



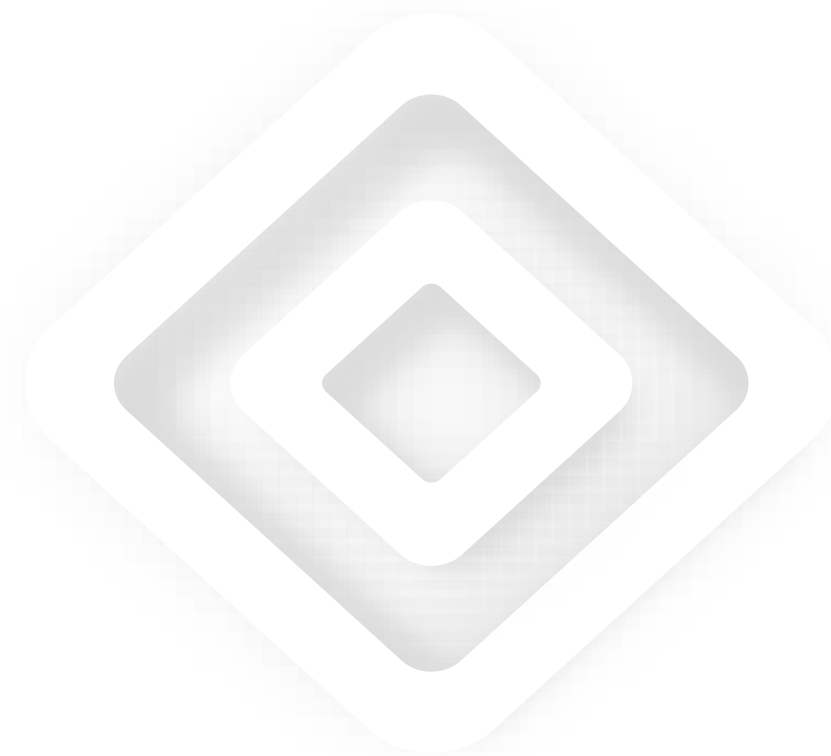
2Q20

Quarterly
Financial Review

This presentation includes condensed information and selected data regarding Bank Hapoalim's Second Quarter 2020 results.

This presentation does not substitute the Bank's Second 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 - investor relations/financial information.

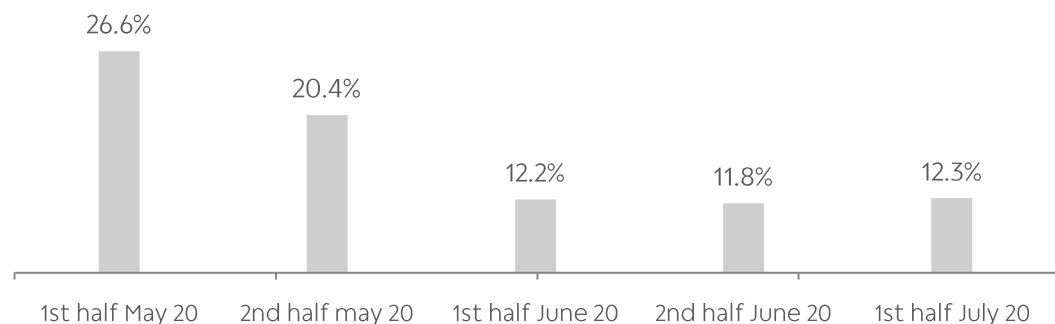
Some of the information in this presentation that does not refer to historical facts constitutes forward-looking information, as defined in the Securities Law. Forward looking statements for the Bank's business, financial condition and results of operations, are subject to risks and uncertainties, that 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 Bank's accounting policies, as well as certain other risk factors which are detailed from time to time in the Bank's filings with the securities authorities.



2Q20 ³ | Israel and COVID-19 A 'new normal'

