



◆ bank hapoalim

Quarterly Financial Review

3Q22



Disclaimer

This presentation includes condensed information and selected data from Bank Hapoalim's third-quarter 2022 financial results.

This presentation is not a substitute for the Bank's third-quarter 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.

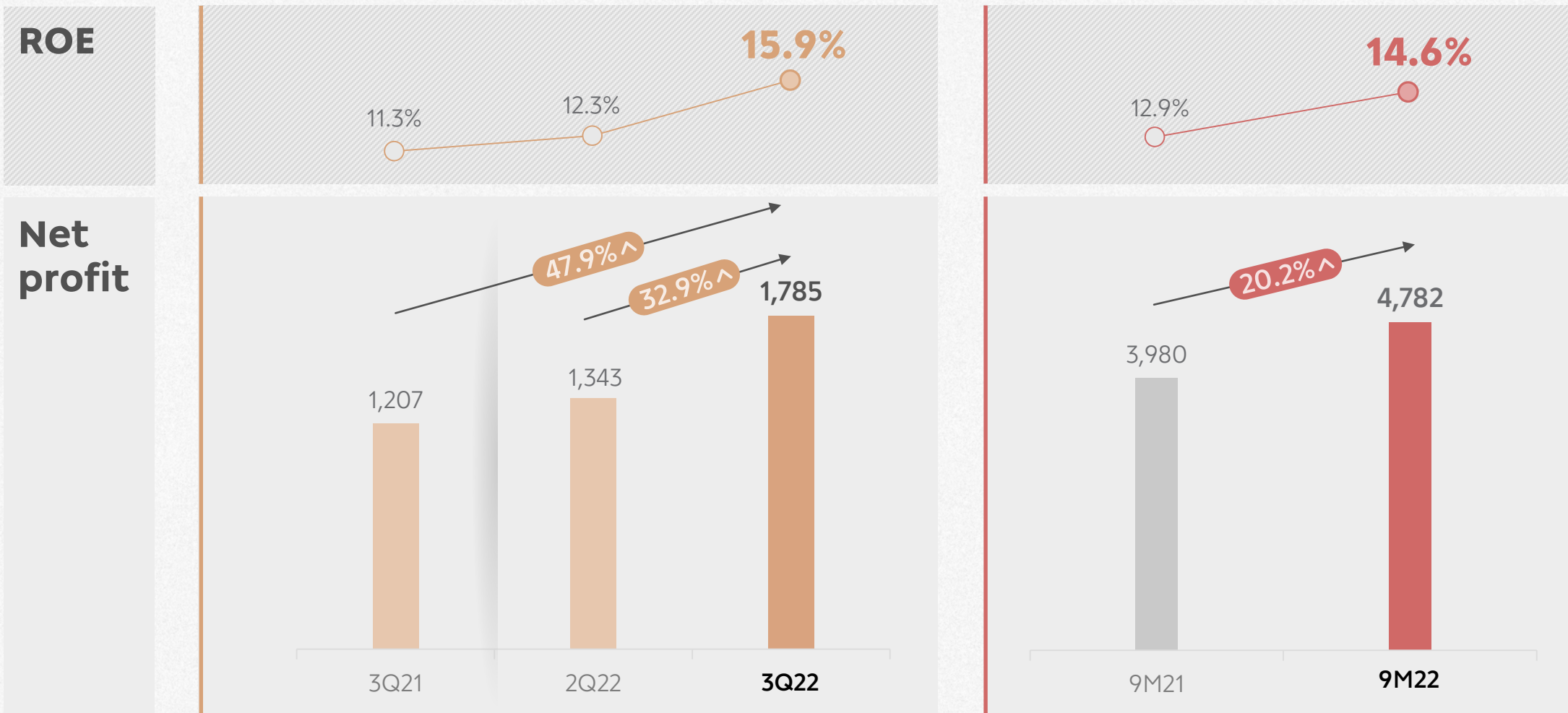
Some of the information in this presentation that does not refer to historical facts constitutes forward-looking information, as defined in the Securities Law.

Forward looking statements regarding the Bank's business, financial condition and results of operations, are subject to risks and uncertainties that

may 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 detailed from time to time in the Bank's filings with the securities authorities.



Robust performance in the quarter NIS million



Executing our strategy to drive greater profitability and strength

Strong financing income boost

Driven by the continuous credit growth, interest-rate hikes, and higher inflation

Income from regular financing activity

17.2%
QoQ

54.8%
YoY

Strong trend in fee income

Driven by the growth in activity coupled with the impact from the Isracard agreement (NIS 95 million in respect of 2Q22 and 3Q22)

Fees

17.4%
YoY

13.0%
9M22 vs. 9M21

Continuous cost discipline and efficiency improvement

Substantial positive jaws

Cost-income ratio and change in expenses

41.5%
3Q22

-1.4%
YoY

Consistently strong credit quality

Prudent buffers remain in place – crucial for enduring adverse macro developments

