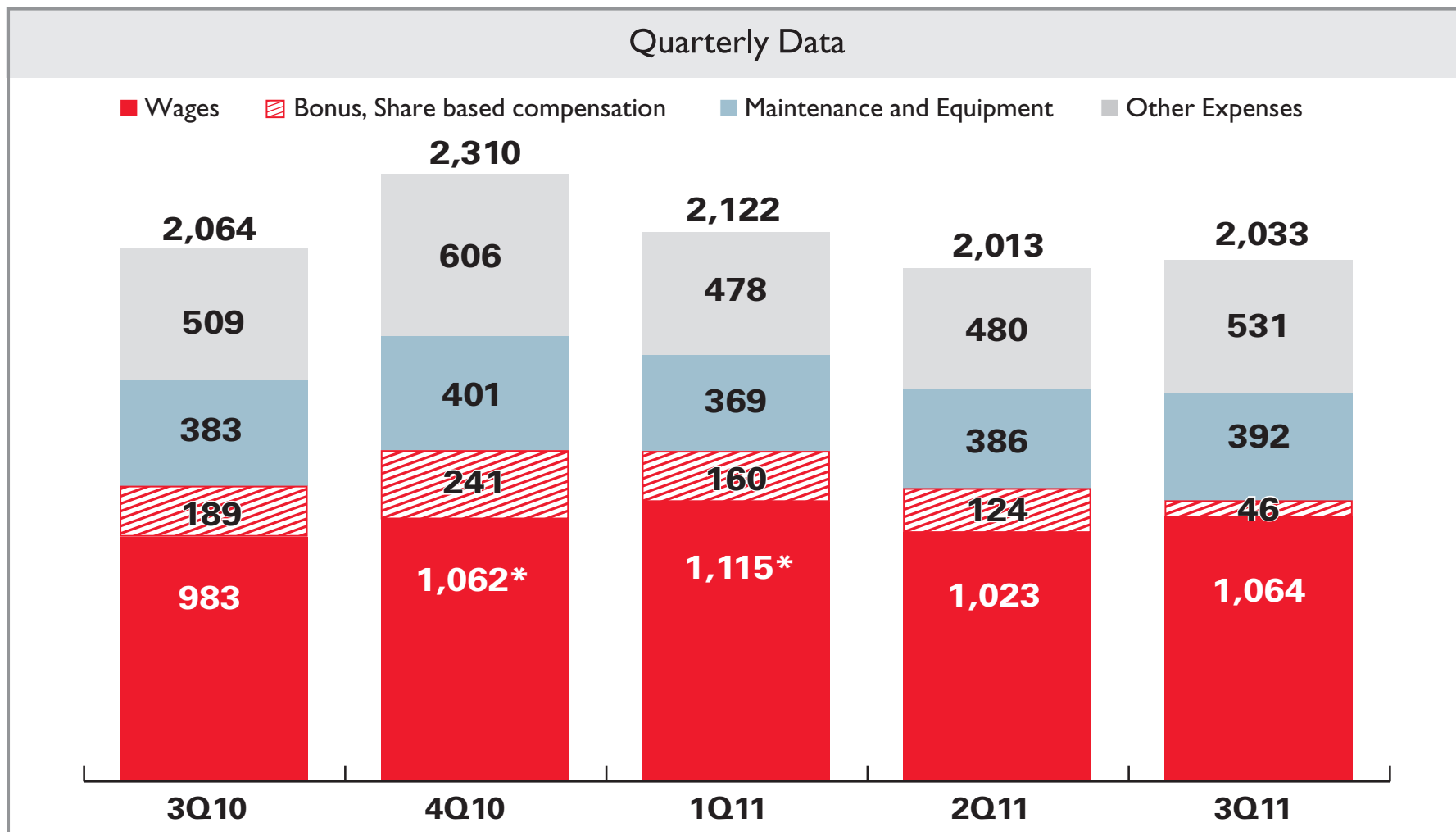
# Operating and Other Income NIS millions



Composition			
	3Q11	3Q10	change
Capital Market related	313	339	(7.7%)
Credit Cards	417	383	8.9%
Account Management	237	238	(0.4%)
Credit Handling	71	62	14.5%
Other Operating Fees	137	137	-
Investment in Shares	9	6	50.0%
Other Income	23	21*	9.5%
<b>TOTAL</b>	<b>1,207</b>	<b>1,186*</b>	<b>1.8%</b>

\* Restated - following the retroactive implementation of new accounting directives regarding financial reporting on employee benefits.

