The background features a pattern of triangles in various shades of gray, red, and orange, arranged in a staggered, overlapping fashion. A solid red vertical bar is located on the far left edge of the slide.

# 1Q20

## Quarterly Financial Review



# 1Q20

## Disclaimer

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This presentation includes condensed information and selected data regarding Bank Hapoalim's First Quarter 2020 results, and refers in part to the Bank's results from continued operation (not including data of Isracard Group), excluding those relating to capital, net profit and ROE data.

This presentation does not substitute the Bank's First Quarter 2020 Financial Statements which include the full financial information including Forward-Looking Information. The Financial Statements are available on the Bank's website at [www.bankhapoalim.com](http://www.bankhapoalim.com) - investor relations/financial information.

Some of the information in this presentation that does not refer to historical facts constitutes forward-looking information, as defined in the Securities Law. 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.

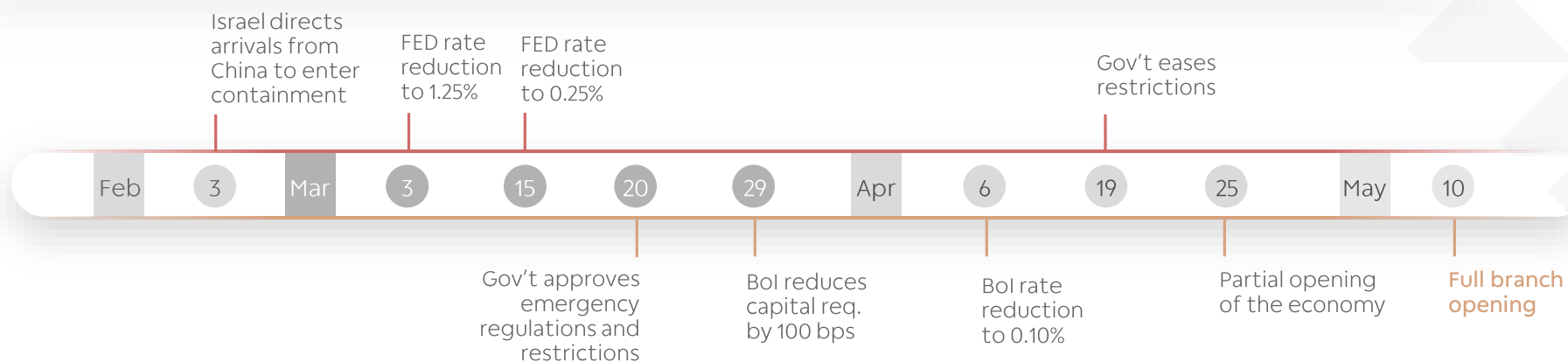
# 1Q20

## Israel and COVID-19

### Macro perspective

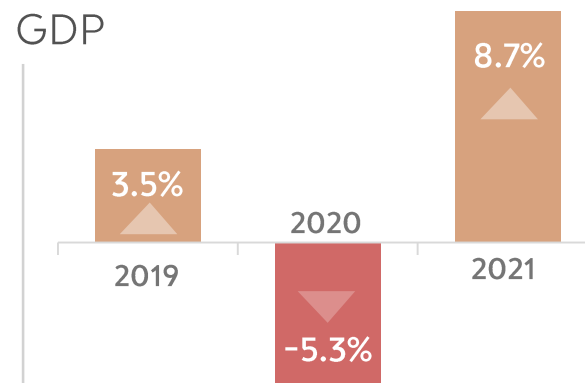
Israel was one of the first countries to close its borders and adopt a strict lockdown policy.

The spread of the virus is lower than in most advanced economies.

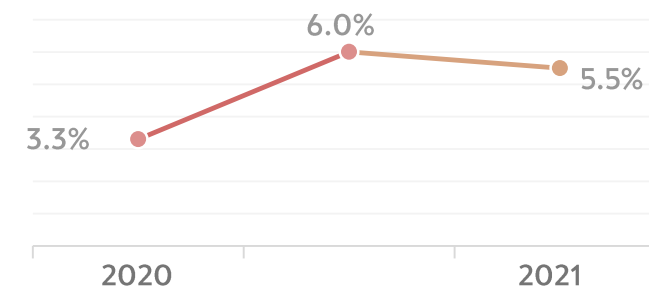


Impact on GDP and on Unemployment

— Bol forecast



Unemployment (annual average)



# 1Q20 Israel and COVID-19 Policy measures

## Central bank policy

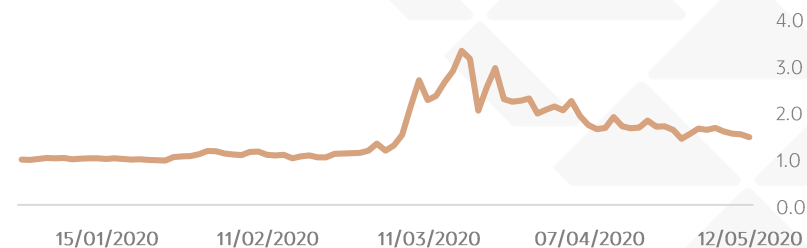
- Rate cut of 15bps to 0.1%
- QE-NIS 50 billion purchase of government bonds
- Repo with financial institutions
- \$/NIS swaps
- Capital requirement decrease of 100bps
- Easing debt classification

## Government aid package of 6% of GDP

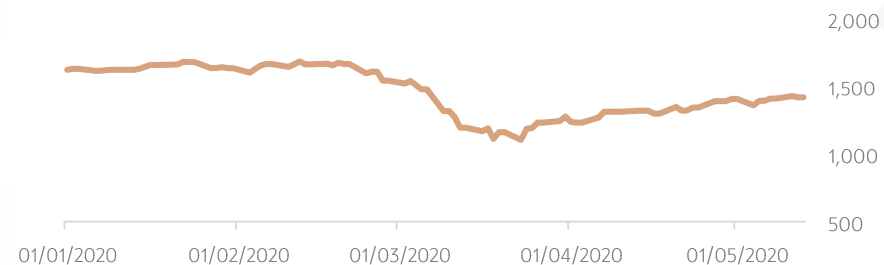
- Increase in health expenses
- Compensation for "unpaid leave" workers
- Deferring tax
- Discount in municipalities taxes for businesses
- Guarantees for SME's credit
- Creating credit fund for large corporates
- Grants for self-employees