Credit losses and NPL ratios

0.05%
3Q22

0.78%
3Q22

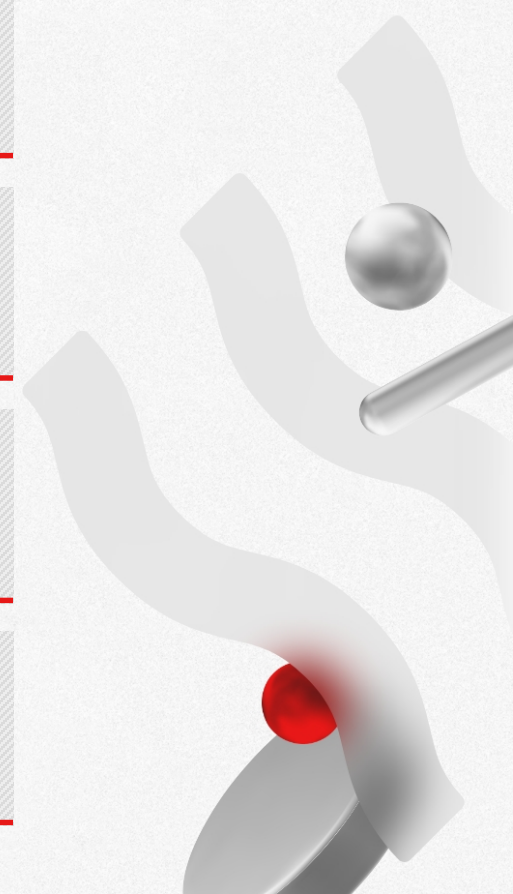
Robust capital position

Generating capital organically allowing for continued growth and shareholder value

CET-1 ratio and dividend ratio

11.10%
3Q22

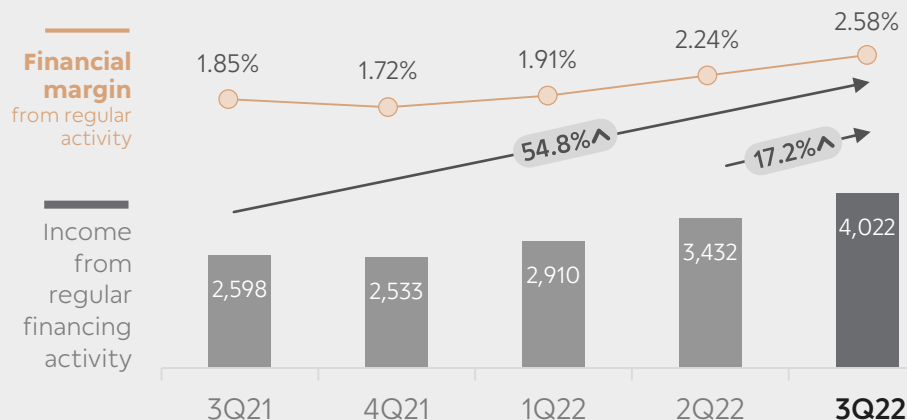
30%
of 3Q22 net income



Interest income trend to remain favorable given expected rate rises

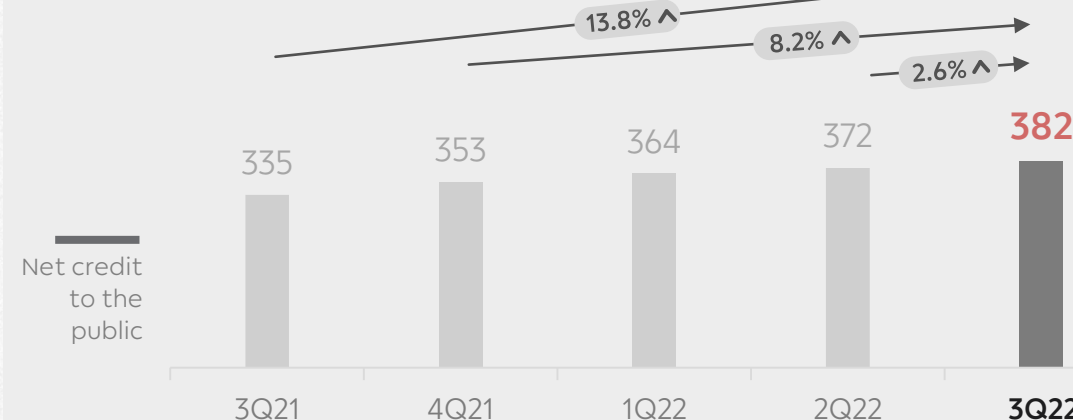
Interest income levered on growth and improving spreads