# Operating and Other Expenses NIS millions

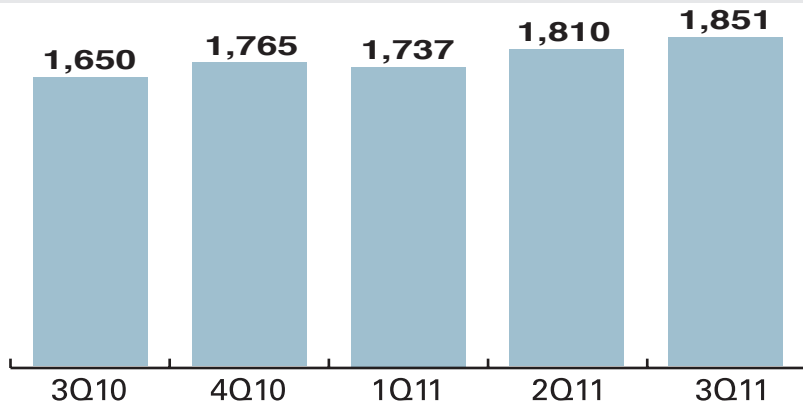


\* Restated - following the retroactive implementation of new accounting directives regarding financial reporting on employee benefits.

# Main Segments of Banking Activity in Israel NIS millions

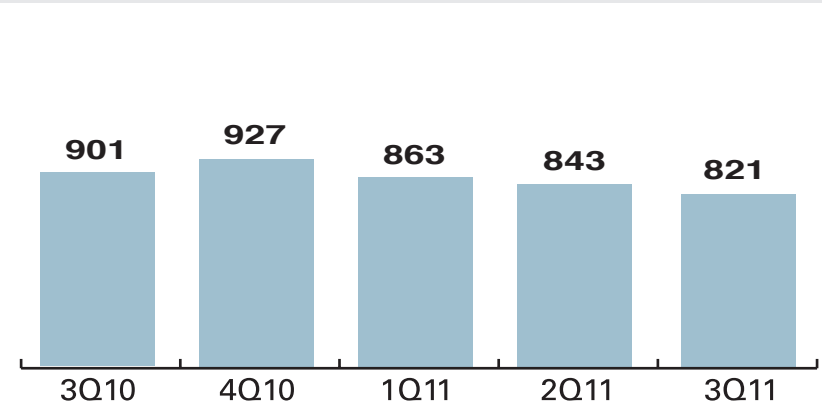
## Retail in Israel

Total Income



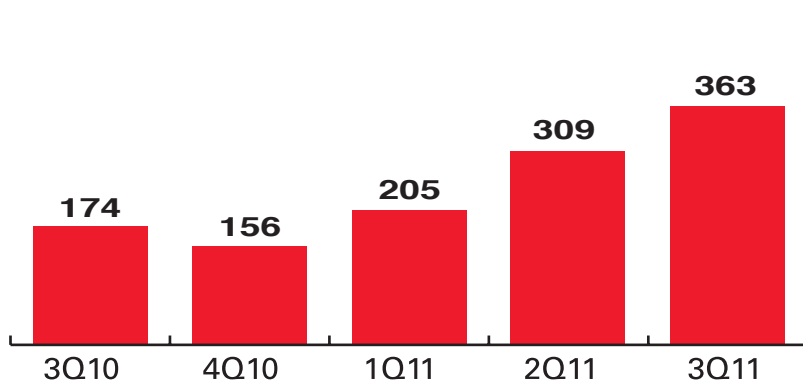
## Corporate and Commercial in Israel

Total Income



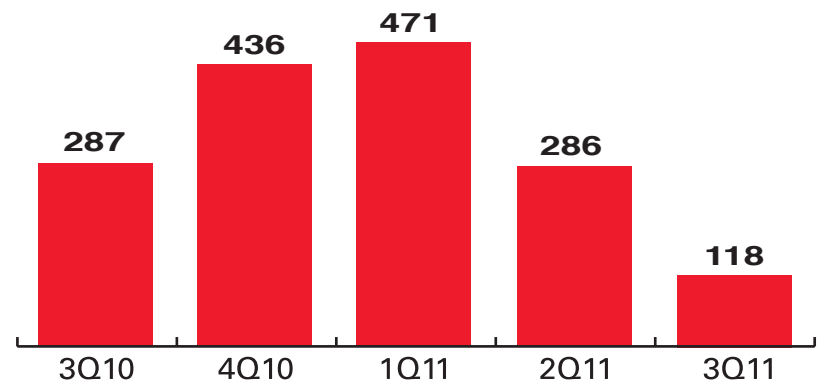
## Retail in Israel

Net Operating Profit

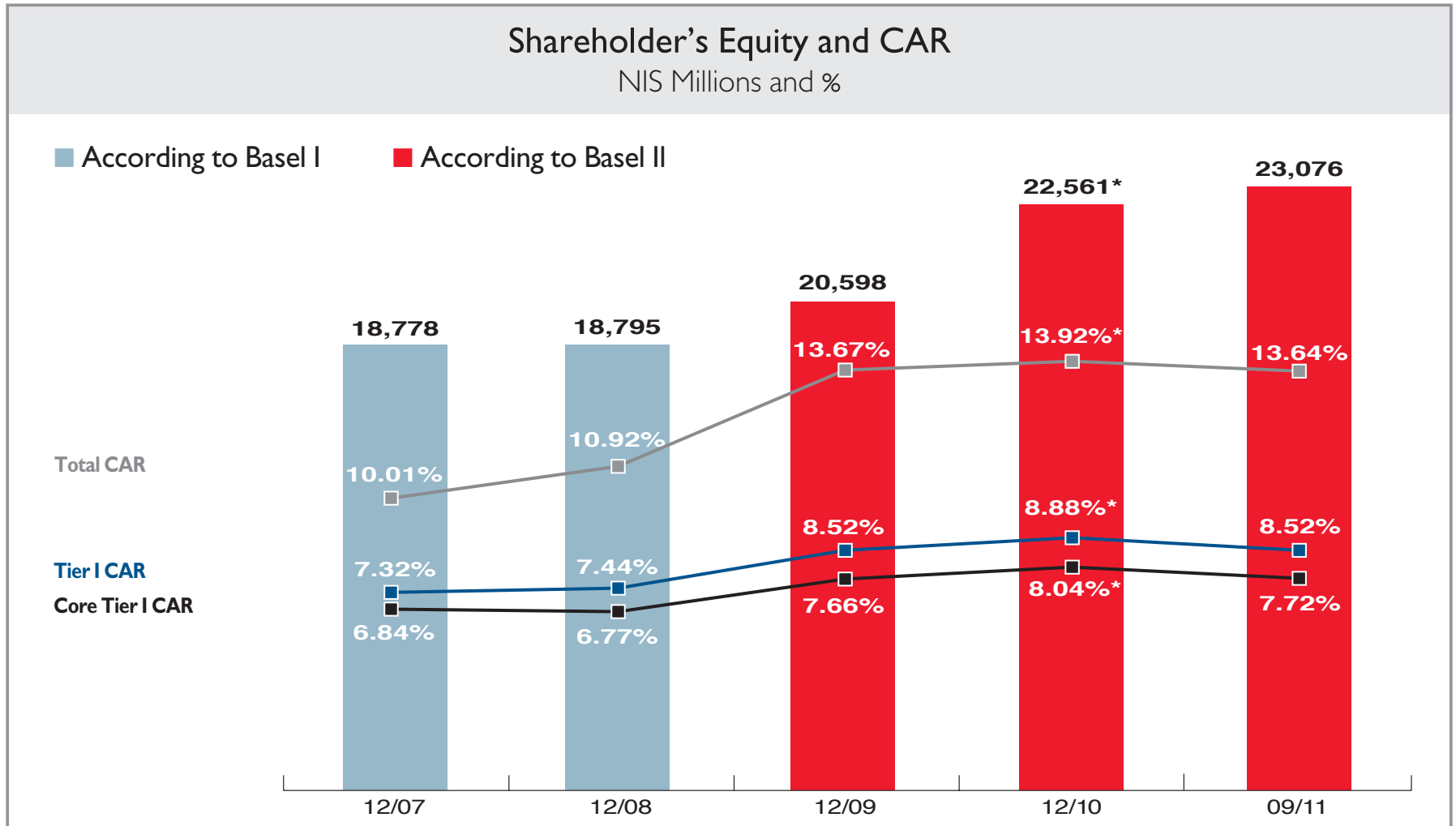


