בנק הפועלים בע"מ

Bank Hapoalim B.M.

Number with the Registrar: 520000118

Securities Authority	Tel Aviv Stock Exchange Ltd.	Tav 121	Transmitted via Magna 15/11/2018
www.isa.gov.il	www.tase.co.il	(Public)	Reference: 2018-01-104230

Immediate Report

Explanation: This form should not be used when there is a form appropriate to the reported event.

Results of an issue should be reported on Tav 20 and not on this form.

A report on the rating of bonds or the rating of a corporation should be filed under Form Tav 125.

Nature of the Event: Financial Statements Q3/2018 Presentation

Attached is the *: Bank Hapoalim 3Q18 results presentation_isa.pdf*

The company *is not* an enveloping company as defined in the TASE Rules and Regulations

The time when the corporation first learned of the event*: 15/11/2018 at 12:00 p.m.*

Names of the signatories on behalf of the corporation and their job titles:
Ofer Koren, Head of Finance - CFO
Karen Mazor, Head of Investor Relations
Signed on 15/11/2018

The reference numbers of the previous documents on the subject (any citation made does not constitute inclusion by way of reference):

Date on which the structure of the form was updated: 06/11/2018

The securities of the corporation are listed for trading on the Tel Aviv Stock Exchange
Abbreviated Name: Poalim
Address: POB 27, Tel Aviv 6100001 Telephone: 03-567 3800. 03-567 3333, Fax: 03-567 4576
Electronic Mail: ronit.shapira@poalim.co.il Company Website: http://www.bankhapoalim.co.il

Previous names of reporting entity:

Name of Electronic Reporter: Shapira Ronit, Her Job Title: Secretary of the Bank, Name of Employing Company:
Address: Yehuda Halevy 63, Tel-Aviv 6578109, Telephone: 03-567 3800 Fax: 03-567 4576,
Electronic Mail: ronit.shapira@poalim.co.il

3Q18 Results
Presentation

15 November, 2018

bank hapoalim

Safe harbor statement

This document has been prepared by Bank Hapoalim solely for use at the Company's presentation of third quarter 2018 results and a strategic update.

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.

This presentation does not substitute Bank Hapoalim's Quarterly Financial Statement as at 30 September, 2018 which includes the full financial information including Forward-Looking Information. Financial Statements are available on the Bank's website: www.bankhapoalim.com - investor relations/financial information.

Strong core business

Growth

3.7% 9M18
Overall credit growth
Led by strong growth in commercial and corporate lending

3.7% 9M18
Growth in retail deposits
Retail comprising 64% of total deposits, well positioned for future interest rate increase

2.29% 3Q18
Financing margin improvement
Despite low interest rate environment

6.7% y/y
Strong financing income
Uplift in business activity

Fundamentals

0.79% 30.9.18
Low NPL ratio
High quality credit portfolio

0.17% 3Q18
Provision for credit losses
Continue to track at low levels

57.6% Cost Income
Efficiency efforts on track
Implementation of fourth efficiency program

11.32% 30.9.18
Strong capital base
Surpassed internal and regulatory capital targets

10.7% 3Q18
Return on equity
9.4% return on equity from ongoing operations

Strong underlying performance

NIS millions

3 months ended:	30.9.17	30.6.18	30.9.18
Total Net Financing Profit	2,247	2,663	**2,634**
Fees and Other Income	905	903	**869**
Total Income	3,152	3,566	**3,503**
Provision for Credit Losses	8	(90)	**(118)**
Operating and Other Expenses	(2,275)	(2,068)	**(2,018)**
Profit before Taxes	885	1,408	**1,367**
Provision for Taxes on Profit	(528)	(593)	**(548)**
Net Profit from Continued Operations*	379	827	**841**
Net Profit*	469	920	**950**
ROE from Continued Operations*	4.3%	9.4%	**9.4%**
ROE*	5.3%	10.5%	**10.7%**

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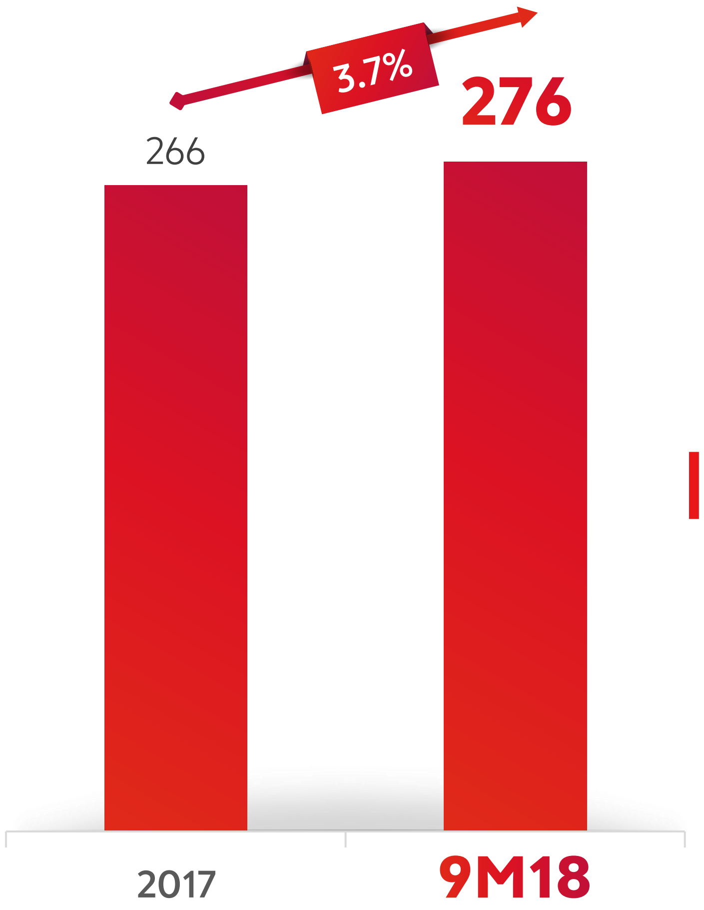
* Excluding provisions in connection with the investigation of the Bank Group's business with American clients and costs associated with discontinuation of the Bank's activity in Switzerland, net profit totaled NIS 980 million (ROE of 11.0%) in 3Q18 and NIS 861 million (ROE of 9.9%) in 3Q17, and net profit from Continued Operations totaled NIS 871 million (ROE of 9.8%) and NIS 771 million (ROE of 8.8%) respectively.