Post peak, decline in unemployment

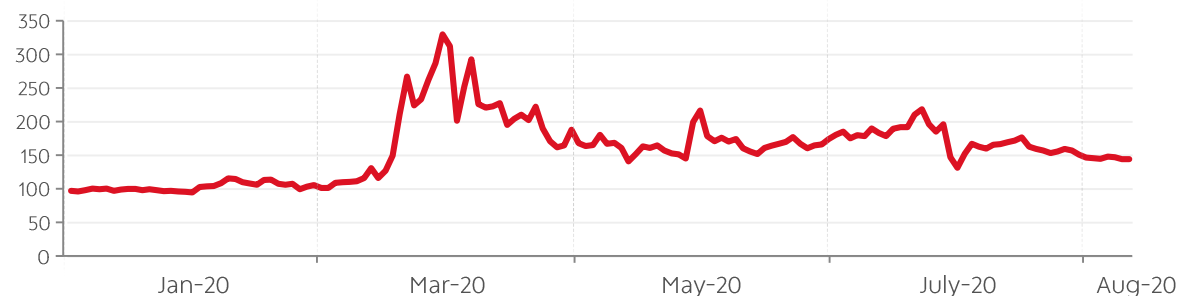
Including furloughs



Source: Central Bureau of Statistics

Corporate bond spreads leveled off

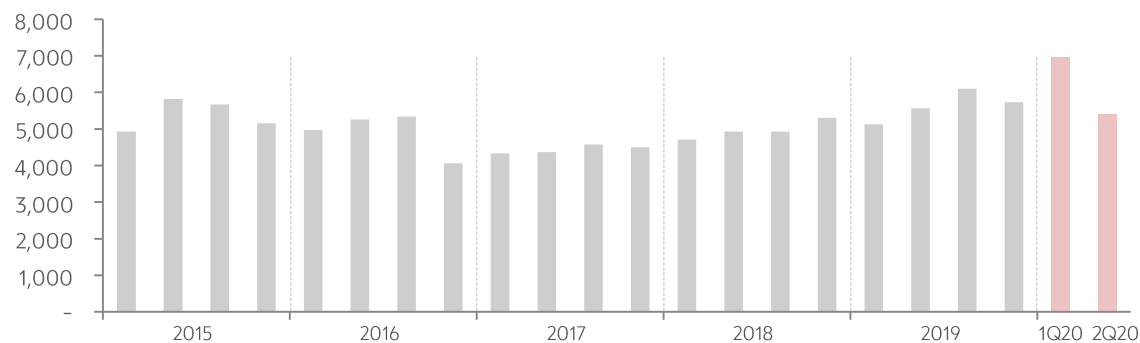
Tel-bond 60 spread over gov. bonds, bps



Source: Terminal

Mortgage market continues to track strong

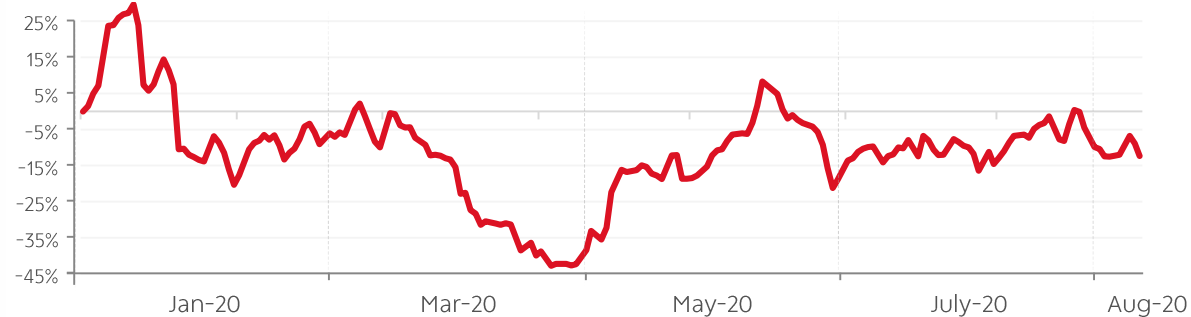
NIS millions, monthly average of executions



Source: Bank of Israel

Partial recovery in credit card activity

Local purchases, change vs January 2020



Source: Bank of Israel

2Q20

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Key profit and loss items

NIS million

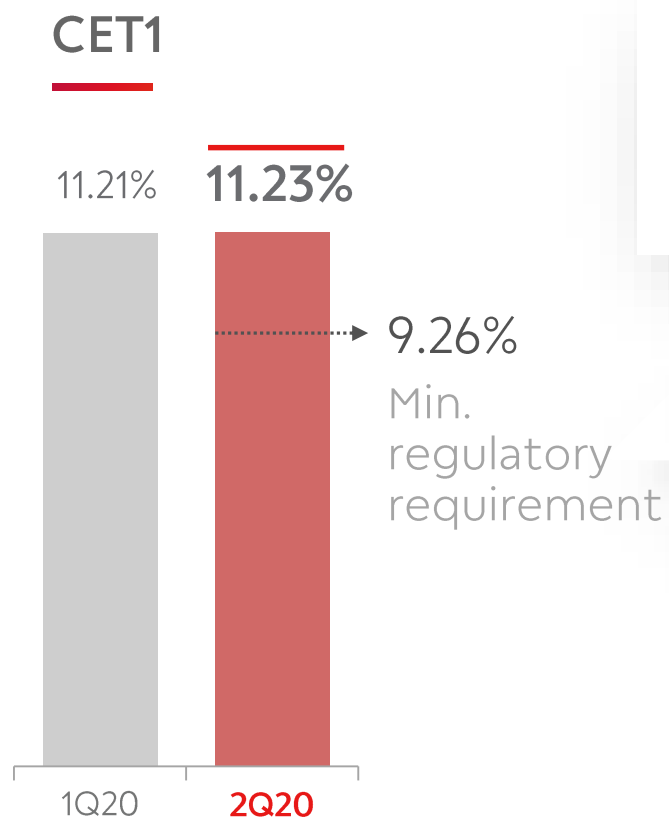
	2Q19	1Q20	2Q20
Total Net Financing Profit	2,632	2,498	2,359
Fees and Other Income	833	885	795
Total Income	3,465	3,383	3,154
Provision for Credit Losses	(319)	(809)	(1,128)
Operating and Other Expenses	(1,992)	(1,916)	(1,826)
Profit before Taxes	1,154	658	200
Provision for Taxes on Profit	(441)	(363)	(73)
Net Profit	871	192	133
ROE	9.3%	2.0%	1.4%

Includes NIS 806 million of COVID-19 collective provision

Note: For a full profit and loss analysis, please refer to the Bank's financial statements for 2Q20.

2Q20 5 | Balance sheet Demonstrating resilience

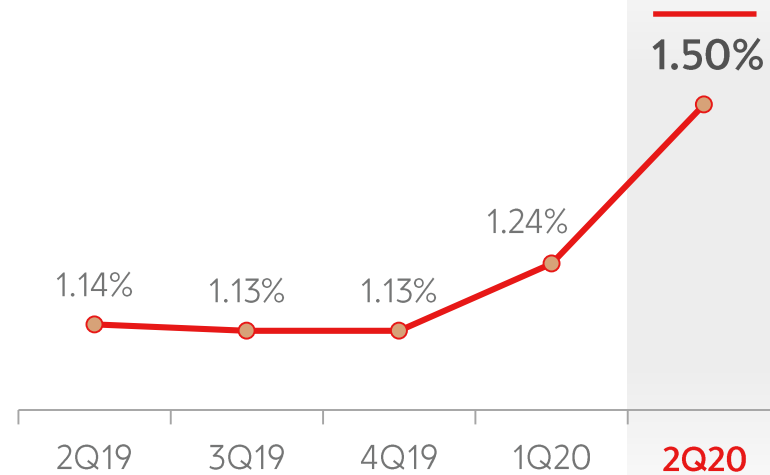
Robust capital



7.0%
Leverage ratio

Reserve build

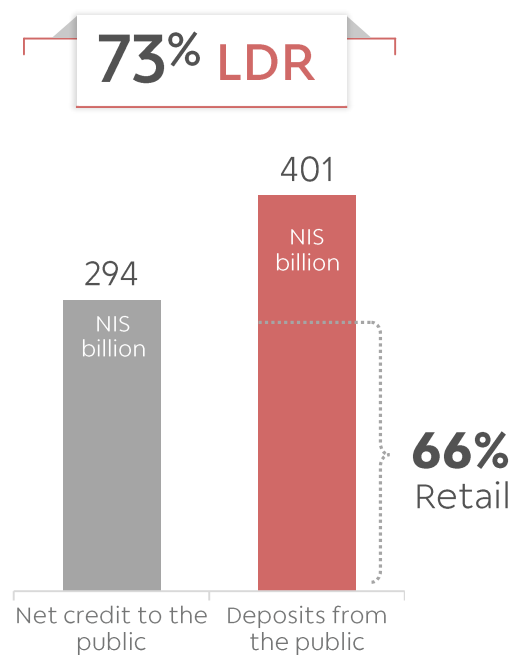
Collective allowance ratio*



* Collective allowance with respect to credit to the public as a percent of total credit, excluding impaired loans.

