

November 25, 2009

Bank Hapoalim's Net Profit continues to rise and reached NIS 425 million in the Third Quarter of 2009, an increase of 11.3%

The positive trend results from an increase in Operating Income and a decrease in Operating Expenses

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

Highlights of the financial statements:

- **Net Profit** for the third quarter of 2009 totaled NIS 425 million compared with a profit of NIS 382 million in the previous quarter, an increase of 11.3%.
- **Return on equity** for the third quarter of 2009 was 8.8%, on an annualized basis compared with 8.3% in the previous quarter.
- **Operating income** for the third quarter of 2009 totaled NIS 1,359 million compared with NIS 1,231 million in the previous quarter, an increase of 10.4%.
- **Operating and other expenses** decreased by 11.0% compared with the previous quarter and totaled NIS 1,683 million in the third quarter compared with NIS 1,890 million in the previous quarter.
- **The Bank's capital adequacy** rose to 13.33% at the end of the third quarter of 2009 compared with 12.83% at June 30, 2009. This rate exceeds the Board of Director's year-end 2009 objective of 12%.

Tier 1 Capital rose to 8.21% at the end of the third quarter of 2009 compared with 7.84% at June 30, 2009.

Main developments in the financial statements for the third quarter of 2009:

Net operating profit for the third quarter of 2009 totaled NIS 422 million compared with a profit of NIS 380 million in the previous quarter.

Net return of operating profit on equity for the third quarter of 2009 was 8.8%, on an annualized basis, compared with 8.2% in the previous quarter. In the first nine months of the year, net return of operating profit on equity totaled 5.7%, on an annualized basis.

Profit from regular financing activity (profit from financing activity excluding one-off and other irregular items) totaled NIS 1,707 million in the third quarter of 2009, compared with a profit of NIS 1,686 million in the previous quarter

Financial margin from regular activity stood at 2.35% in the third quarter of 2009, compared with 2.34% in the previous quarter. This data clearly indicates the continuous stability of the financing margins in the present [low] interest rate environment.

The provision for doubtful debts was made on a conservative basis, with due regard for assessments of the risks in the credit portfolio. In the third quarter of 2009 the Bank recorded provisions totaling NIS 629 million, compared with NIS 538 million in the previous quarter.

The rate of the specific provision to total credit to the public, net of the reduction in provisions and the collection of debts written off in the past, reached 1.21%, in the third quarter of 2009, compared with 0.80% in the previous quarter.

The specific provision for doubtful debts totaled NIS 1,481 million in the first nine months of 2009, and the rate of the specific provision for this period is 0.83%, a rate within the range of the Bank's business plans .

Operating and other income – totaled NIS 1,359 million in the third quarter of 2009 compared with NIS 1,231 million in the previous quarter, an increase of 10.4%. The increase was mainly due to an increase in income from investments in shares and credit cards fees.

Operating and other expenses totaled NIS 1,683 million in the third quarter of 2009 compared with NIS 1,890 million in the previous quarter, a decrease of 11.0%. The decrease was mainly due to the decrease in salary expenses as a result of effects of the wage agreement with the Employees' Union.

Cost-Income Ratio decreased in the third quarter of 2009 to 53.6%, compared with 59.3% in the previous quarter.

Developments in Balance-Sheet Items

The consolidated balance sheet as at September 30, 2009 totaled NIS 301.9 billion, compared with NIS 302.8 billion at June 30, 2009.

Credit to the public totaled NIS 215.6 billion, compared with NIS 216.0 billion at June 30, 2009. Consumer credit and mortgages increased, but were offset by the influence of changes in foreign currency exchange rates.

Deposits from the public totaled NIS 225.2 billion compared with NIS 228.1 billion at June 30, 2009, a decrease of 1.3%. The decrease is mainly a result of the devaluation of the US dollar.

Shareholder's equity totaled NIS 20,316 million as at September 30, 2009, compared with NIS 19,733 million at June 30, 2009, an increase of 3.0%.

Capital adequacy ratio rose to 13.33% at the end of the third quarter of 2009 compared with 12.83% at June 30, 2009.

Tier 1 Capital rose to 8.21% at the end of the third quarter of 2009 compared with 7.84% at June 30, 2009.

About Bank Hapoalim

Bank Hapoalim is Israel's leading financial group. In Israel, 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 40 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 BKHYY.

For further information please contact the Bank's Spokesperson:

Tel: +972-3-567-3635; Fax: +972-3-567-3500

spokesperson@bnhp.co.il

Principal Data of the Bank Hapoalim Group

Profit and profitability

For the three months ended on

	9/30/2009	6/30/2009	3/31/2009	12/31/2008	9/30/2008
Profit (loss) from financing activities before provision for doubtful debts	1,779	1,955	972	1,242	2,083
Operating and other income	1,359	1,231	1,162	1,013	1,153
Total income	3,138	3,186	2,134	2,255	3,236
Provision for doubtful debts	629	538	314	765	471
Operating and other expenses	1,683	1,890	1,940	2,008	1,960
Operating profit (loss)	422	380	21	(393)	384
Net profit from extraordinary transactions, after taxes	3	2	21	30	57
Net profit (loss)	425	382	42	(363)	441

Balance Sheet – Principal Items

	9/30/2009	6/30/2009	3/31/2009	12/31/2008	9/30/2008
Total balance sheet	301,894	302,844	305,156	306,847	297,854
Credit to the public	215,638	215,973	220,859	222,100	214,296
Deposits from the public	225,196	228,136	232,442	226,953	214,802
Debentures and subordinated notes	23,307	22,162	18,967	20,818	20,676
Shareholders' equity	20,316	19,733	18,986	18,795	19,030
Overall Credit risk -Problematic Debts	18,687	17,693	17,558	16,142	15,208
Of which: Non-income bearing debt	4,152	4,369	4,187	4,168	4,011

Principal financial ratios

	9/30/2009	6/30/2009	3/31/2009	12/31/2008	9/30/2008
Loan to Deposit Ratio	95.76%	94.67%	95.00%	97.86%	99.76%
Shareholders' equity to total assets	6.73%	6.52%	6.20%	6.13%	6.39%
Tier I capital to risk assets	8.21%	7.84%	7.55%	7.44%	7.74%
Total capital to risk assets	13.33%	12.83%	11.27%	10.92%	11.29%
Cost-Income Ratio	53.63%	59.32%	90.91%	89.05%	60.57%
Financing margin on regular activity ^{(a)(b)}	2.35%	2.34%	2.36%	2.28%	2.89%
Ratio of specific provision to total credit to the public attributed to the statement of profit and loss ^(a)	1.21%	0.80%	0.49%	1.49%	0.76%
Return of operating profit (loss) on equity, net ^(a)	8.75%	8.22%	0.44%	(7.90%)	8.34%
Return of net profit (loss) on equity ^(a)	8.82%	8.26%	0.89%	(7.32%)	9.62%
Net earnings (loss) per share	0.32	0.29	0.03	(0.29)	0.33

(a) Quarterly figures on an annualized basis

(b) Calculated -Financing income to income-yielding assets