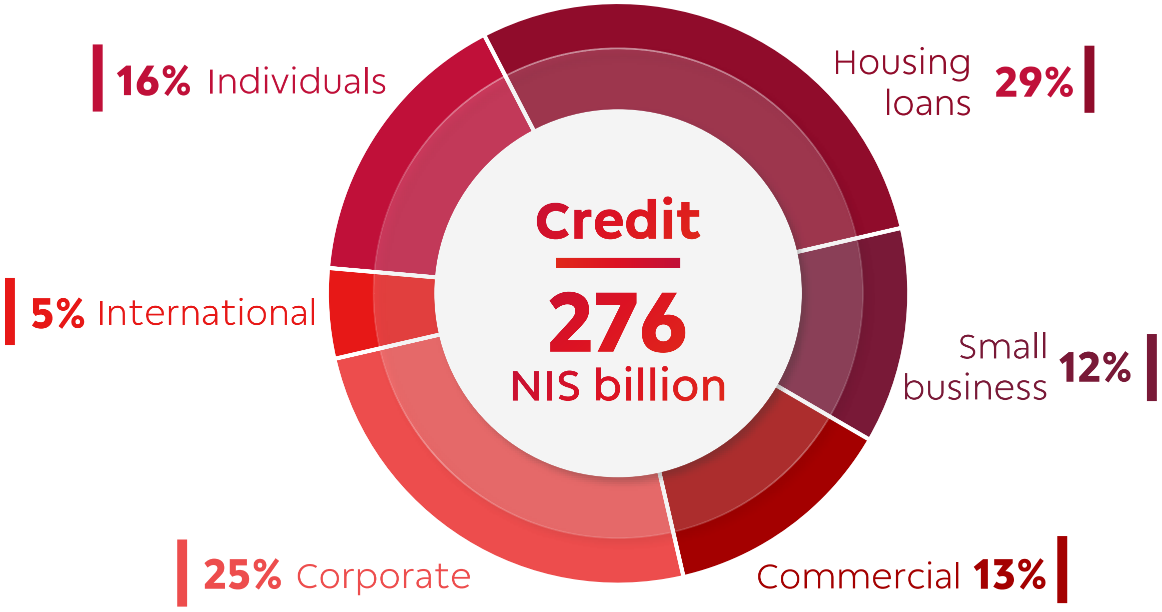
Maintaining strong credit growth

NIS billion

Largest credit portfolio
in the sector

276
NIS billion

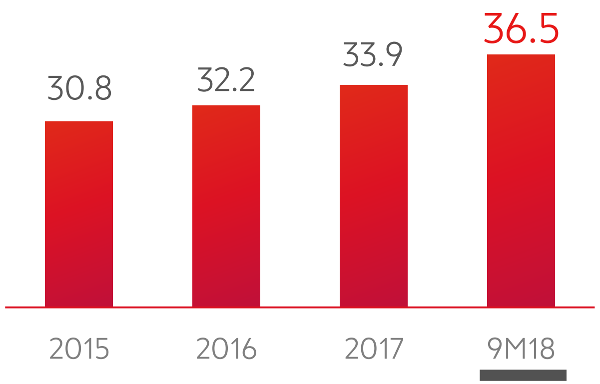




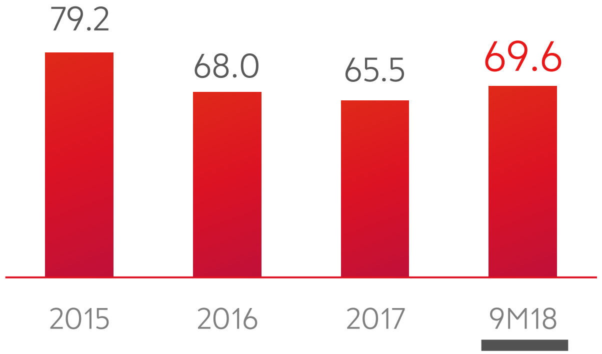
Long-term credit growth continues

In Israel, NIS billion

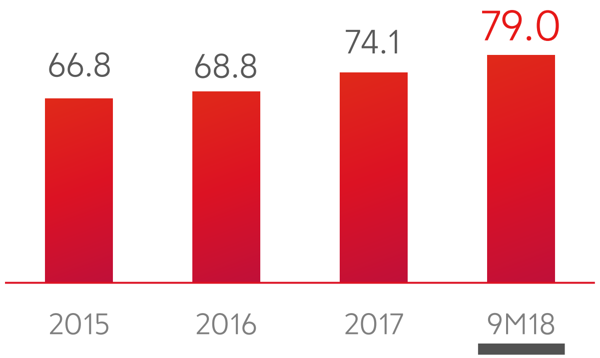
Commercial



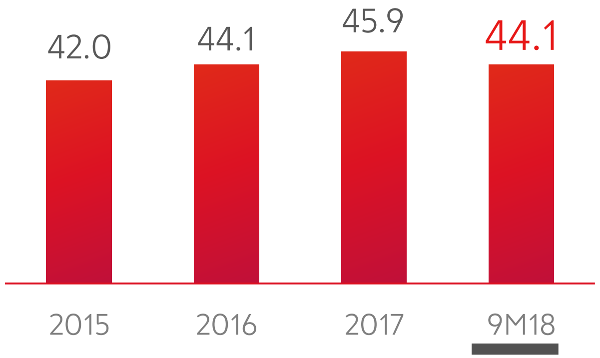
Corporate



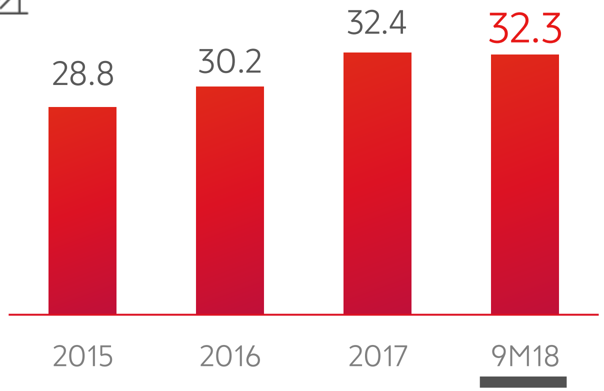
Housing loans



Consumer



Small business