## Corporate bond spread

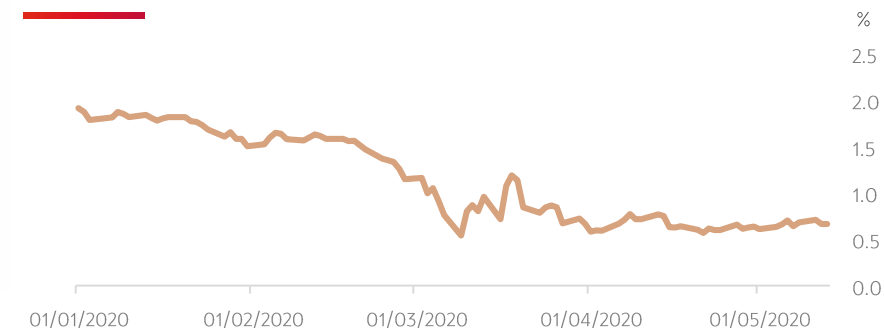
Tel-bond 60 spread over gov. bonds



## TA-125 index



## 10-year government bond yield



1Q20

## Our response to COVID-19

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### Operational resilience

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- Employee welfare, health and ability to perform their roles addressed from the onset.
- Dedicated emergency task force and cross functional response teams put in place.
- Strategic operations (cyber units, dealing rooms, call center) duplicated and enhanced.
- Digital and IT infrastructure enhanced to support capacity peaks.
- Retail branch network adjusted in line with BoI directives and gov't health regulations.
- High productivity levels maintained.



# 1Q20

## Our response to COVID-19

### Supporting people & families



Gradual branch opening,  
100% of branches open today



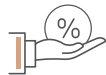
Increased call center  
support and digital services



Loan payment  
holiday (3 payments)



90 day postponement  
of mortgage payments



Tailored deposits for  
volatile market conditions

**2.5** NIS  
million

Donated  
to health &  
social causes

**16** NIS  
million

Help raise  
to national  
campaigns

### Supporting businesses



Dedicated fund for up to  
NIS 10,000 for self-employed



Loans granted through  
gov't guarantee fund



Versatile credit solutions for  
businesses and self employed



Expert hotline for small  
businesses and self employed



Dedicated call center  
for businesses

# 1Q20 COVID-19 met a strong bank

**Capital**  
well above targets



**liquidity resilience**  
LCR exceeding target



**Disciplined cost base**  
fifth efficiency plan underway



**High digital preparedness**



**Significantly  
de-risked loan book**



- Reduced risk profile of **retail loan book**
- Conservative and highly regulated **mortgage book**
- **Corporate growth** in line with Bank's risk appetite
- Reduction in **borrower concentration** over the years
- Highly **diversified portfolio**

**Significant  
measures completed**

- Collective wage agreement
- Divestment of Isracard
- Resolution of US investigations



# 1Q20 Highlights



## Reserve build

COVID-19  
collective  
provision

NIS **603** million

Collective  
allowance ratio

**1.24%**



## Resilient balance sheet

CET1 ratio

**11.21%**

LCR

**126%**



## Growth parameters tracking well vs 1Q19

Credit

**+5.8%**

Retail deposits

**+12.8%**



## Strong business parameters

Financial margin

**2.27%**

Cost income

**56.6%**



1Q20

# Key profit and loss items

NIS million

	1Q19	4Q19	1Q20
Total Net Financing Profit	2,366	2,539	2,498
Fees and Other Income	803	868	885
<b>Total Income</b>	3,169	3,407	<b>3,383</b>
Provision for Credit Losses	(121)	(876)	<b>(809)</b>
Operating and Other Expenses	(1,877)	(2,937)	<b>(1,916)</b>
<b>Profit before Taxes</b>	1,171	(406)	<b>658</b>
Provision for Taxes on Profit	(449)	(268)	<b>(363)</b>
Net Profit from Continued Operations	730	(667)	<b>301</b>
<b>Net Profit</b>	821	(629)	<b>192</b>
ROE from Continued Operations	7.9%	(6.6%)	<b>3.2%</b>
<b>ROE</b>	9.0%	(6.2%)	<b>2.0%</b>