2Q20 6 | Balance sheet Demonstrating resilience

Strong liquidity & funding

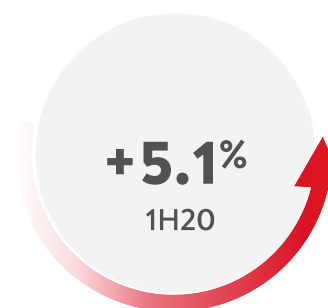


LCR

121% **FY19** → **131%** **2Q20**

Responsible credit growth

Housing loans



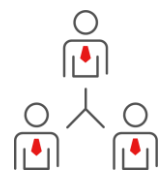
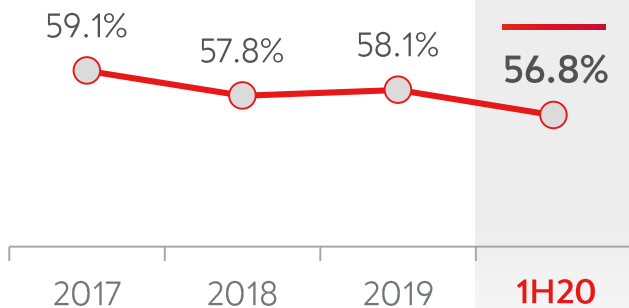
Gov't guarantee fund