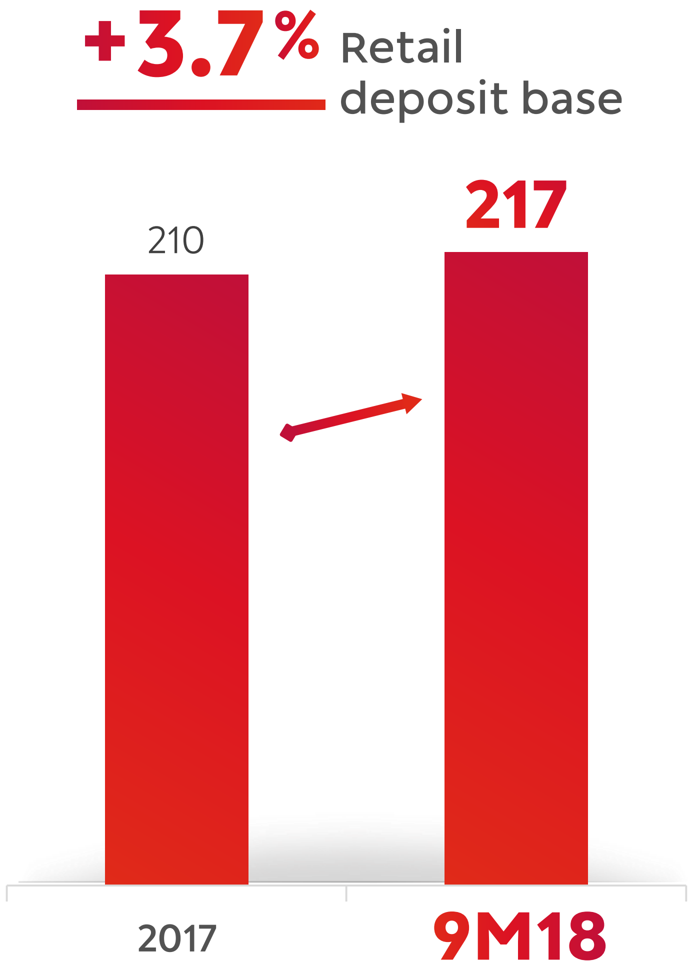


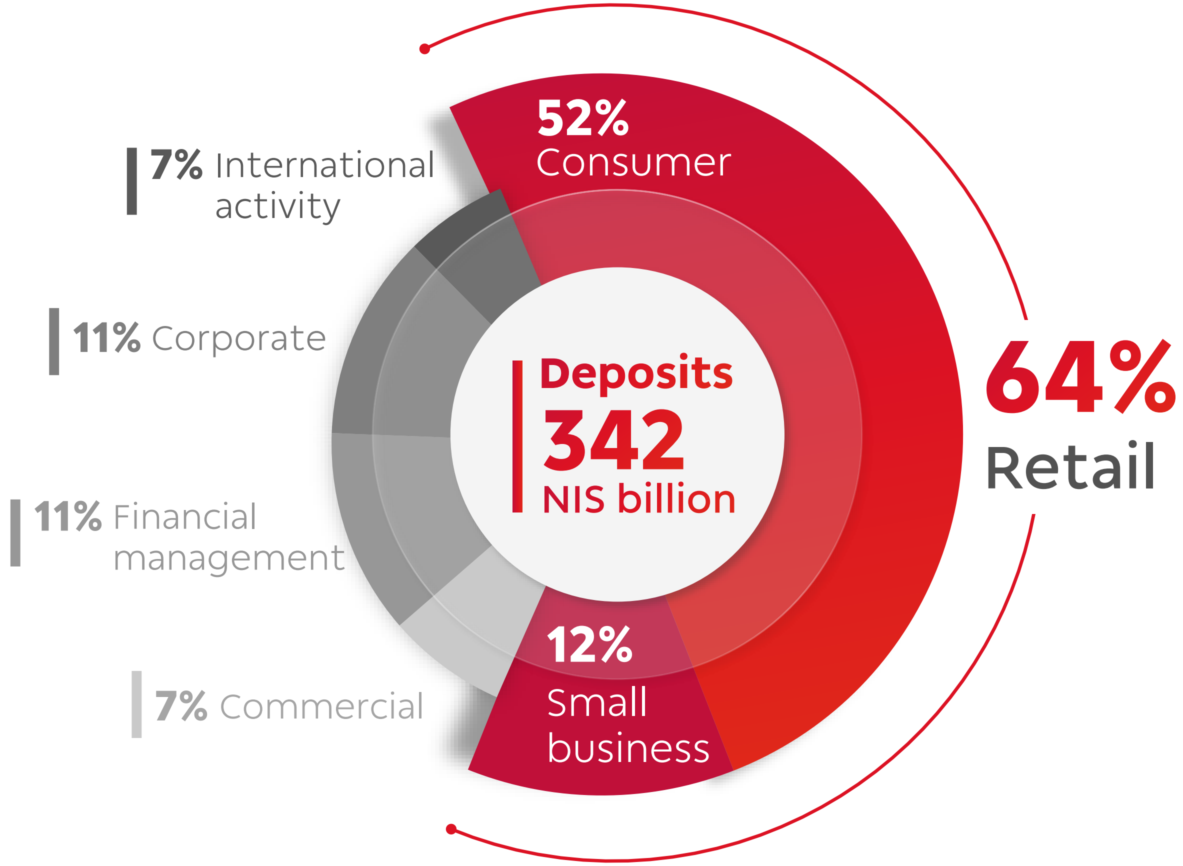
Highest quality deposit base

NIS billion

Overall deposit base

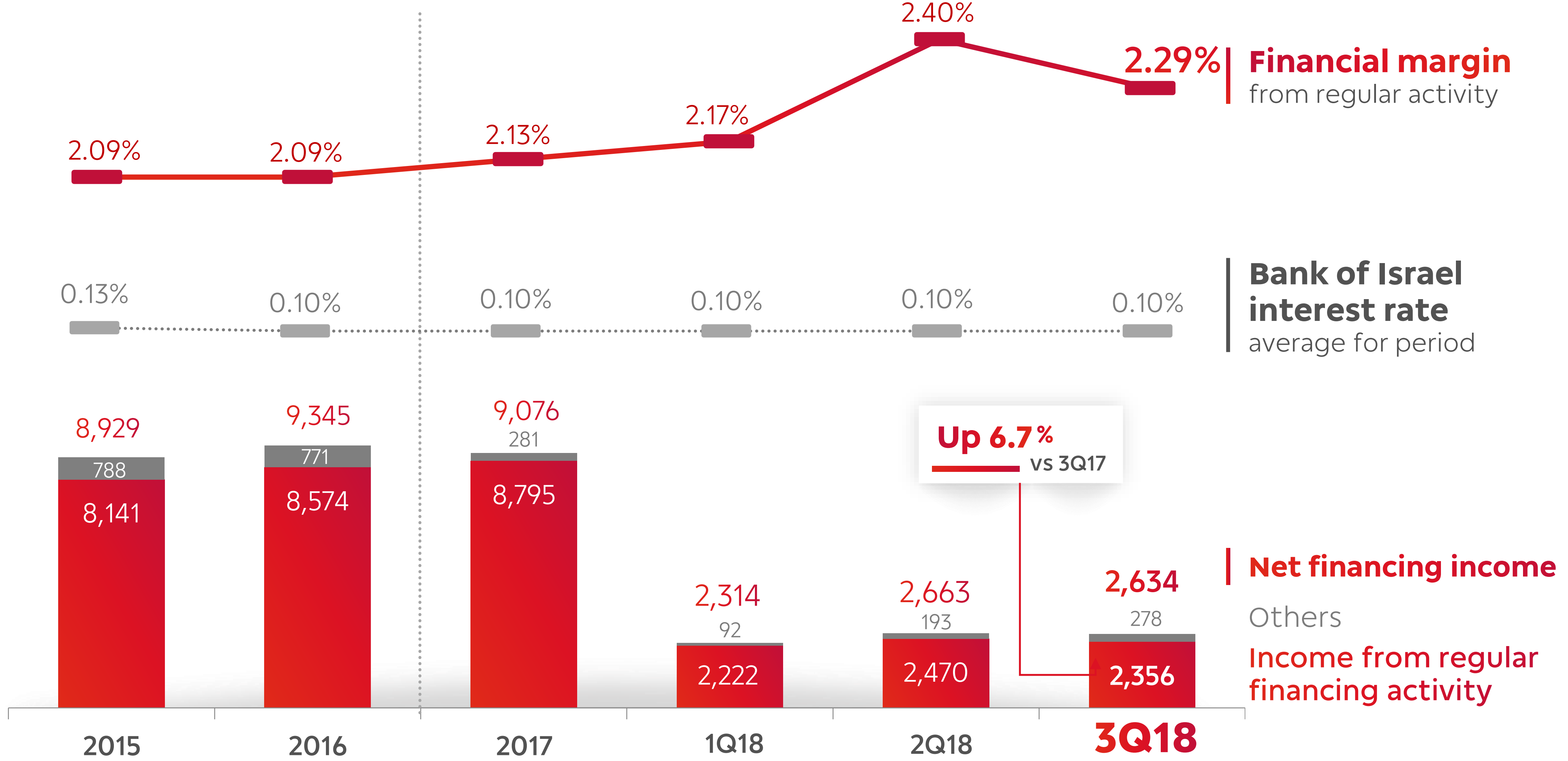
342 NIS billion





Strong performance drives income and margin

NIS million

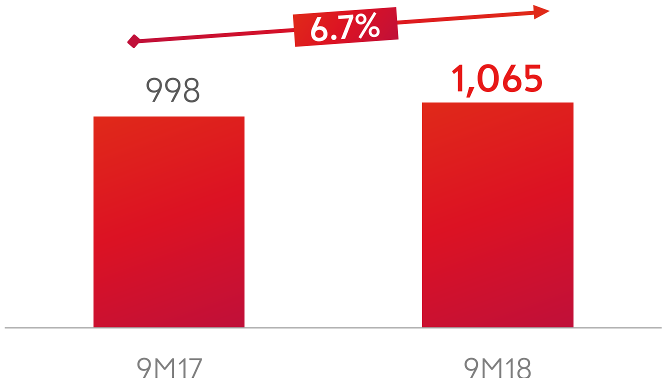


Note: Net financing income Includes net interest income and non-interest financing income.
2017 and 2018 figures exclude income from discontinued operations.