NIS million



Continued responsible credit growth

NIS billion



High sensitivity to interest rates

0.8
NIS billion

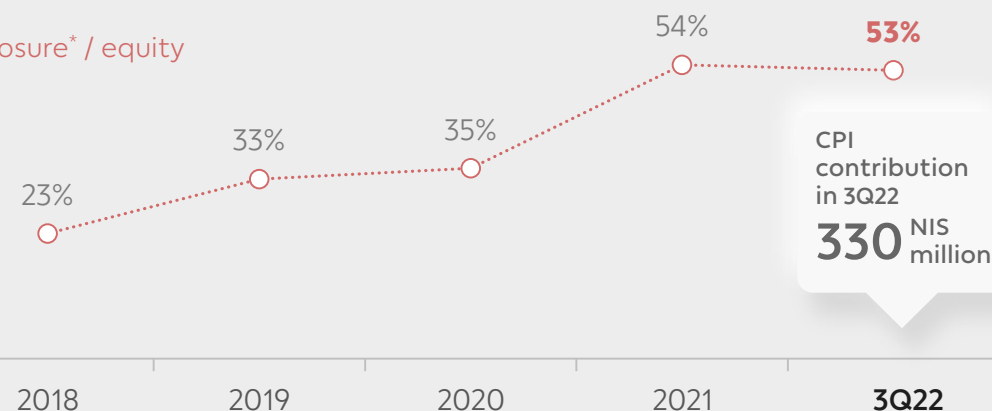
Effect of a parallel 1% increase in interest rates on financing income

41%

Non-interest-bearing deposits of total deposits

CPI position increased significantly in recent years

CPI exposure* / equity

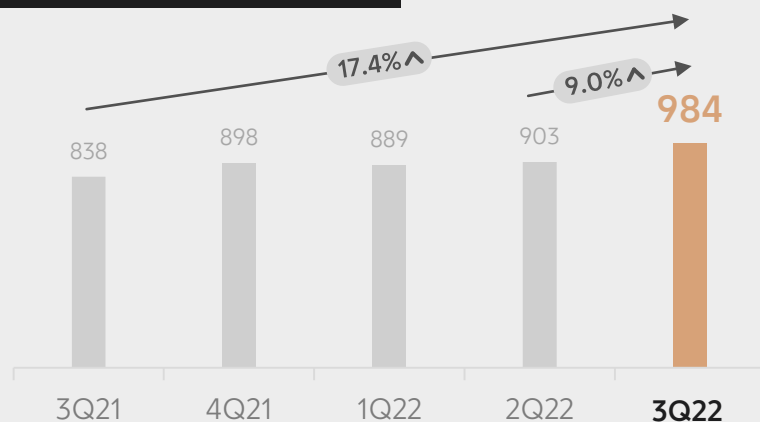


* CPI exposure excluding employee benefit liabilities.

Our strategic focus on growing non-interest activities is paying off

Continuous positive trend in fees

NIS million



Initial effects of Isracard agreement reflected in results

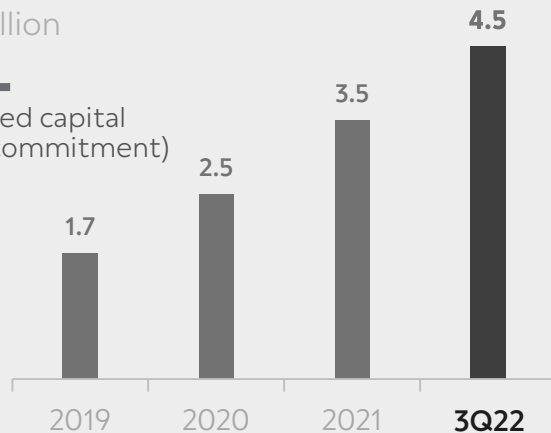
+95 NIS million
in 2Q+3Q
(NIS 48 m in 3Q22)

Impact of the bank's new agreement with Isracard for the issuance and operation of credit cards

Poalim Equity

NIS billion

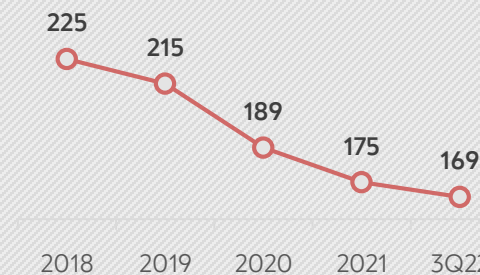
Invested capital
(incl. commitment)



+94 NIS million
in 9M22

Contribution to
the Bank's results
(NIS 19 m in 3Q22)