2Q20 7 | Management priorities remain Efficiency & digital

Efficiency

C/I ratio*



-900
employees

~10%
of work force

Fifth efficiency plan
to be expedited

Multi-channel service



>80%

Digital and self
service banking*



~x2

Digital account
opening, vs 1Q20



81%

By appointment only
branch appearance,
July 2020



4.3
million

Payment App
downloads

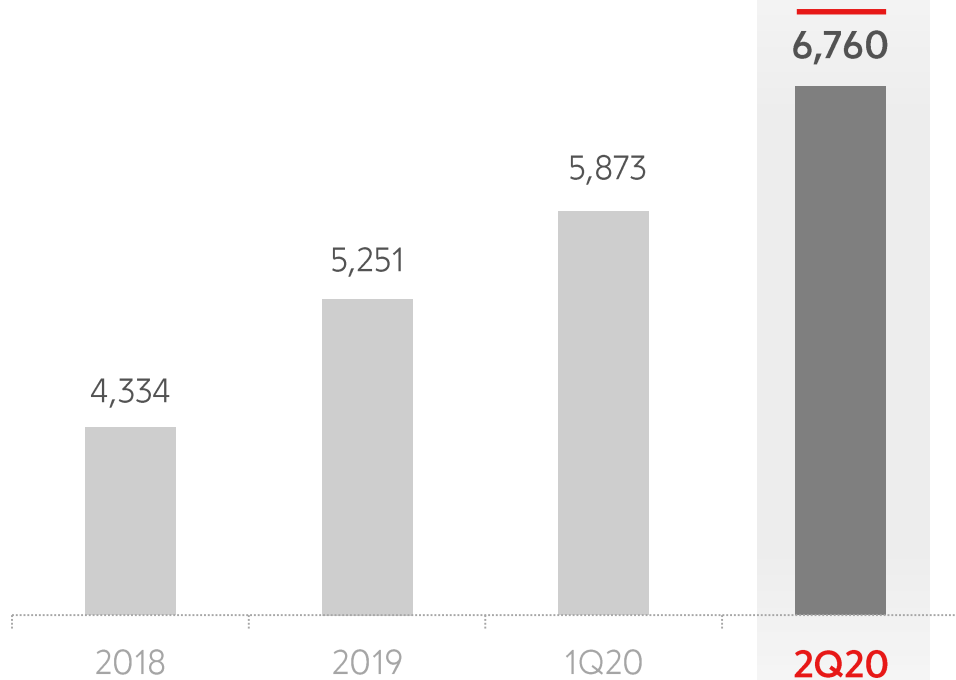
* Excluding special items

* Refers to top six banking activities,
not including cash transactions

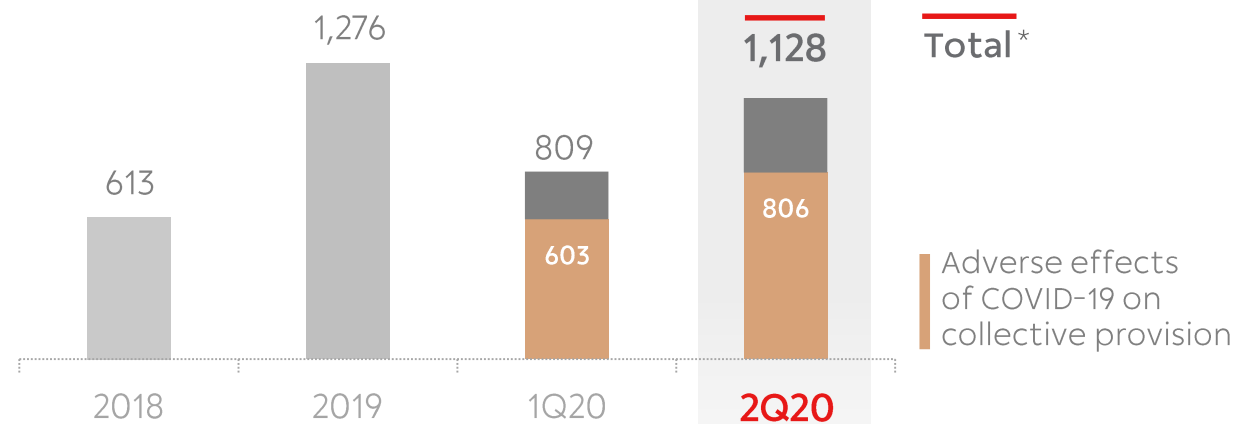
2Q20 8 | Credit losses

NIS million

Allowance for credit losses



Provision for credit losses

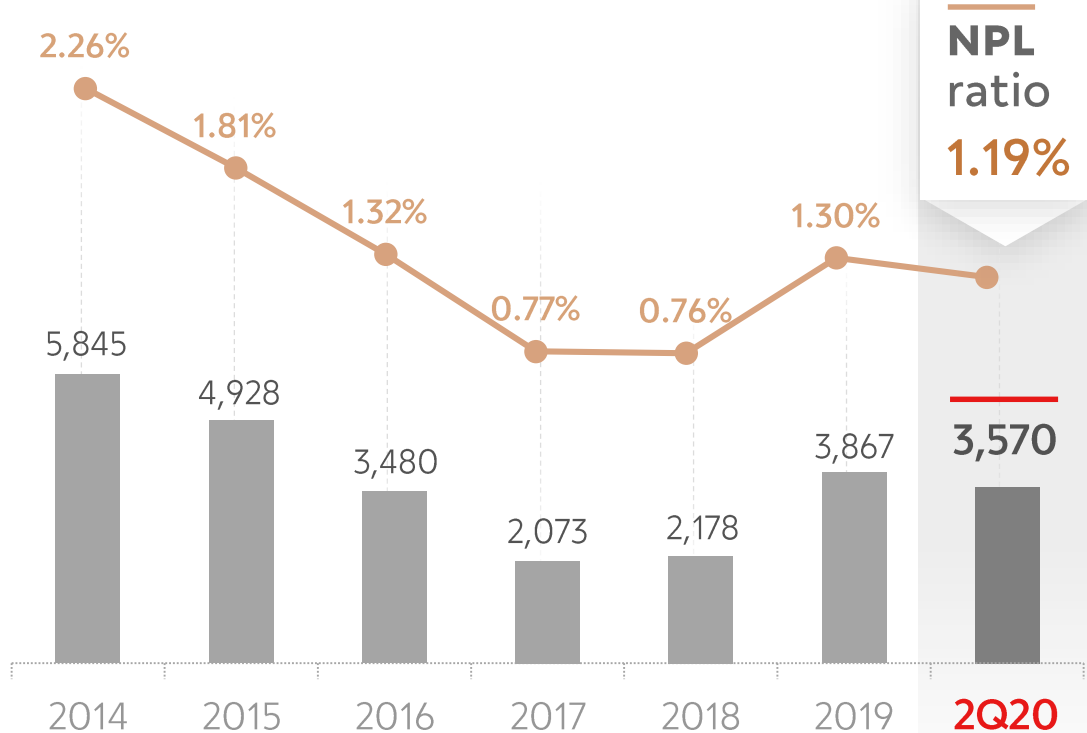


* Total provision for credit losses includes collective and individual provision.

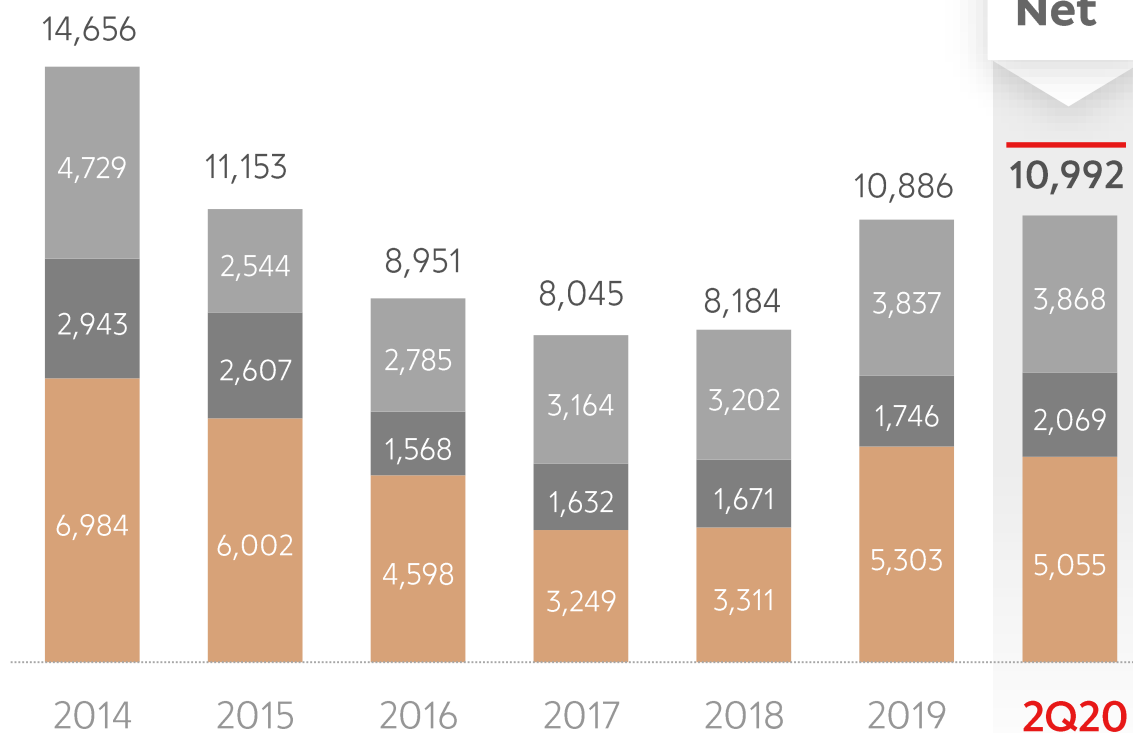
2Q20 | 9 | NPL levels and problematic debt