Includes NIS 603 million of COVID-19 collective provision

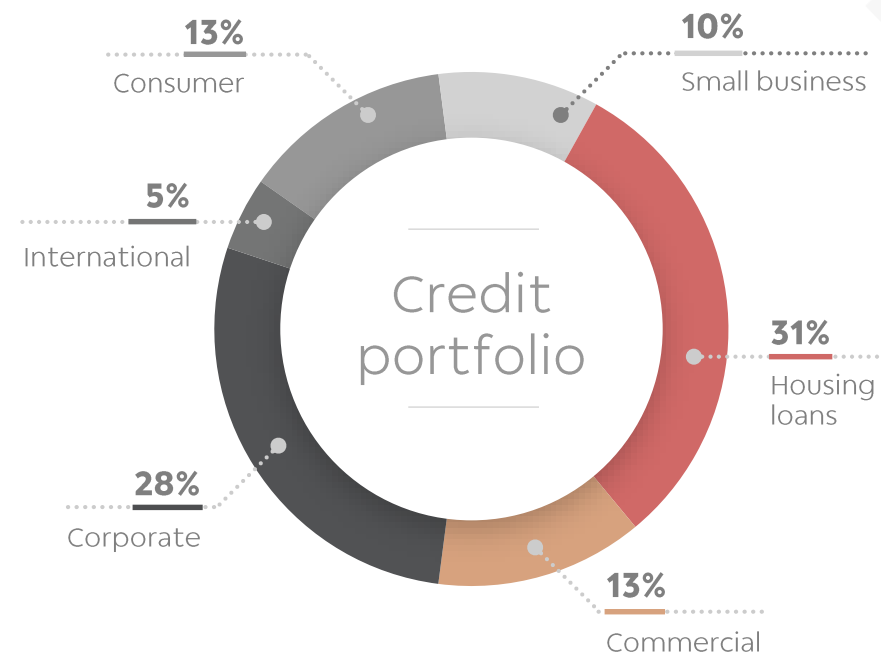
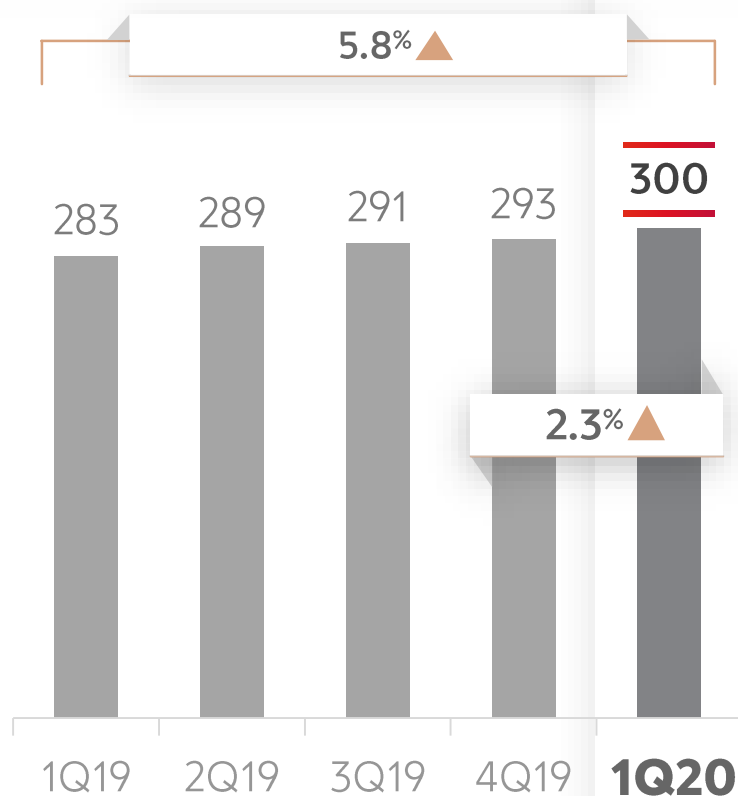
Includes loss of NIS 109 million from completion of separation from Isracard

**Note:** For a full profit and loss analysis, please refer to the Bank's financial statements for 1Q20.

# 1Q20 Credit portfolio

Net, NIS billion

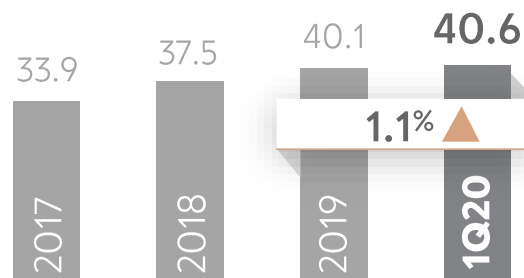
**300** Credit  
portfolio  
NIS billion