Real estate efficiency measures



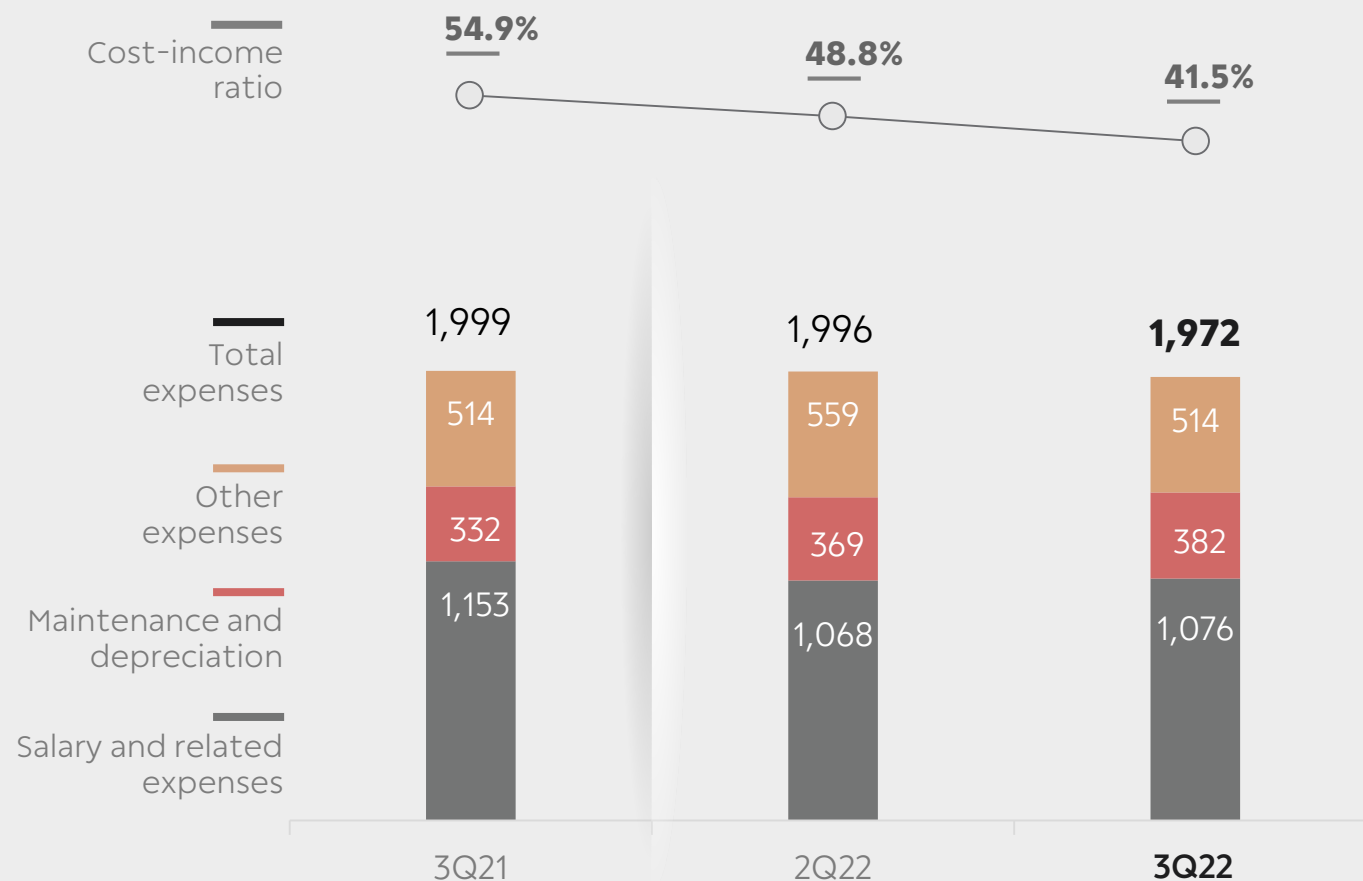
Number
of branches

More than
50k meters
in prime locations
in Tel Aviv

Potential for realization
by 2025, thanks to Poalim
Center project

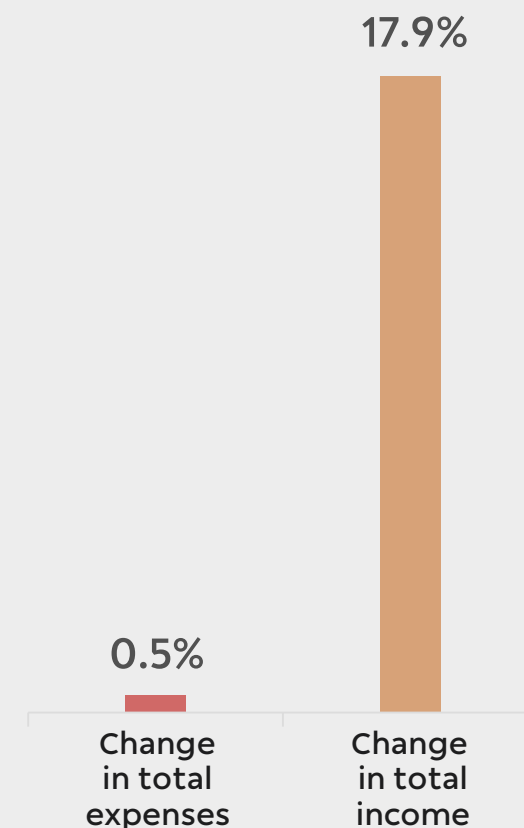
Continuous cost discipline and efficiency improvement; substantial positive jaws