NIS million

NPL levels



Problematic debt



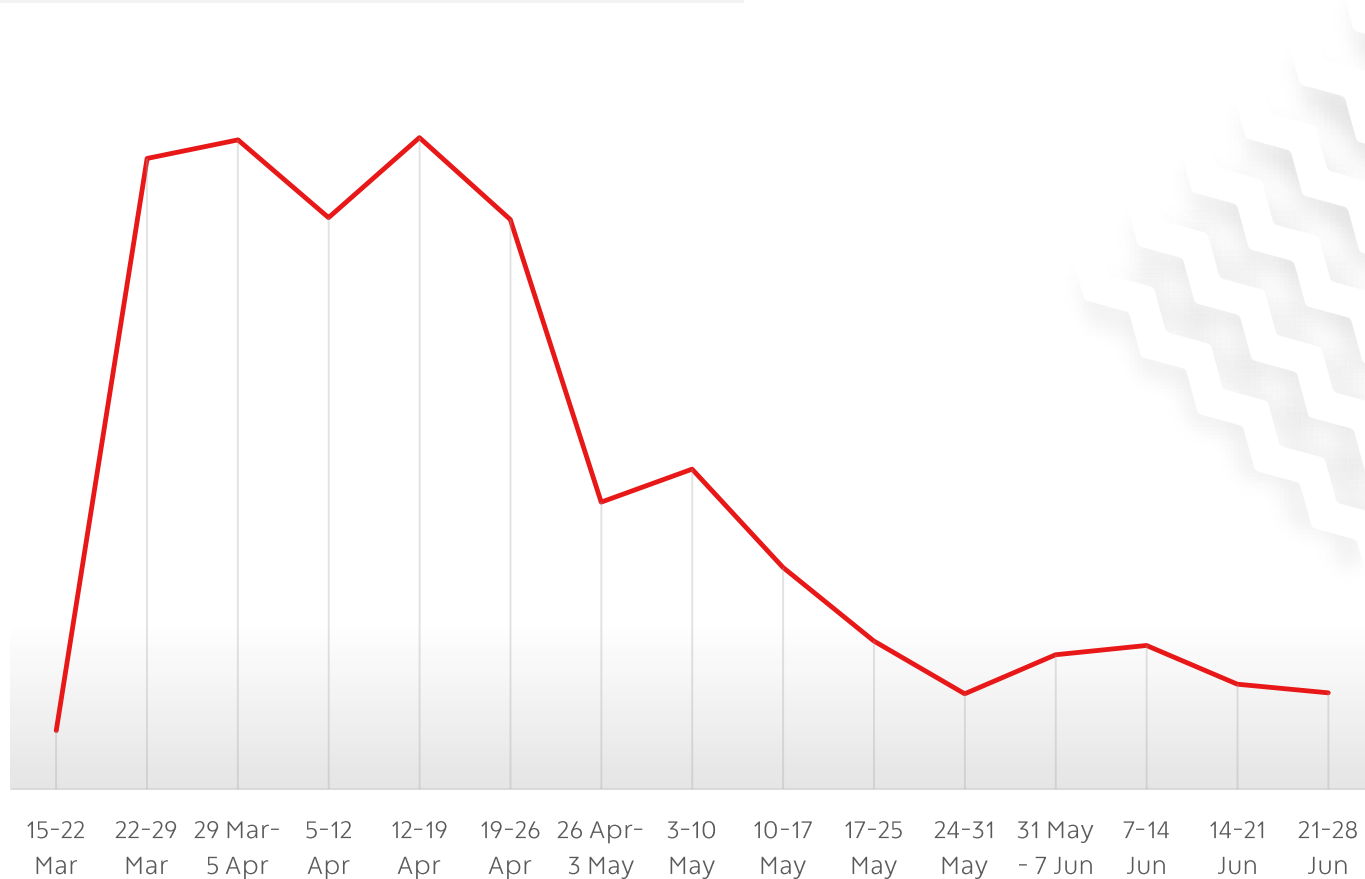
8,513
Net

Impaired Substandard Special supervision

bank hapoalim

2Q20¹⁰ | Lending relief program

Payment deferrals granted*



- Deferral of loan payments supporting customer demand for cash flow relief
- Most applications received at the onset of the pandemic
- Current balance of credit still in deferral is significantly lower than the cumulative amount

* Weekly payment deferrals granted to consumers and small businesses until the end of the reporting period.

2Q20

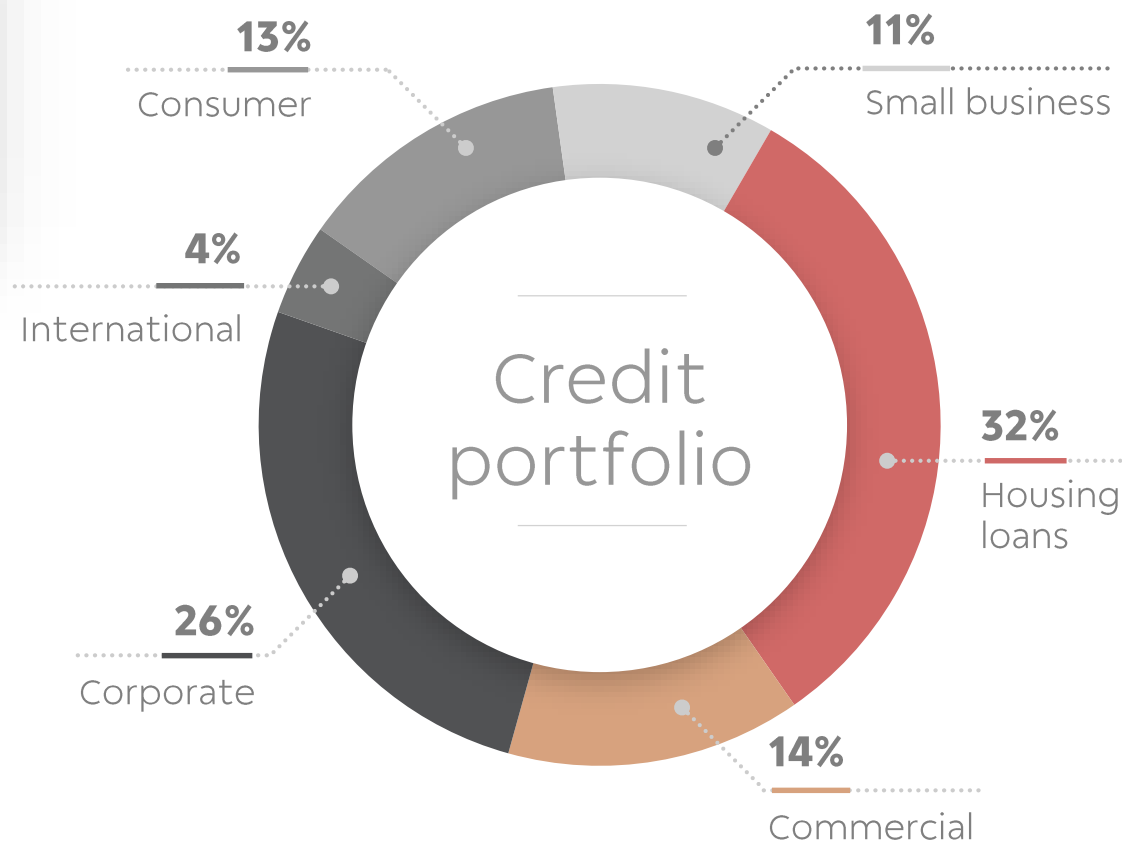
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Credit portfolio