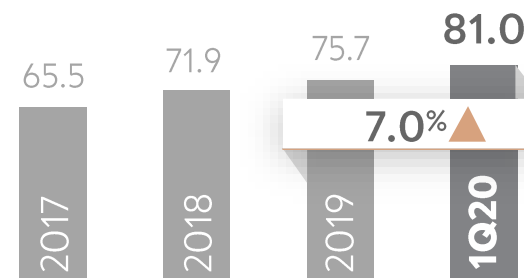
# 1Q20 Credit growth

In Israel  
NIS billion

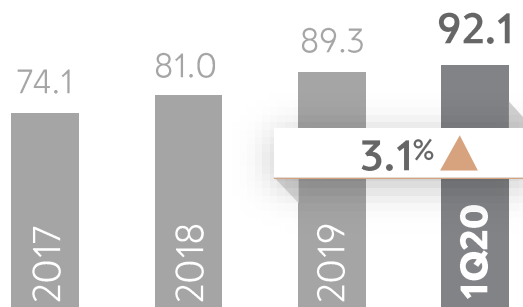
## Commercial



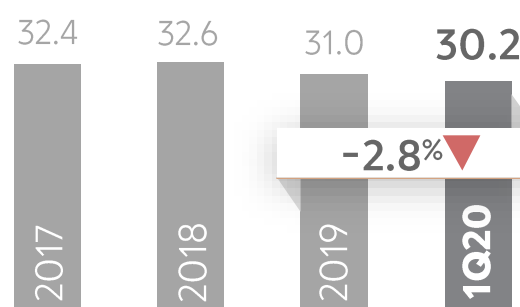
## Corporate



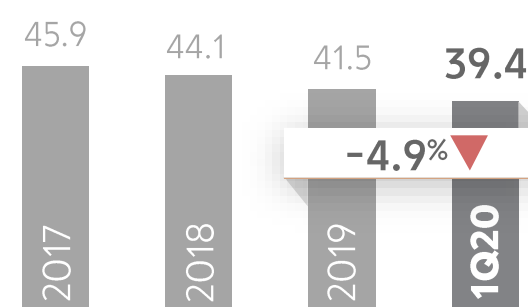
## Housing loans



## Small business



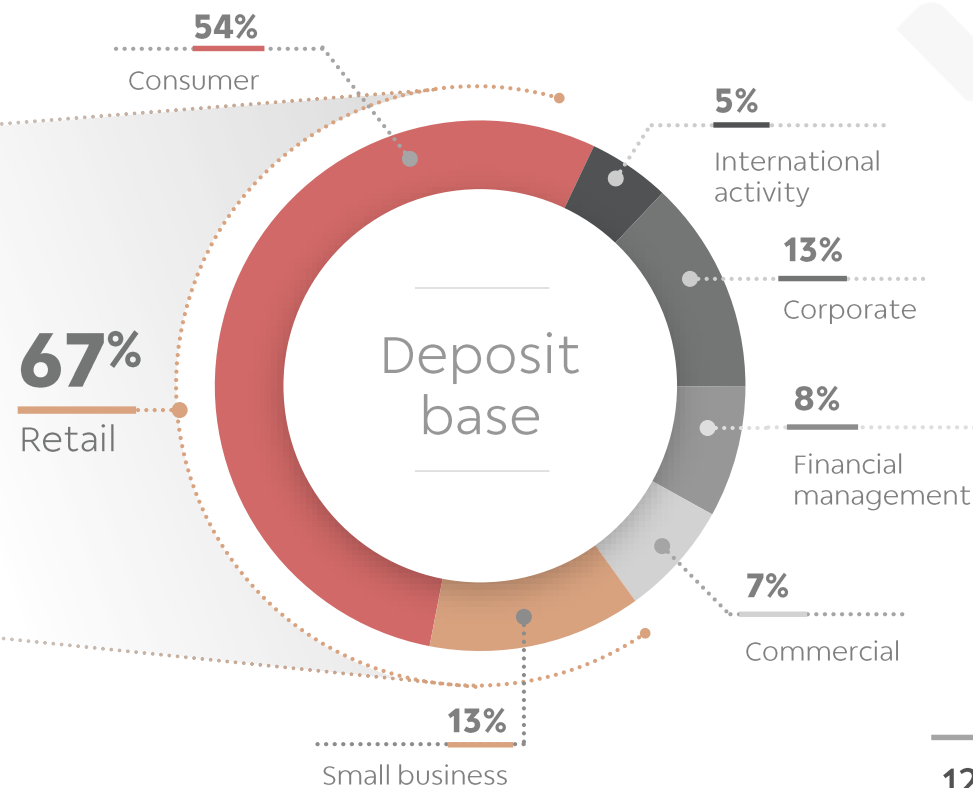
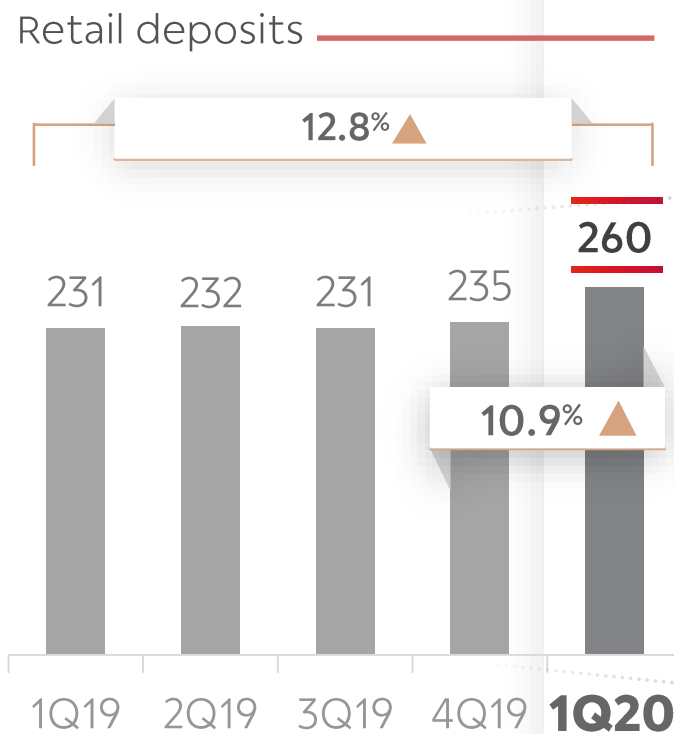
## Consumer