## Corporate and Commercial in Israel

Net Operating Profit



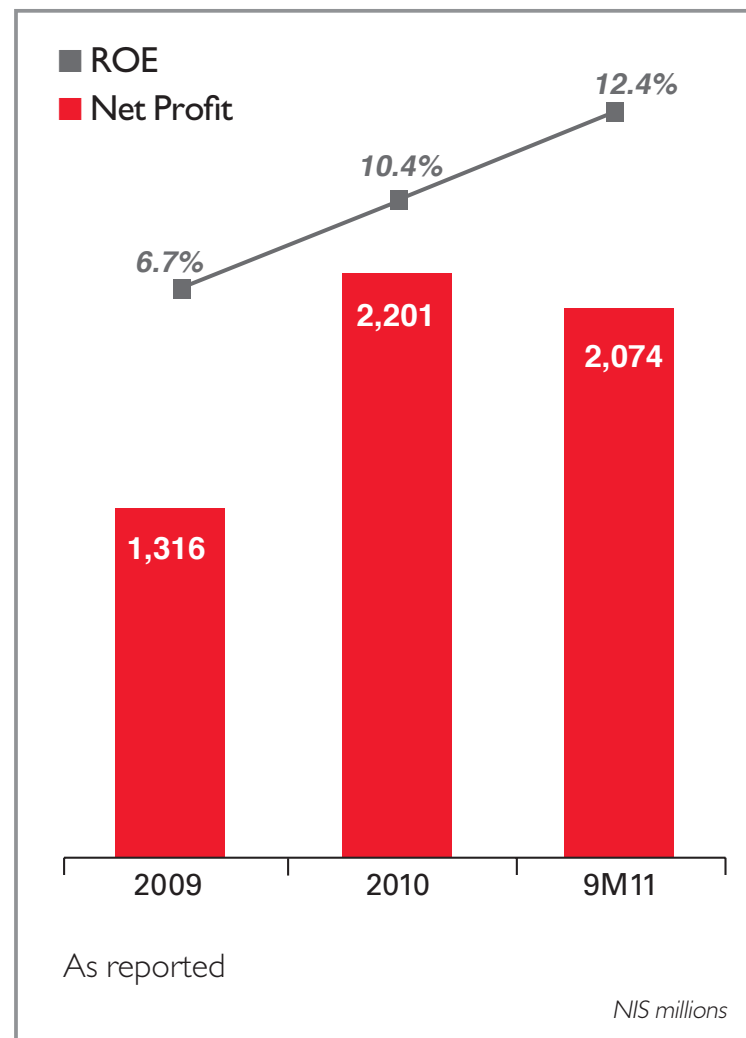
# Capital Adequacy Ratio



\* Restated - following the retroactive implementation of new accounting directives regarding financial reporting on employee benefits.

# Key Takeaways

- The Bank continues to present impressive profitability during the first nine months of 2011.
- Return on Equity stood at 12.4% for 9M11.
- Net Credit to the public increased by 8.6%, driven by growth in all segments of retail, commercial and corporate loan activity.
- Deposits from the public increased by 3.8%, mainly from an increase of core deposits in the retail and commercial segments.
- Capital Adequacy Ratio reached 13.64% with Core Tier 1 at 7.72%
- Decisive implementation of the strategic plan has fortified the Bank's leadership position in all areas of banking activity in Israel.





# THANK YOU

Effie Werber  
Head of IR  
972-3-5673440  
[effie.werber@mailpoalim.co.il](mailto:effie.werber@mailpoalim.co.il)

Raviv Eldar  
Deputy Manager  
972-3-5675823  
[raviv.eldar@mailpoalim.co.il](mailto:raviv.eldar@mailpoalim.co.il)