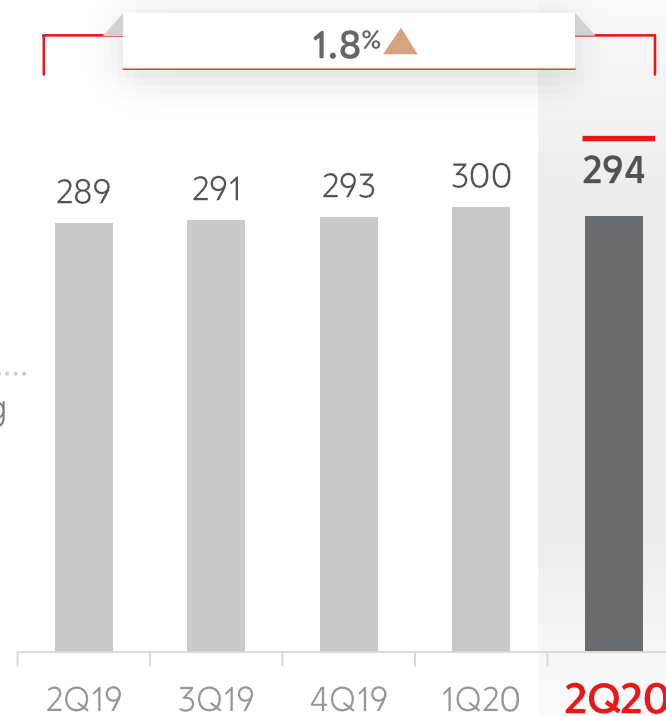
Net, NIS billion

Highly diversified loan book

A strong asset in the
'new normal'



Credit portfolio
294 NIS billion



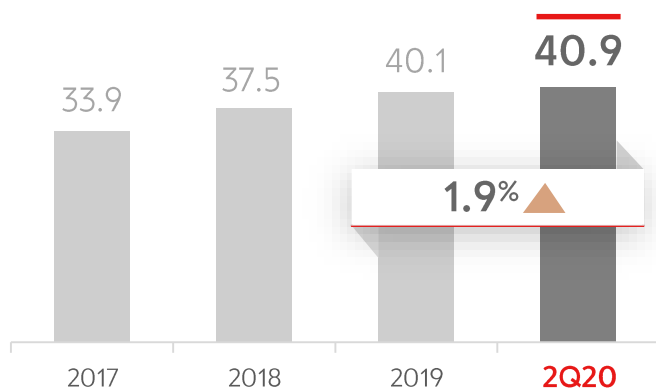
2Q20

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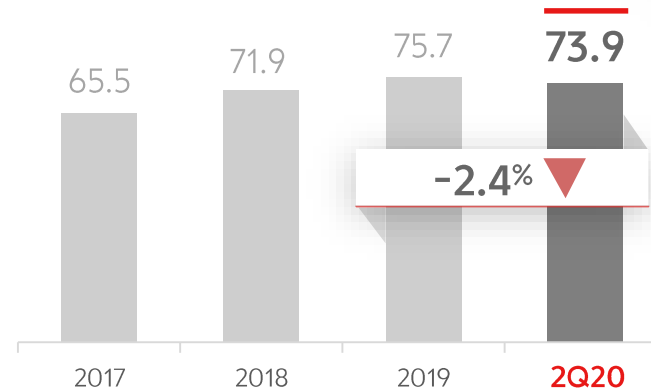
Credit growth