# 1Q20 Deposit base

NIS billion

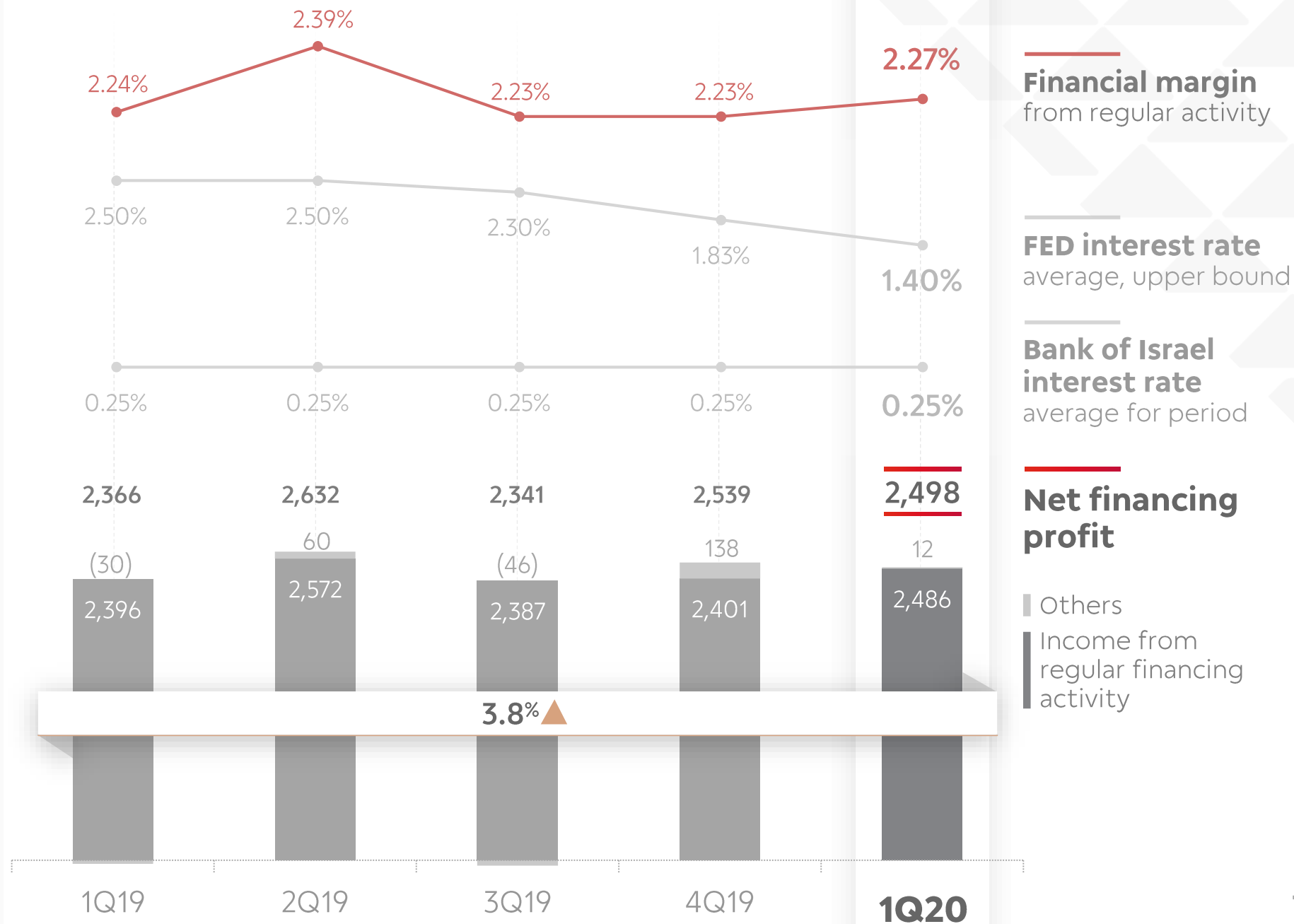
**389** Deposit  
base  
NIS billion



1Q20

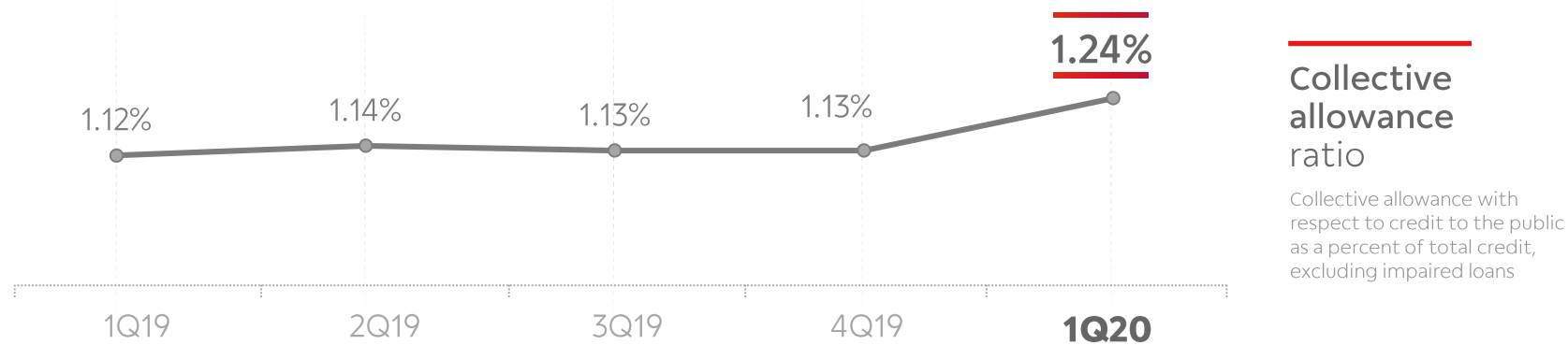
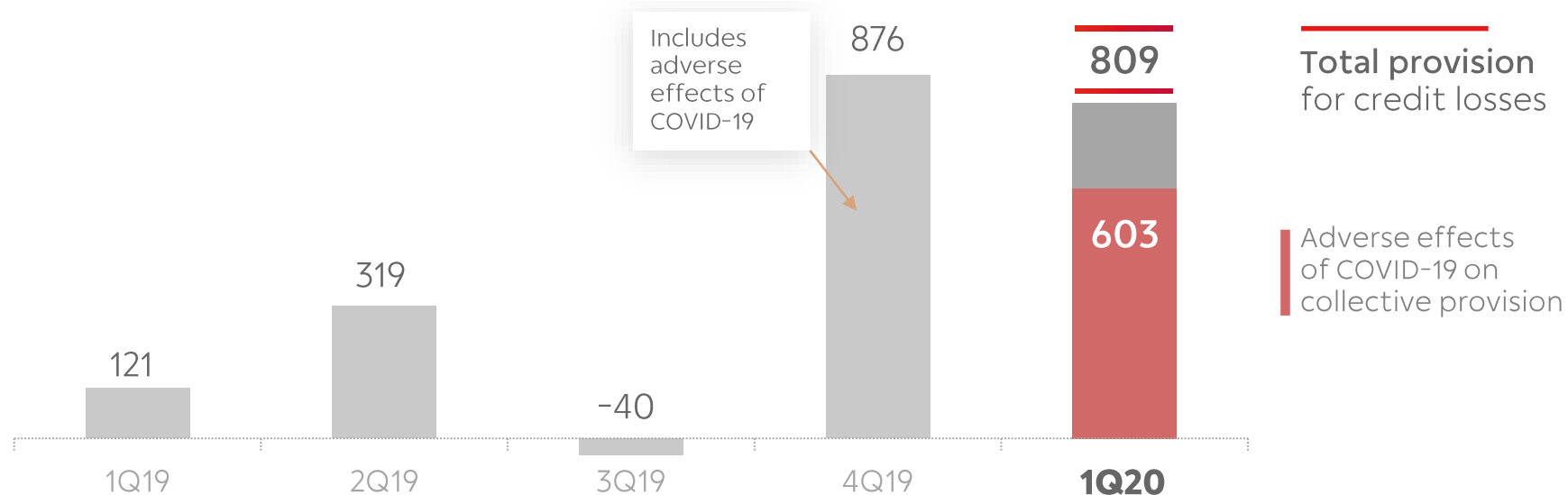
# Financing income and margin