NIS million

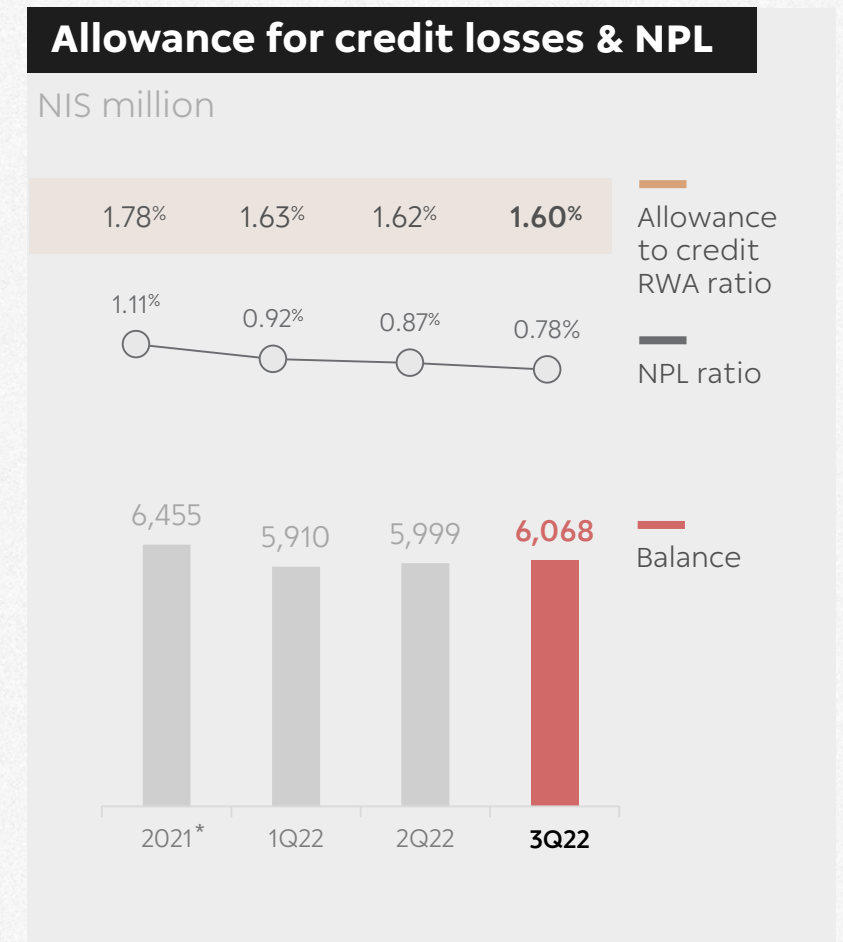
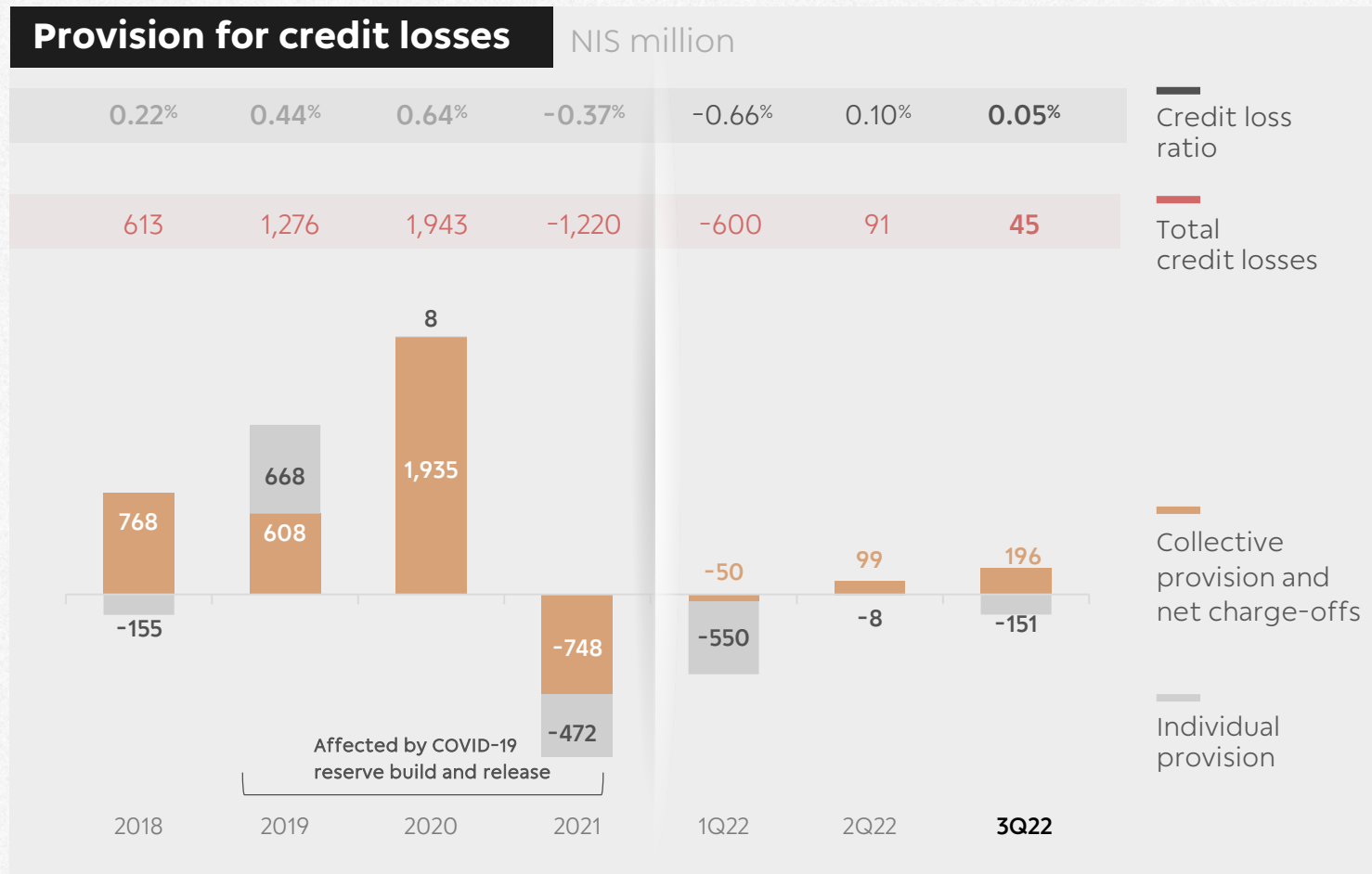