In Israel, NIS billion

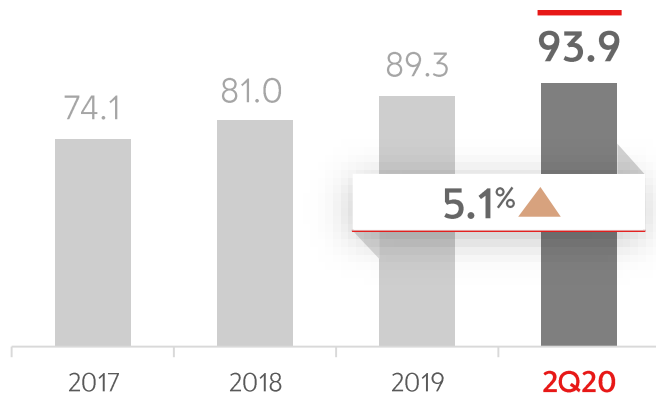
Commercial



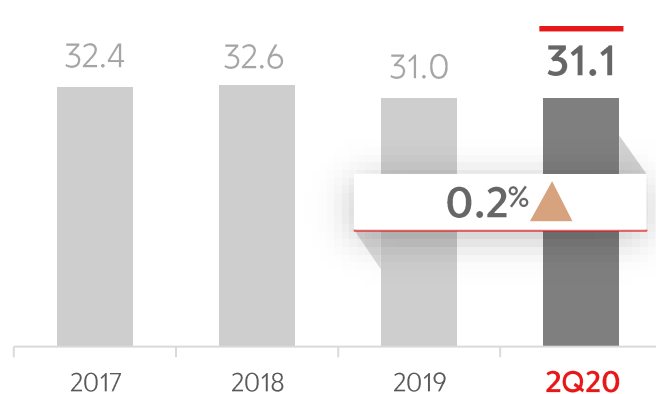
Corporate



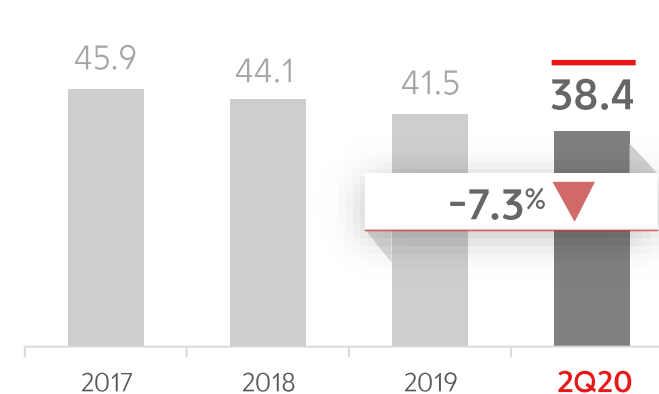
Housing loans



Small business



Consumer



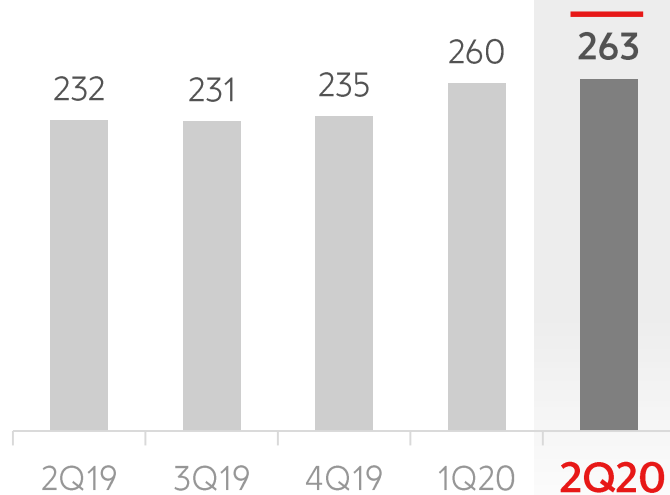
NIS billion



Deposit base
401 NIS billion

Retail deposits

13.5% ▲



Largest retail deposit base in the sector

A key funding source

66%

Retail

53%
Consumer

4%

International activity

14%

Corporate

9%

Financial management

7%

Commercial

13%

Small business

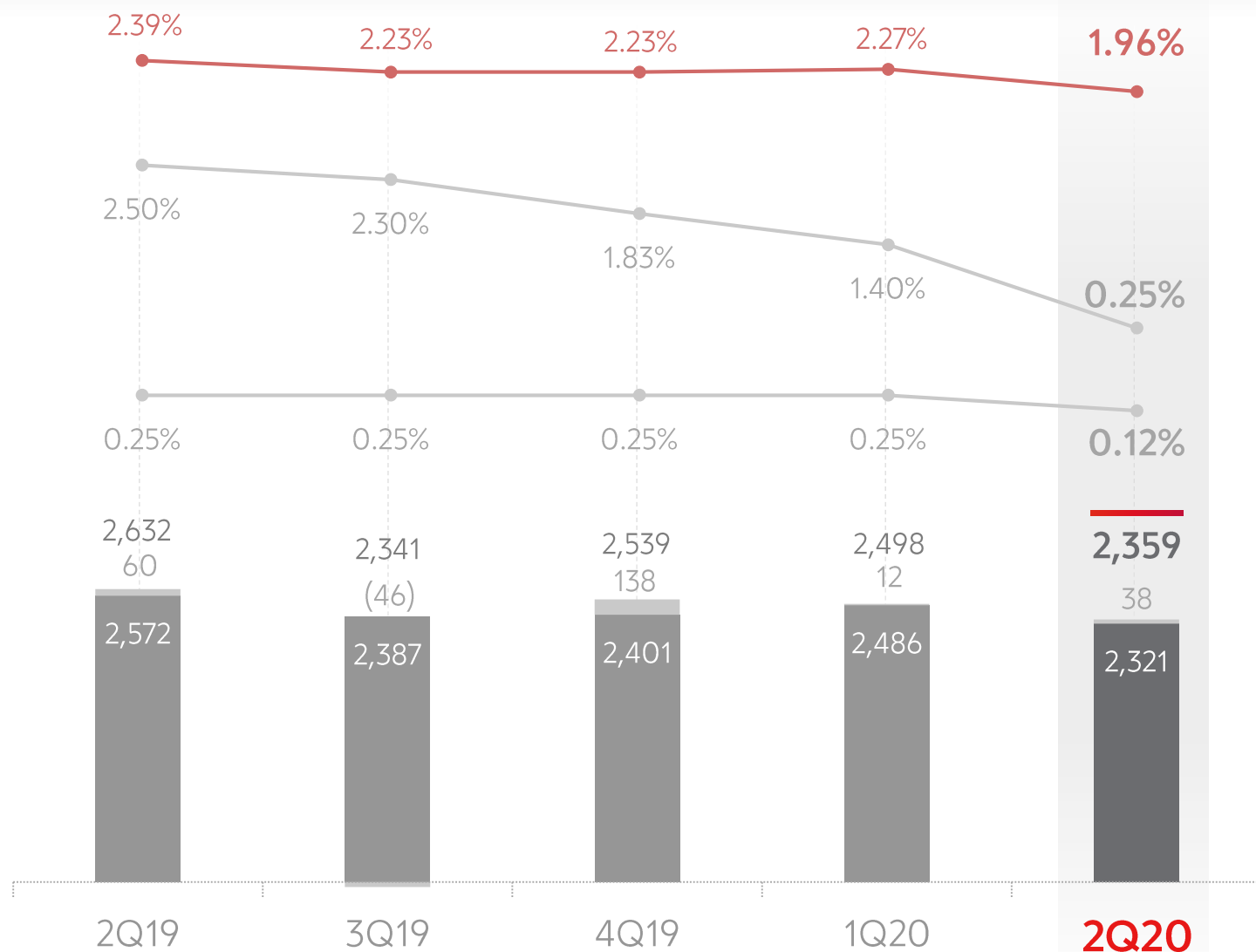
Deposit base

2Q20

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Financing income and margin

NIS million



Financial margin
from regular activity

FED interest rate
average, upper bound

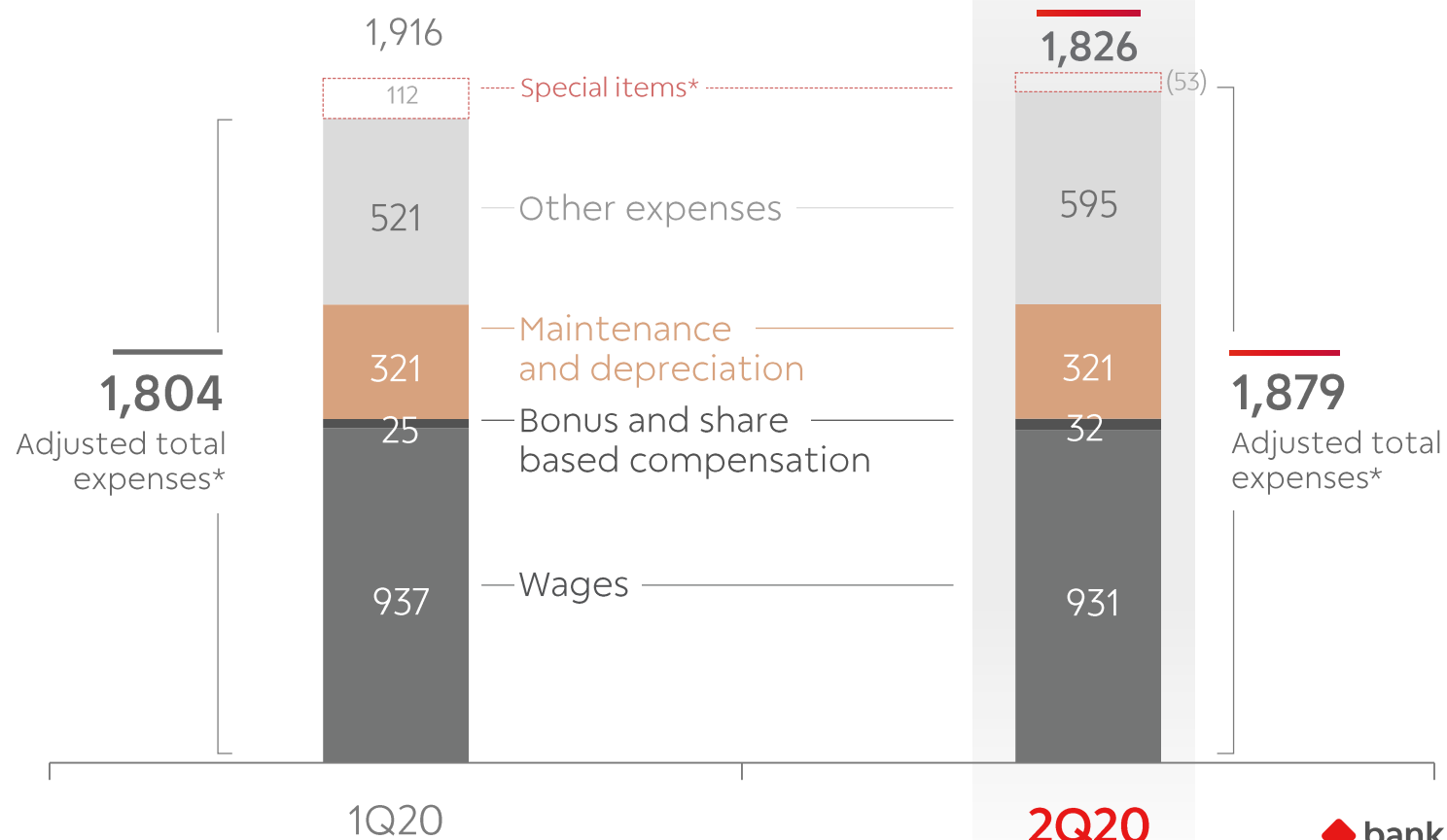
Bank of Israel interest rate
average for period