NIS million



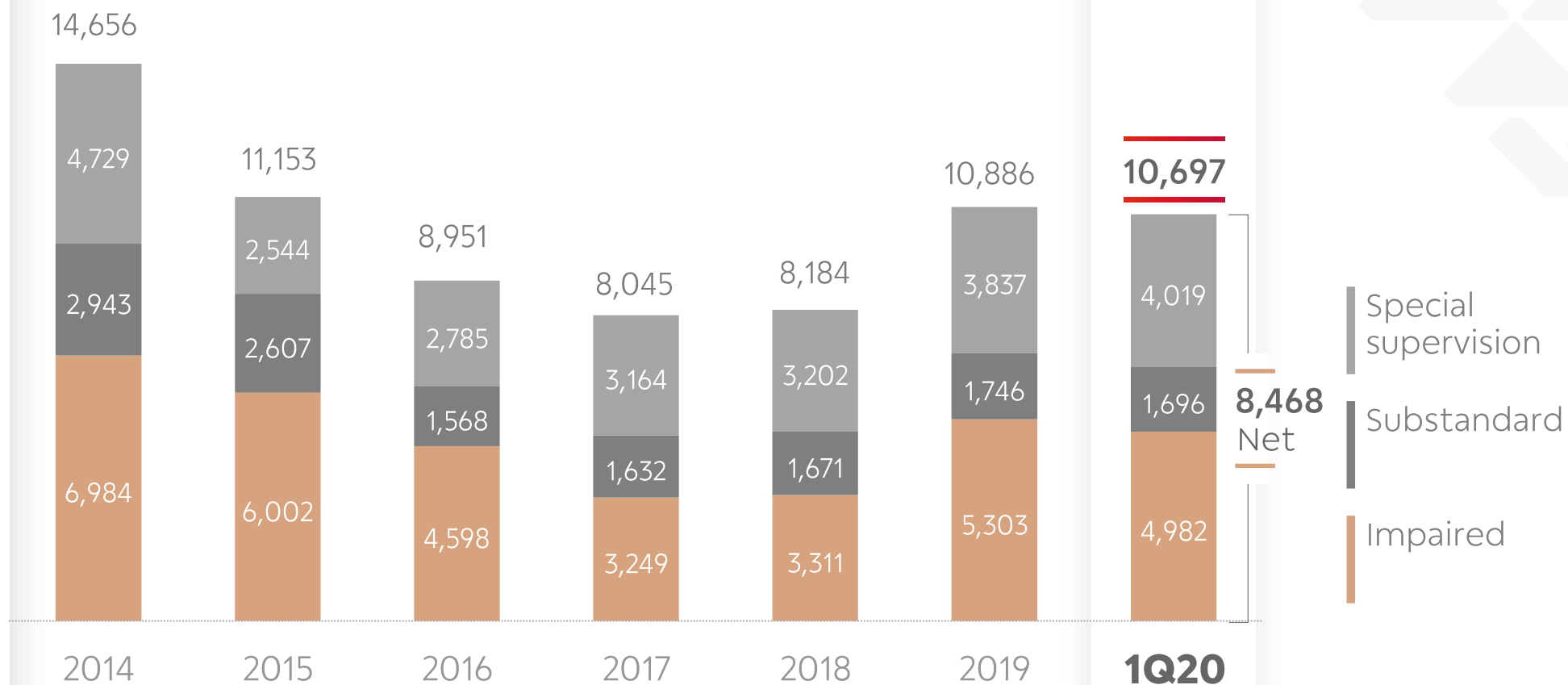
# 1Q20 Credit losses

NIS million



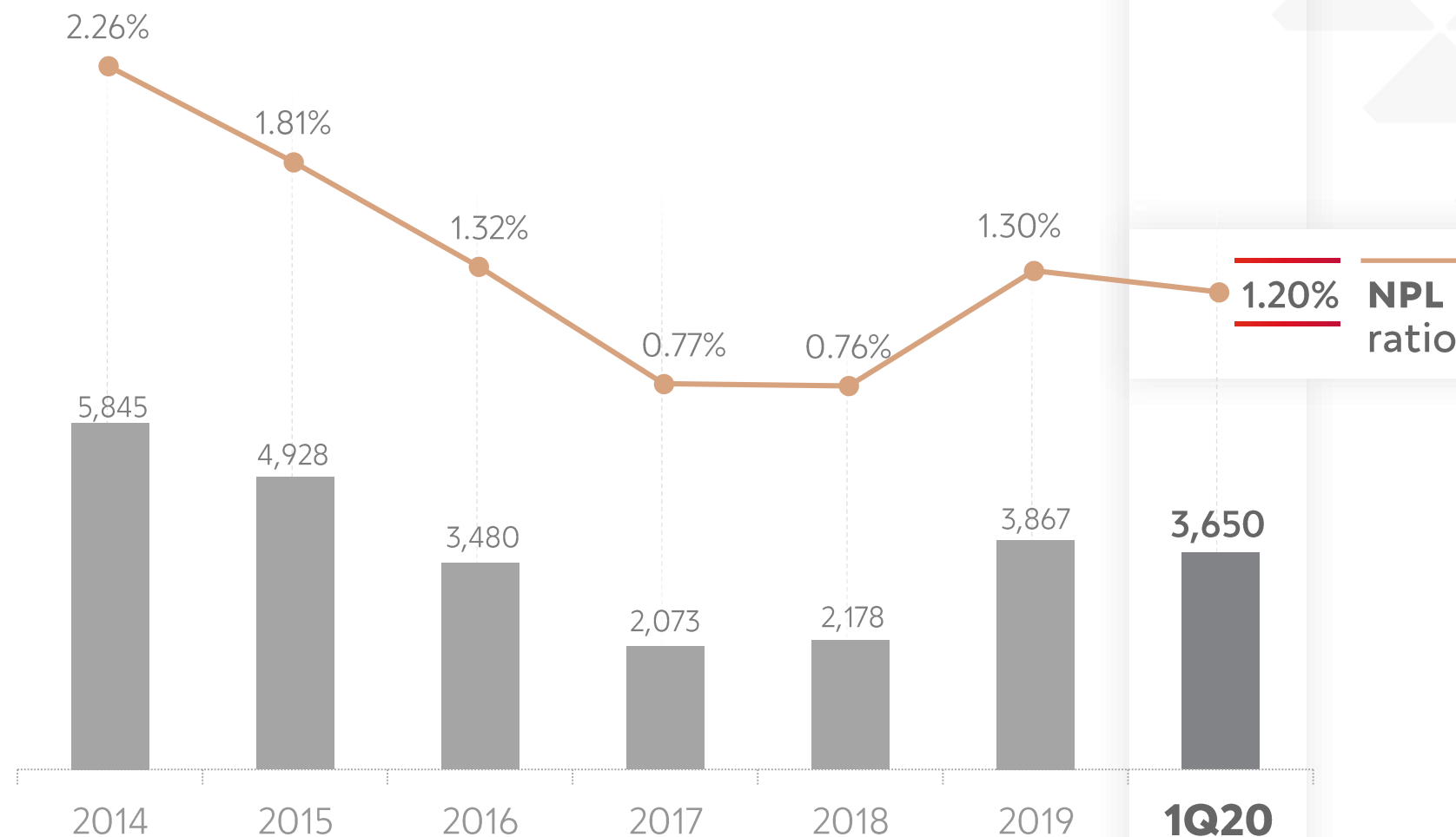
# 1Q20 Problematic debt

— NIS million



# 1Q20 NPL levels

— NIS million



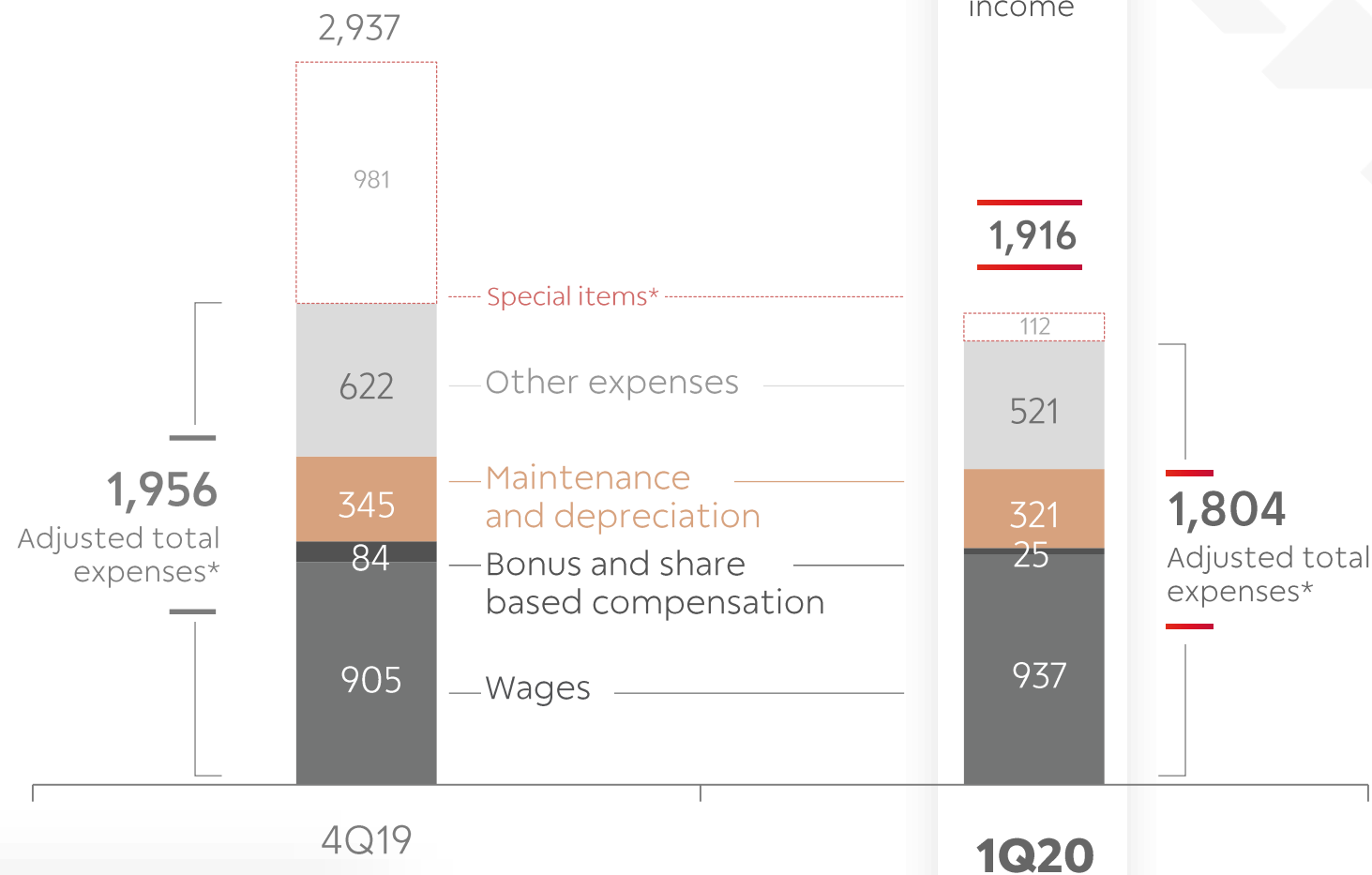


# 1Q20

## Operating expenses

NIS million

\* Total expenses in 1Q20 exclude expense of NIS 97 million of exchange rate differentials associated with provision made with respect to the investigation of the Bank Group's business with American clients as well as provision in the amount of 15 million associated with the investigation. Total expenses in 4Q19 exclude NIS 1,000 million associated with said provision, income of NIS 15 million associated with said exchange rate differentials and net income of NIS 4 million of closure of Swiss operations