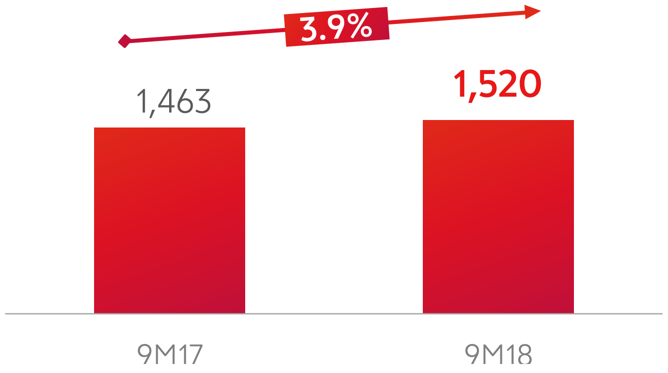
Income boosts as balances grow

In Israel, NIS billion

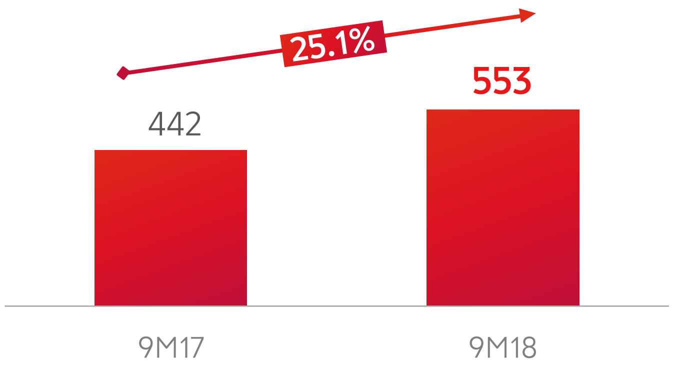
Commercial



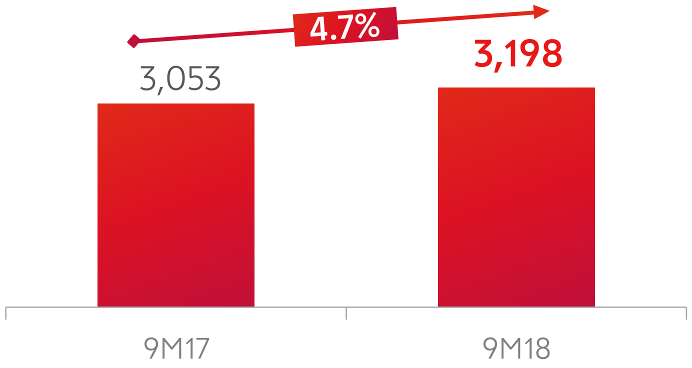
Corporate



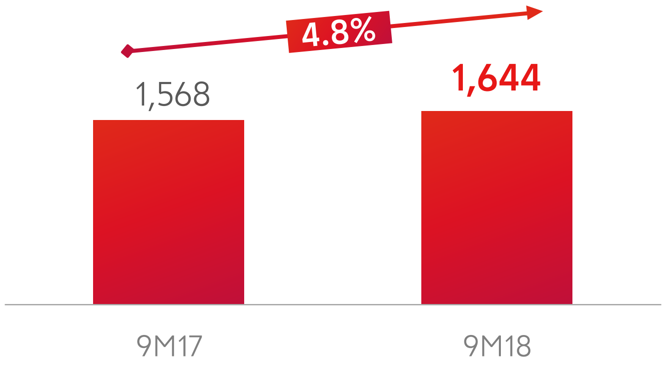
Housing loans



Consumer

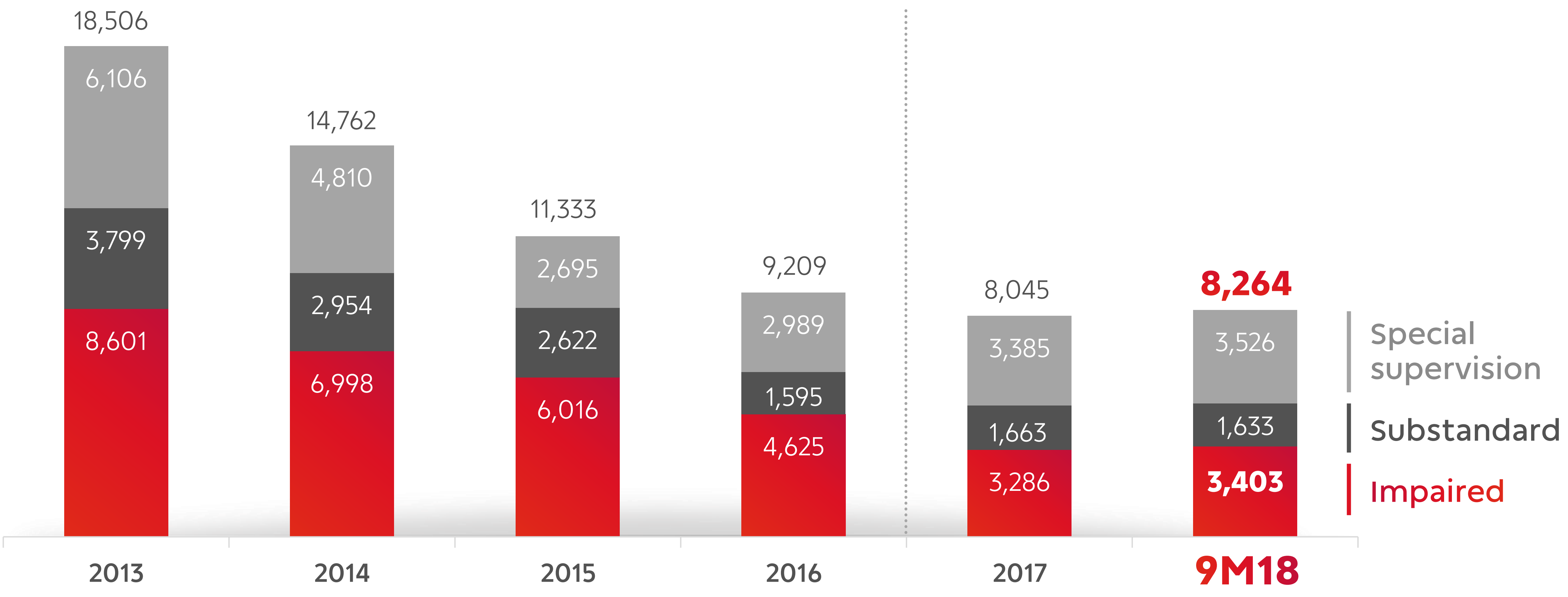