Net financing profit

Others
Income from regular
financing activity

2Q20 15 | Operating expenses

NIS million



* Total expenses in 2Q20 exclude income of NIS 53 million of exchange rate differentials associated with provision made with respect to the investigation of the Bank Group's business with American clients. 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.

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Capital base

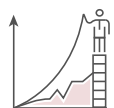
NIS billion

Total capital ratio

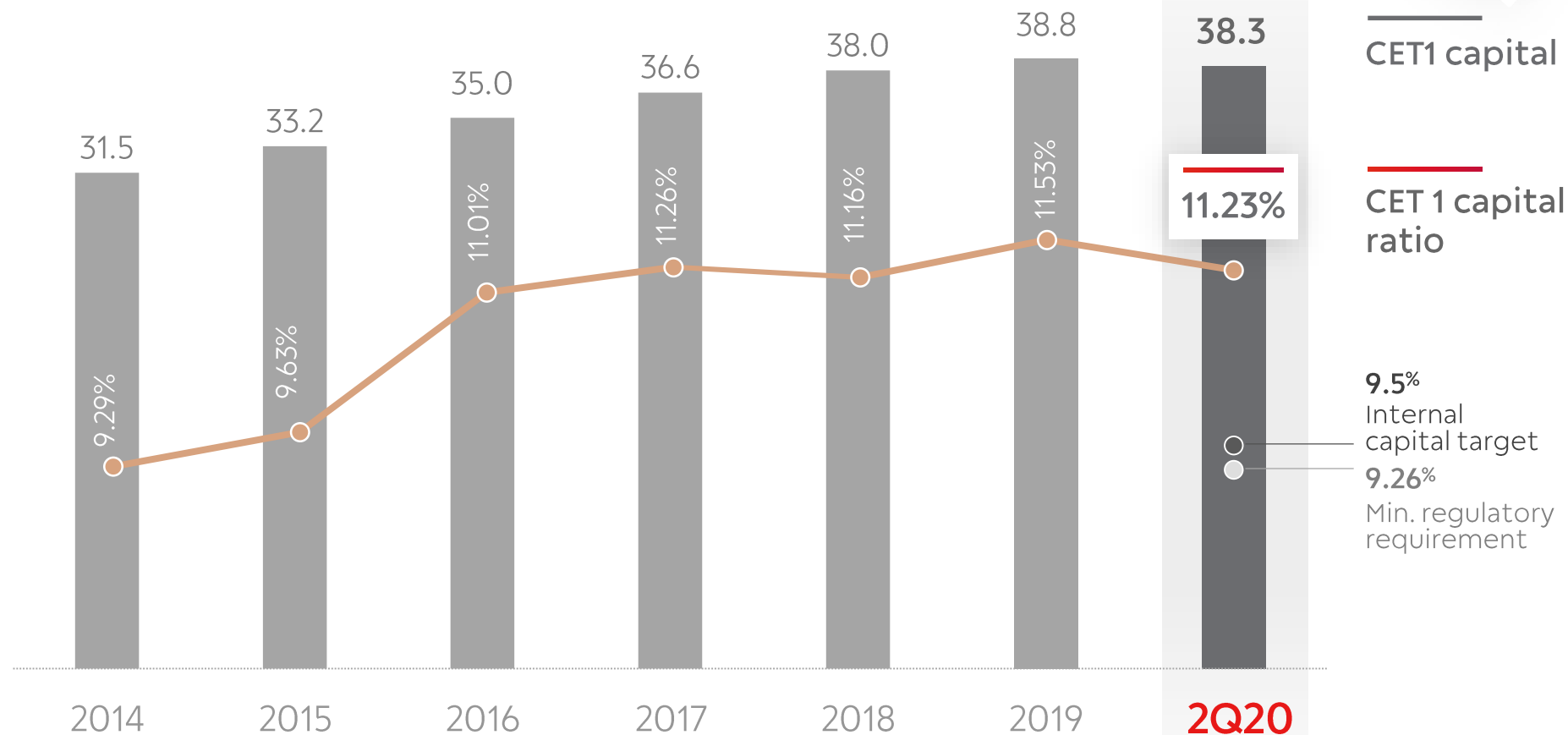


14.2%

Leverage ratio



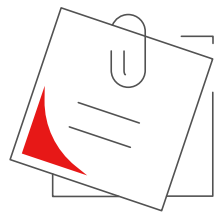
7.0%





2Q20

Appendix



Key balance sheet items

NIS million, period ending

	2019	2Q20
Cash on hand and deposits with banks	88,122	113,033
Securities	59,486	66,513
Net credit to the public	292,940	293,700
Deposits from the public	361,645	400,816
Deposits from banks	3,520	3,418
Bonds and subordinated notes	26,853	25,196
Shareholders' equity	38,181	38,024
Total balance sheet	463,688	499,280

Note: For a full balance sheet analysis, please refer to the Bank's financial statements for 2Q20.



Israel's leading
financial institution