Legal and other expenses mainly associated with US investigations

	4Q19	1Q20
	72	66
	NIS million	NIS million

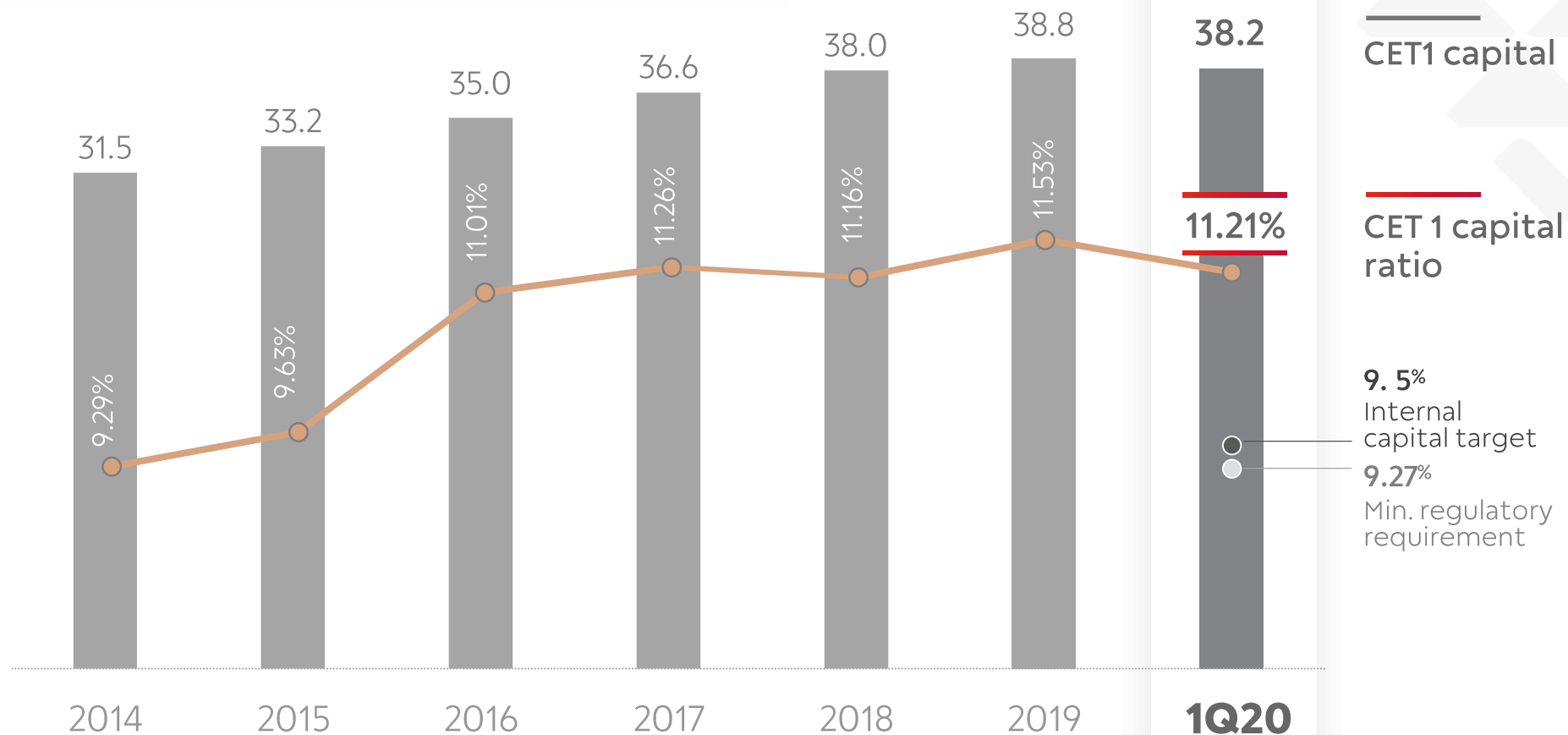
**56.6%**  
Cost income

**14.2%** Total capital ratio    **7.1%** Leverage ratio

1Q20

## Capital base

— NIS billion



# 1Q20 Balance Sheet resilience

## Robust capital

CET1

11.21%

9.27%

Min.  
regulatory  
requirement

Leverage ratio

7.14%

6.00%

Min.  
regulatory  
requirement

## Strong liquidity & funding

LCR

126%

100%

Min.  
regulatory  
requirement

Credit & deposit  
NIS billion

77% LDR

300

389

67%  
Retail

Net credit to the public  
Deposits from the public

1Q20

# Appendix



1Q20

## Key balance sheet items

— NIS million

	1Q19	4Q19	1Q20
Cash on hand and deposits with banks	78,332	88,122	<b>89,475</b>
Securities	66,259	59,486	<b>74,500</b>
Net credit to the public	283,048	292,940	<b>299,548</b>
Deposits from the public	354,232	361,645	<b>388,566</b>
Deposits from banks	3,328	3,520	<b>3,980</b>
Bonds and subordinated notes	29,695	26,853	<b>24,491</b>
Shareholders' equity	38,481	38,181	<b>37,632</b>
Total balance sheet	465,778	463,688	<b>491,459</b>

**Note:** For a full balance sheet analysis, please refer to the Bank's financial statements for 1Q20.

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Israel's leading  
financial institution