Small business



Low levels of problematic debt continue

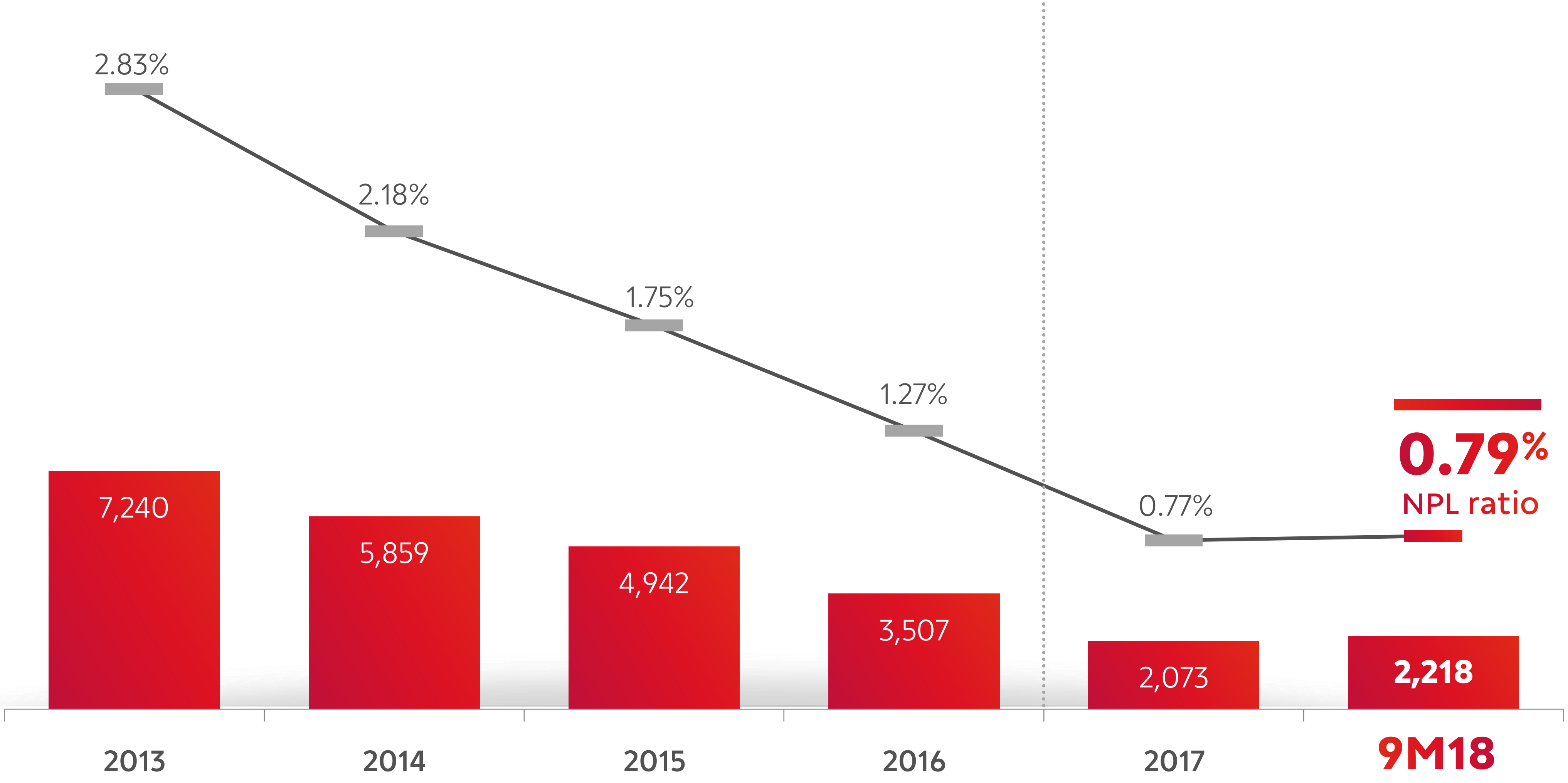
NIS million



Note: Total problematic debt in 2017 and 2018 excludes debt from discontinued operations. However, the components comprising problematic debt include debt from discontinued operations.