Positive jaws

9M22 vs. 9M21



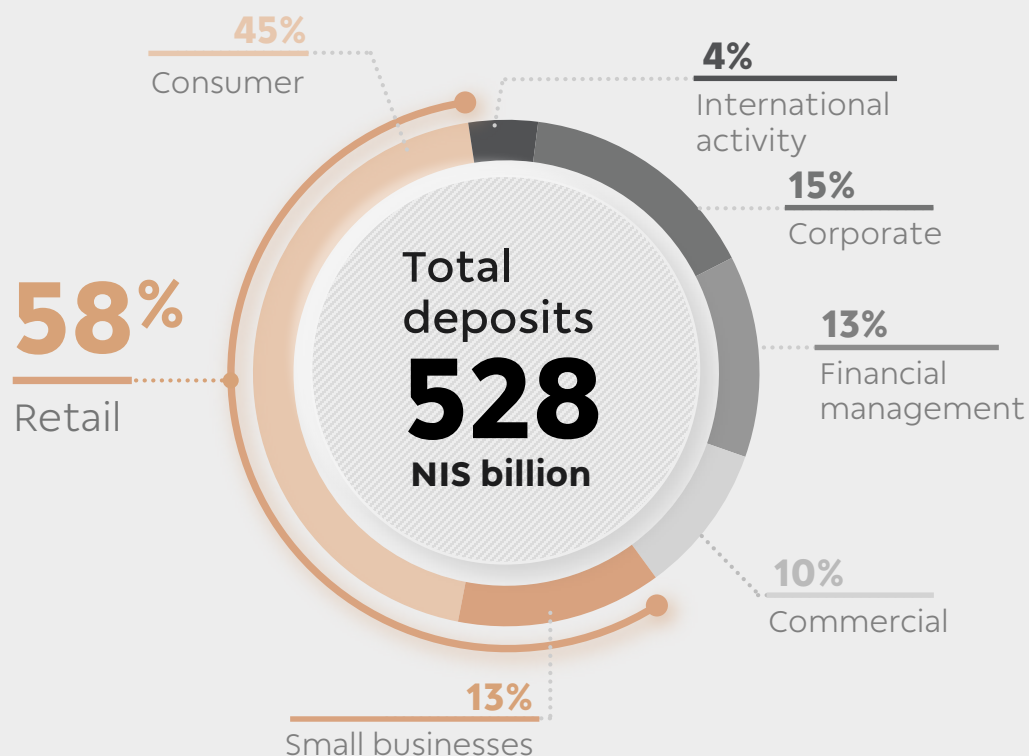
Continually strong credit quality with low NPLs; Prudent buffers remain in place – crucial for enduring adverse macro developments



* Proforma data. The proforma allowance for credit losses includes the effect of the initial implementation of CECL



Strong retail deposit base; superior liquidity ratios

Deposit base



Retail deposits

304 NIS billion
Largest in the sector

+5.4% YoY  | **-1.0%** QoQ 

Above regulatory requirement of
100%

LCR
126%

NSFR
127%

Resilient capital position as strong organic capital generation allows for targeted credit growth and dividend payment

CET-1 capital ratio development



Dividend distribution

30% dividend
in respect of 3Q22 profits

536 NIS million

CET-1 ratio

11.10%

+14 bps
since Dec. 31, 2021

Total capital ratio

14.34%

vs. min. regulatory
req. of 13.5%

Leverage ratio

6.18%

vs. current min.
regulatory req.
of 5.5% (under relief*)

