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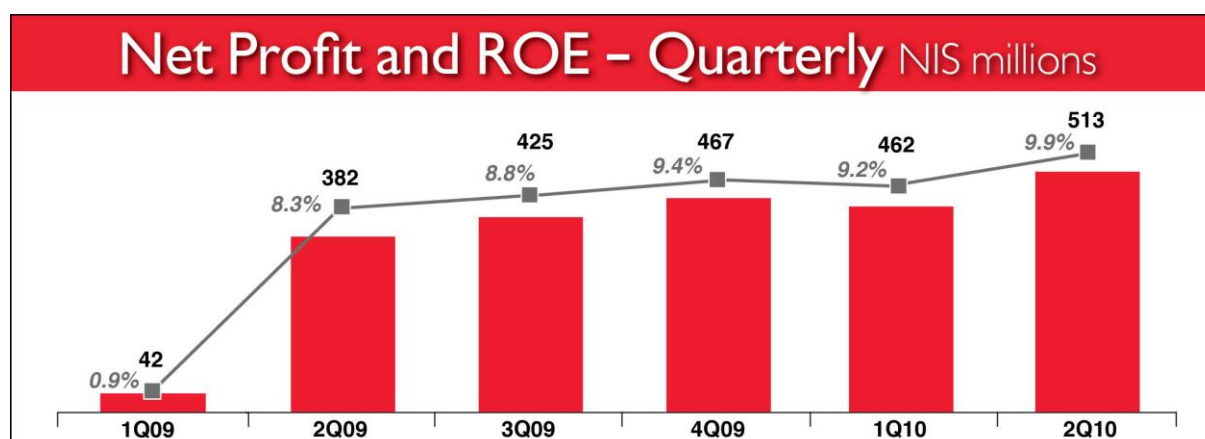
Bank Hapoalim presents strong growth in net profit Net Profit rose to NIS 513 million and ROE rose to 9.9%

Tel Aviv, Israel -- Bank Hapoalim (TASE: POLI) (LSE: BKHD)

Bank Hapoalim continues to show improving results in the second quarter.

Highlights of the financial statements:

- **Net Profit** increased in the second quarter of 2010 to NIS 513 million compared with a profit of NIS 382 million in the same quarter last year, an increase of 34.3%.
- **Return on equity** improved in the second quarter of 2010 and reached 9.9%, on an annualized basis, compared with 8.3% in the same quarter last year.
- **Profit from regular financing activity** rose to NIS 1,876 million in the second quarter of 2010 compared with a profit of NIS 1,686 million in the same quarter last year, an increase of 11.3%.
- **Operating and other income** increased in the second quarter of 2010 to NIS 1,334 million compared with NIS 1,196 million in the same quarter last year, an increase of 11.5%.



The first half of 2010 was marked by the implementation of the Bank's strategic plan:

During the period, the Bank's activity in the commercial sector gained momentum, with new customers' recruited and new business branches opened, in line with the planned trajectory. In retail banking, the Bank continues to focus on its customers and on growth in the mortgage market. The Bank has maintained its leadership in the area of direct banking services, with 1,200,000 customers using these services and 800,000 customers managing their accounts via Internet.

Main developments in the financial statements for the second quarter of 2010:

Profit from regular financing activity (profit from financing activity excluding exceptional and other irregular items) totaled NIS 1,876 million in the second quarter of 2010, compared with a profit of NIS 1,827 million in the previous quarter and NIS 1,686 million in the same quarter last year. The increase results mainly from an increase in the **financial margin from regular activity** which stood at 2.67% in the second quarter of 2010, compared with 2.54% in the previous quarter and 2.34% in the same quarter last year. This improvement reflects the initial influence of the increase in the interest rate.

Profit from financing activity before provision for doubtful debts totaled NIS 1,837 million in the second quarter of 2010, compared with a profit of NIS 1,752 million in the previous quarter and NIS 1,955 million in the same quarter last year. Despite the increase in profit from regular financing activity in the second quarter, the reported financing profit decreased compared to the same quarter last year mainly due to the adjustment to fair value of derivative instruments and also as a result of non-recurrent income from the credit derivatives portfolio recorded in the same quarter last year.

The provision for doubtful debts in the second quarter of 2010 totaled NIS 341 million, compared with NIS 299 million in the previous quarter and NIS 538 million in the same quarter last year.

The rate of the specific provision to total credit to the public, net, reached 0.52%, in the second quarter of 2010, compared with 0.57% in the previous quarter and 0.80% in the same quarter last year.

Operating and other income totaled NIS 1,334 million in the second quarter of 2010 compared with NIS 1,217 million in the previous quarter and NIS 1,196 million in the same quarter last year. The increase was mainly due to an increase in income from handling credit transactions and credit cards fees.

Operating and other expenses totaled NIS 1,984 million in the second quarter of 2010 compared with NIS 1,928 million in the previous quarter and NIS 1,855 million in the same quarter last year. The increase was mainly due to an increase in other expenses, while salary expenses were maintained.

Contribution to the community - the Bank's employees are involved in a varied and extensive range of community-oriented activities that take the form of social involvement, monetary donations, and large-scale volunteer activities. The Bank Group's activity during the first half of 2010 was expressed in a financial value of approximately NIS 21 million.

Developments in Balance-Sheet Items

The consolidated balance sheet as at June 30, 2010 totaled NIS 307.3 billion, compared with NIS 299.8 billion at the end of the first quarter of 2010.

Credit to the public as at June 30, 2010 totaled NIS 217.7 billion, compared with NIS 213.2 billion at the end of the first quarter of 2010, an increase of 2.1%. The increase stems mainly from growth in all segments of activity.