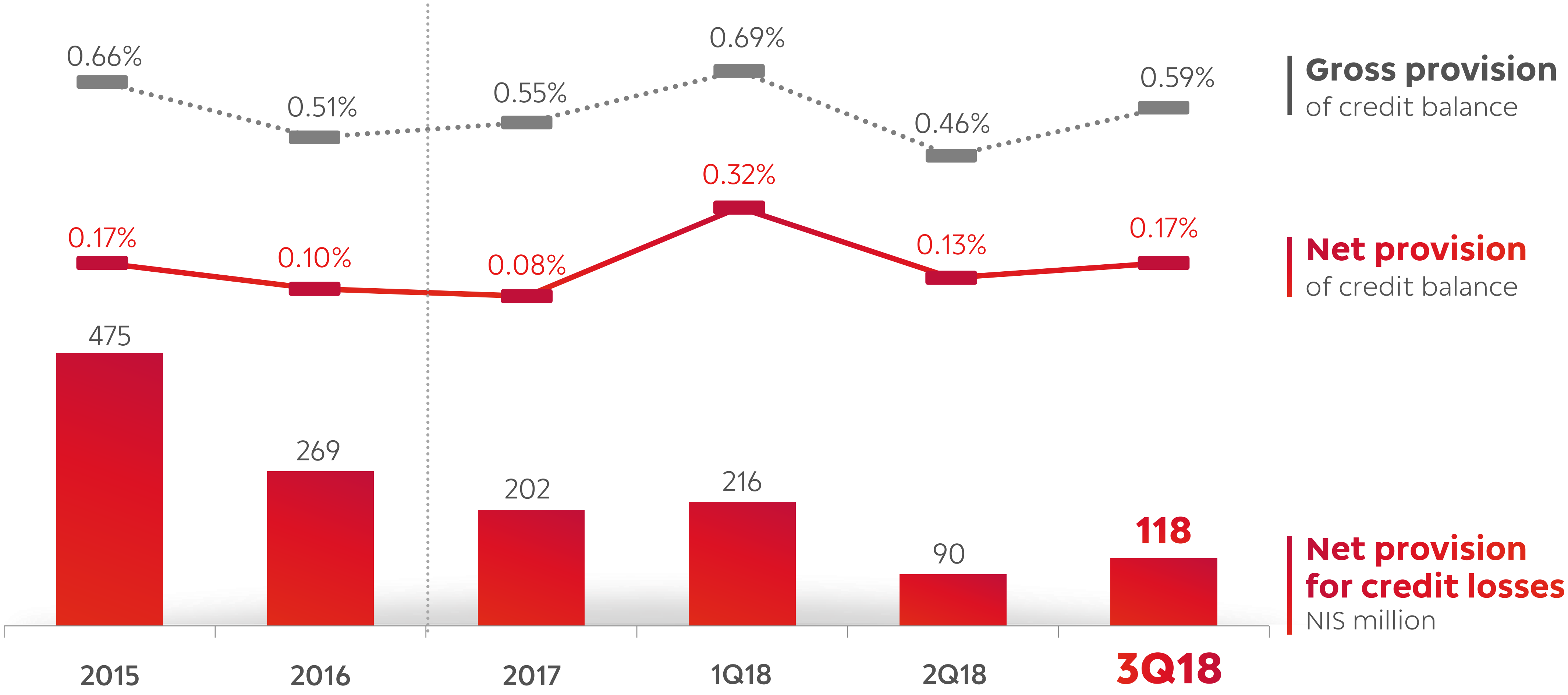
NPL levels continue to remain low

NIS million



Note: 2017 and 2018 figures exclude debt from discontinued operations.

Low levels of credit losses



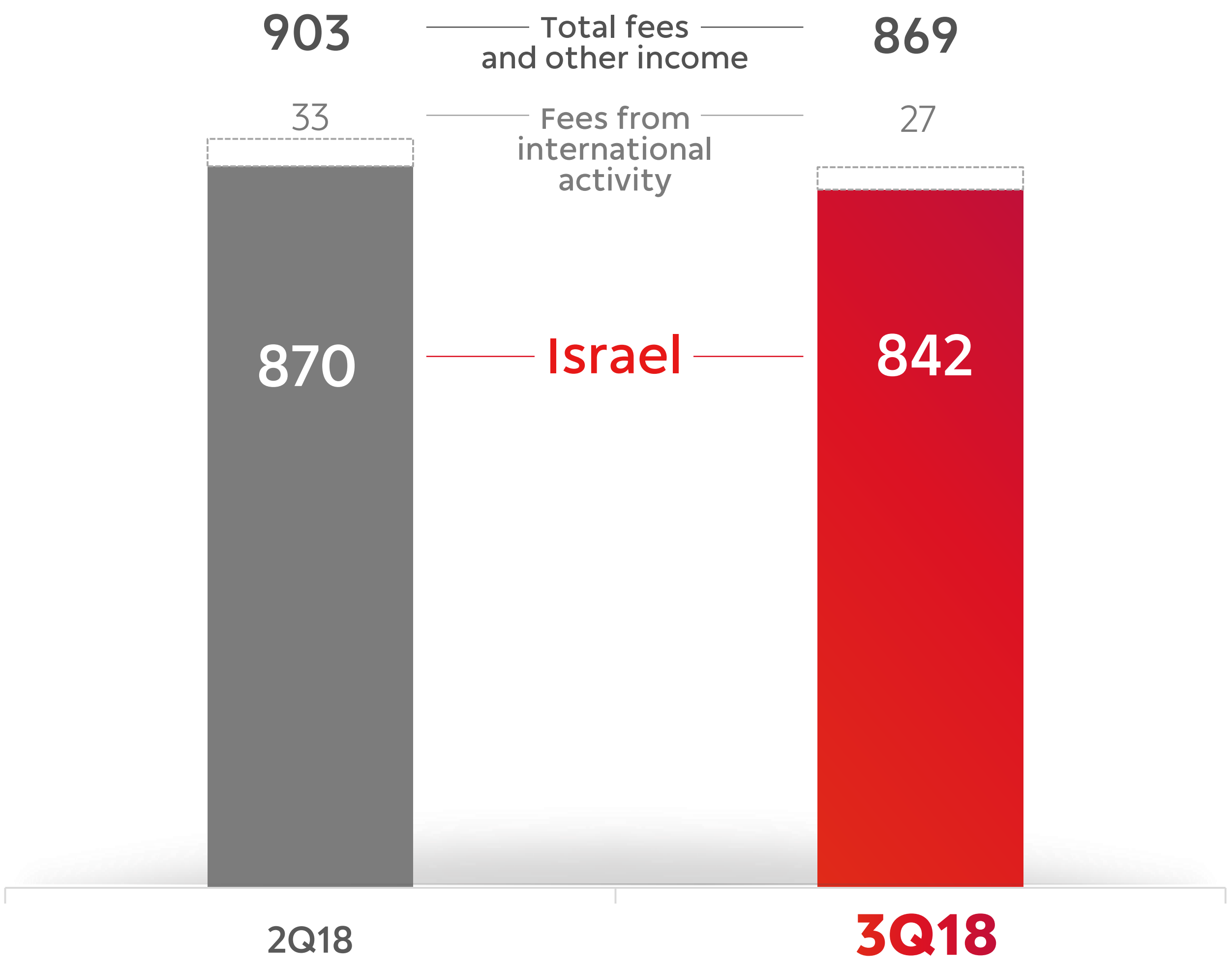
Note: 2017 and 2018 figures exclude provision from discontinued operations.