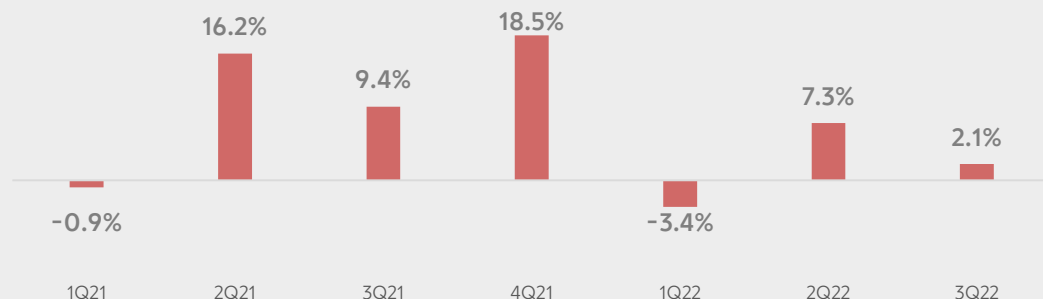
* Relief valid until December 31, 2023. The minimum regulatory requirement pre-relief is 6%.

Note: For additional information regarding capital requirements, refer to note 9 in the 3Q22 financial report.

Slower growth, soft landing in the housing market, further rate hikes

Growth has decreased

GDP growth, quarter on quarter, saar



Source: CBS

New home sales declined to pre-Covid level

New home sales



Source: CBS

Inflation is up, albeit lower than in most advanced economies

CPI, year-on-year rate of change

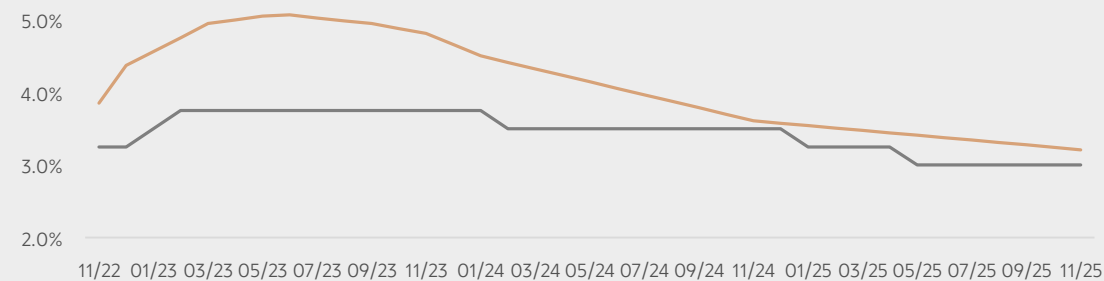


Source: CBS

Markets expect rates to peak in 2023Q1

Bol implied rate

FED implied rate



Source: Economics department

3Q22 key takeaways

1

Very strong profitability
in the quarter and first 9 months

2

Significant impact from rates hike due to balance sheet structure,
trend to remain favorable given expected rate rises

3

Continued responsible credit growth, in line with current macroeconomic environment

4

Cost-income ratio at **historically low levels**;
high positive jaws

5

High asset quality maintained; still very low level of provisions

6

High organic capital generation; will continue to support growth and future dividends



Key balance sheet items NIS million

	3Q21	2Q22	3Q22
Cash on hand and deposits with banks	175,765	162,579	145,423
Securities	70,383	81,506	90,078
Net credit to the public	335,297	371,976	381,582
Deposits from the public	505,483	529,508	527,699
Deposits from banks	10,448	9,045	9,779
Bonds and subordinated notes	18,761	27,334	26,263
Shareholders' equity	42,717	44,217	45,068
Total balance sheet	604,324	651,598	658,336

Note: For a full balance sheet analysis, please refer to the bank's financial statements for 3Q22.

Key profit and loss items NIS million

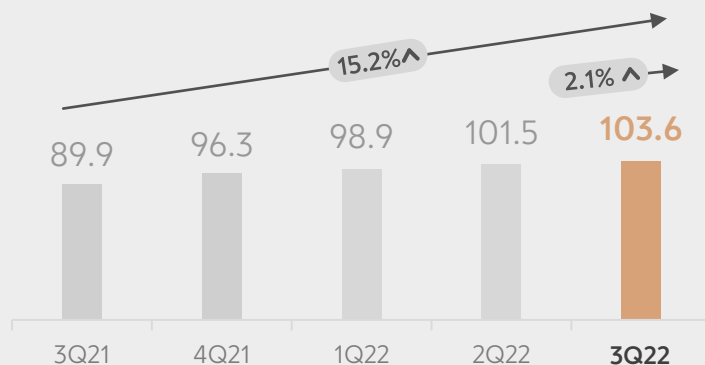
	3Q21	2Q22	3Q22
Total net financing profit	2,777	3,168	3,751
Fees and other income	867	920	1,002
Total income	3,644	4,088	4,753
Wages	(1,153)	(1,068)	(1,076)
Maintenance and depreciation of buildings and equipment	(332)	(369)	(382)
Other expenses	(514)	(559)	(514)
Total operating and other expenses	(1,999)	(1,996)	(1,972)
Profit before provision and taxes	1,645	2,092	2,781
Provision for credit losses	252	(91)	(45)
Profit before taxes	1,897	2,001	2,736
Provision for taxes on profit	(705)	(704)	(967)
Net profit	1,207	1,343	1,785
ROE	11.3%	12.3%	15.9%

Note: For a full profit and loss analysis, please refer to the bank's financial statements for 3Q22.