Deposits from the public totaled NIS 225.2 billion compared with NIS 223.2 billion at the end of the first quarter of 2010, an increase of 0.9%. The increase is mainly a result of a rise in the volume of retail deposits.

Shareholder's equity totaled NIS 21,667 million as at June 30, 2010, compared with NIS 21,195 million at the end of the first quarter of 2010, an increase of 2.2%.

Core Tier 1 Capital (according to Basel II) stood at 7.9% at the end of the second quarter of 2010, similar to the previous quarter.

Tier 1 Capital (according to Basel II) stood at 8.8% at the end of the second quarter of 2010, similar to the previous quarter.

Capital adequacy ratio (according to Basel II) stood at 13.6% at the end of the second quarter of 2010 compared with 13.9% at the end of the previous quarter.

About Bank Hapoalim

Bank Hapoalim is Israel's leading financial group. In Israel, the Bank Hapoalim Group has over 270 branches, eight regional business centers, a growing network of business branches and specialized industry relationship managers for major corporate customers.

The Bank Hapoalim Group includes financial companies involved in investment banking, credit cards, trust services and portfolio management. The Group also has holdings in non-banking sectors.

Internationally, Bank Hapoalim operates through 42 branches, subsidiaries and representative offices, in North and Latin America, Europe, the Far East, Turkey and Australia. In these markets, the Bank is engaged in trade, corporate finance, private banking and retail banking.

Bank Hapoalim is the only Israeli Bank listed on both the Tel Aviv and London Stock Exchange. In addition, a Level-1 ADR is traded "over-the -counter" in New York, under ticker BKHY.

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Principal Data of the Bank Hapoalim Group

in NIS Millions

Profit and profitability	For the three months ended on				
	6/30/2010	3/31/2010	12/31/2009	9/30/2009	6/30/2009
Profit from financing activities before provision for doubtful debts	1,837	1,752	2,012	1,779	1,955
Operating and other income	1,334	1,217	1,460	1,320	1,196
Total income	3,171	2,969	3,472	3,099	3,151
Provision for doubtful debts	341	299	536	629	538
Operating and other expenses	1,984	1,928	2,095	1,644	1,855
Operating profit	512	461	465	422	380
Net profit from extraordinary transactions, after taxes	1	1	2	3	2
Net profit	513	462	467	425	382

	For the six months ended on		For the year ended on
	6/30/2010	6/30/2009	12/31/2009
Profit from financing activities before provision for doubtful debts	3,589	2,927	6,718
Operating and other income	2,551	2,327	5,107
Total income	6,140	5,254	11,825
Provision for doubtful debts	640	852	2,017
Operating and other expenses	3,912	3,764	7,503
Operating profit	973	401	1,288
Net profit from extraordinary transactions, after taxes	2	23	28
Net profit	975	424	1,316

Balance Sheet – Principal Items	6/30/2010	3/31/2010	12/31/2009	9/30/2009	6/30/2009
Total balance sheet	307,317	299,845	309,555	301,894	302,844
Credit to the public	217,749	213,203	215,788	215,638	215,973
Securities	26,680	26,516	28,055	28,170	29,489
Deposits from the public	225,237	223,216	231,993	225,196	228,136
Bonds and subordinated notes	22,555	21,395	23,112	23,307	22,162
Shareholders' equity	21,667	21,195	20,598	20,316	19,733
Overall Credit risk -Problematic Debts	16,755	15,458	16,636	18,687	17,693
Of which: non-income bearing debt	3,730	4,052	3,976	4,152	4,369

Principal financial ratios	For the three months ended on				
	6/30/2010	3/31/2010	12/31/2009	9/30/2009	6/30/2009
				%	
Loan to Deposit Ratio	96.7%	95.5%	93.0%	95.8%	94.7%
Shareholders' equity to total assets	7.1%	7.1%	6.7%	6.7%	6.5%
Core Tier I capital to risk assets (Basel II)	7.9%	7.9%	7.7%		
Tier I capital to risk assets (Basel II)	8.8%	8.8%	8.5%		
Total capital to risk assets (Basel II)	13.6%	13.9%	13.7%		
Tier I capital to risk assets (Basel I)	-	-	8.6%	8.2%	7.8%
Total capital to risk assets (Basel I)	-	-	13.7%	13.3%	12.8%
Cost-Income Ratio	62.6%	64.9%	60.3%	53.0%	58.9%
Financing margin on regular activity (a)(b)	2.67%	2.54%	2.43%	2.35%	2.34%
Ratio of specific provision to total credit to the public (a)	0.52%	0.57%	1.12%	1.21%	0.80%
Return of operating profit on equity, net(a)	9.9%	9.2%	9.4%	8.8%	8.2%
Return of net profit on equity(a)	9.9%	9.2%	9.4%	8.8%	8.3%
Basic Net profit per share	0.39	0.35	0.35	0.32	0.29
Diluted Net profit per share	0.38	0.35	0.35	0.32	0.29

	For the six months ended on		For the year ended on
	6/30/2010	6/30/2009	12/31/2009
Cost-Income Ratio	63.7%	71.6%	63.5%
Financing margin on regular activity (a)(b)	2.51%	2.02%	2.36%
Ratio of specific provision to total credit to the public (a)	0.54%	0.65%	0.90%
Return of operating profit on equity, net(a)	9.4%	4.3%	6.6%
Return of net profit on equity(a)	9.5%	4.5%	6.7%
Basic Net profit per share	0.74	0.32	1.00
Diluted Net profit per share	0.73	0.32	0.99

(a) Quarterly figures on an annualized basis

(b) Calculated - Financing profit from regular activity divided by financial assets which generated financing income.