Solid fee base

NIS million

Fees and other income

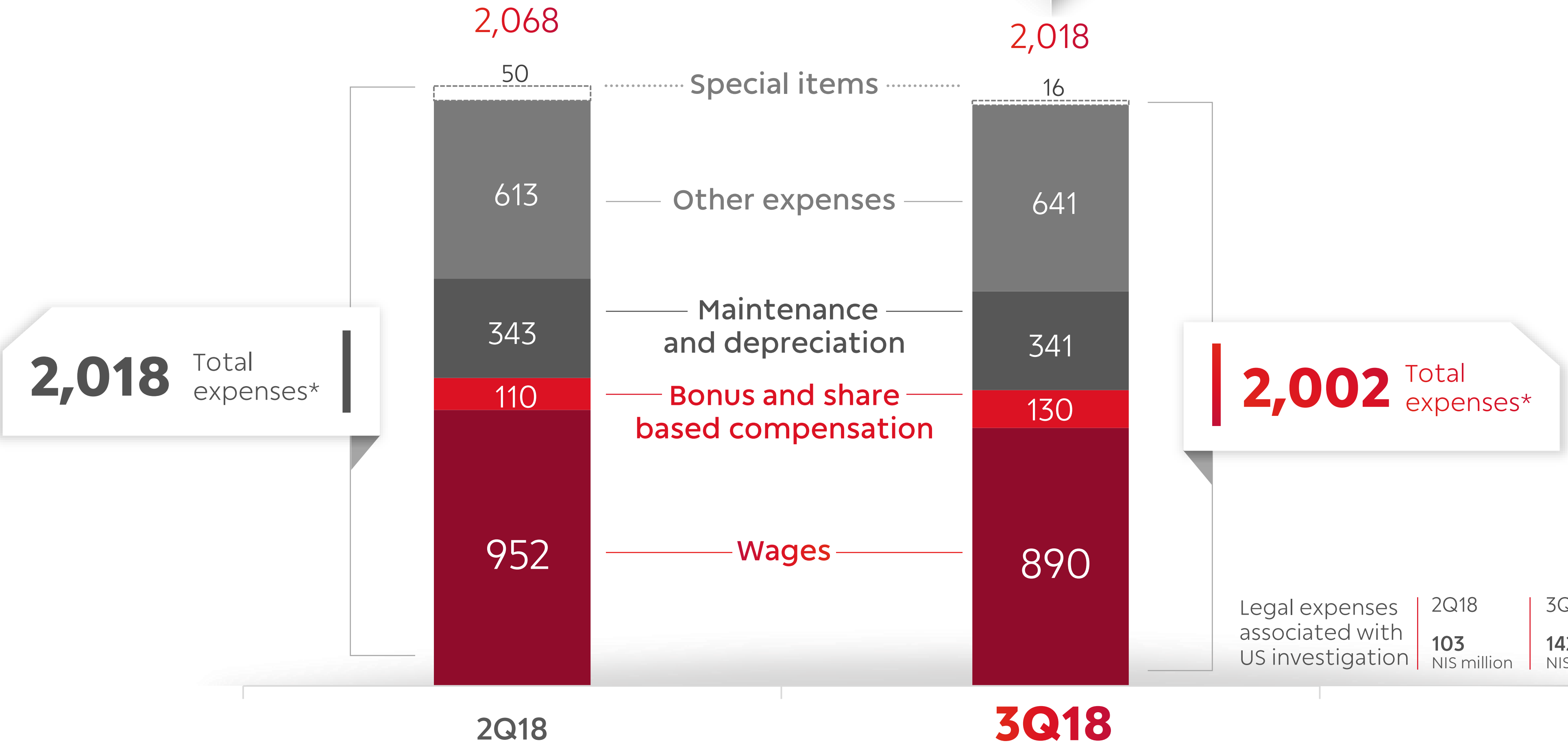
Seasonal and timing influences



Efficiency efforts continue

NIS million

57.6% Cost Income



Legal expenses associated with US investigation	2Q18	3Q18
	103 NIS million	**142** NIS million