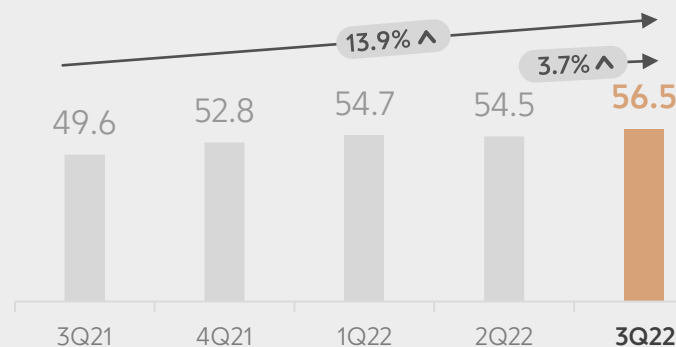
Responsible credit growth; well-diversified portfolio

NIS billion

Corporate

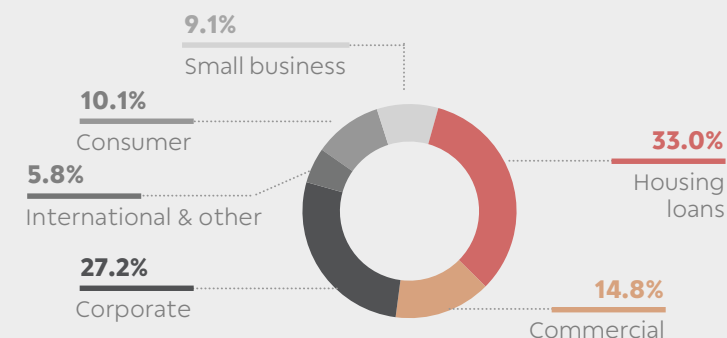


Commercial

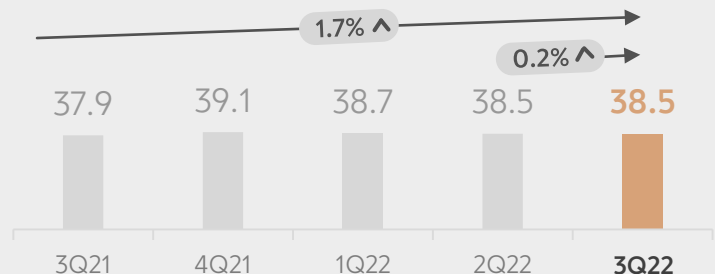


Well-diversified credit portfolio

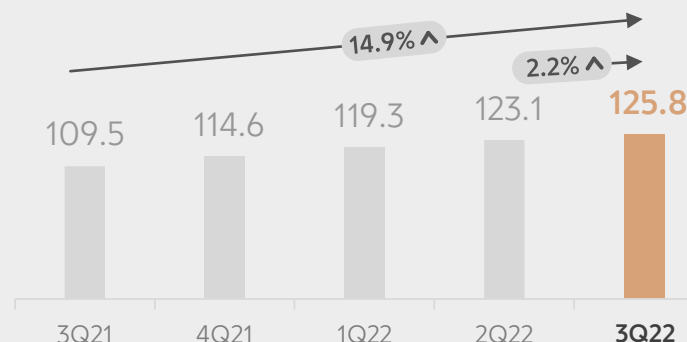
Credit portfolio



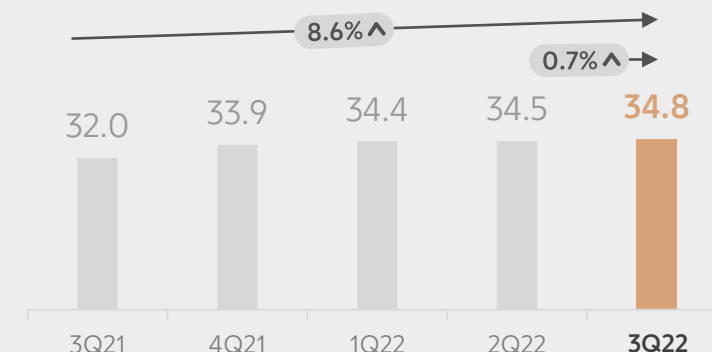
Consumer



Mortgages



Small business



Israel's leading financial institution

The background features a large, light gray, rounded triangular shape. To its left are three wavy, gray, ribbon-like lines. Above the triangle is a small, metallic, reflective sphere. To the right of the triangle is a blurred red sphere. In the top right corner, a portion of a metallic cylinder is visible. The Bank Hapoalim logo, consisting of a red diamond and the text "bank hapoalim", is positioned on the right side of the large gray triangle.

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