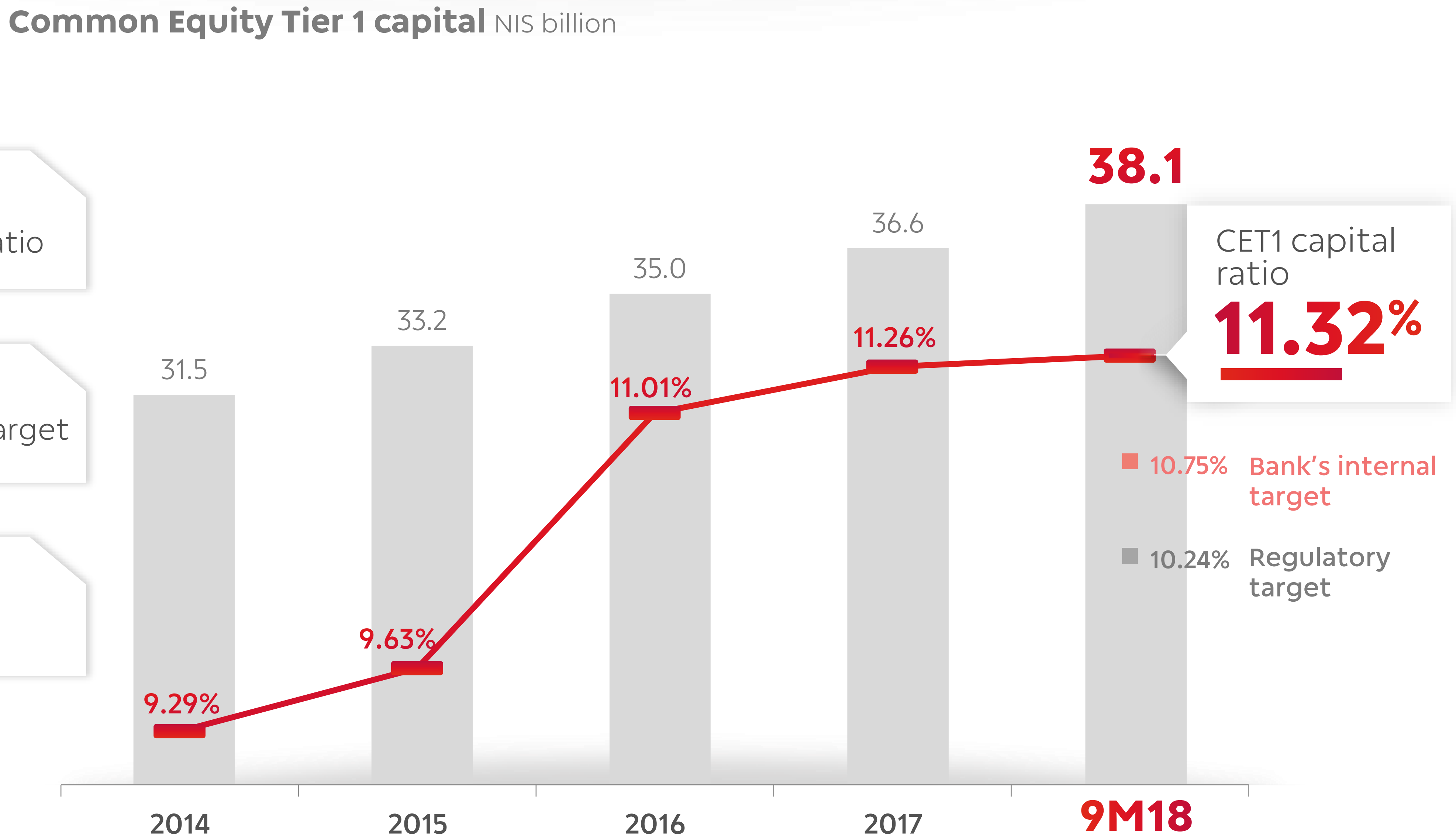
* Total expenses in 3Q18 exclude special items of NIS 30 million associated with discontinuation of activity in Switzerland, and income of NIS 14 million associated with effects of changes in exchange rates on provisions in connection with the investigation of the Bank Group's business with American clients. Total expenses in 2Q18 exclude expense of NIS 50 million associated with said effects of changes in exchange rates.

Strong capital base

14.8% Total capital ratio

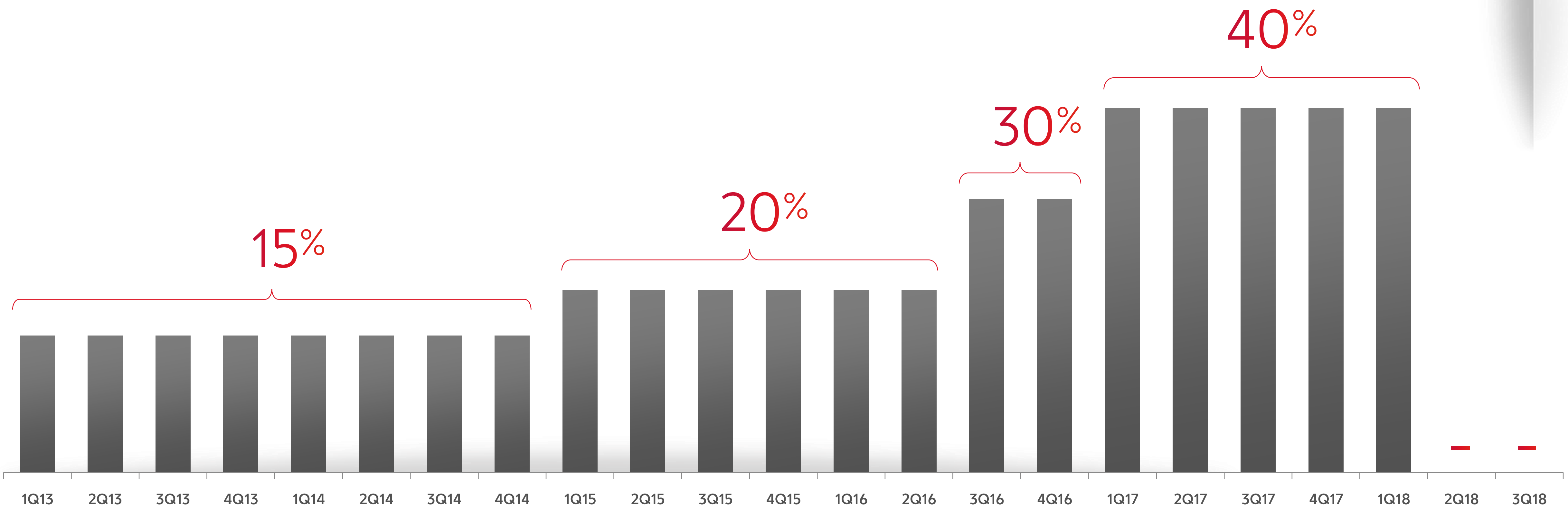
13.7% Total capital target

7.6% Leverage ratio



Capital distribution

Board of Directors did not declare dividend payment for 3Q18.



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Appendix

The Israeli economy

Sound and **stable** economic fundamentals

Economic growth higher than most developed markets

Strong and **well-supervised** banking system

	2017	2018E	2019F
Gross domestic product	3.5%	3.5%	3.2%
Unemployment	4.2%	4.0%	4.2%
Budget deficit (% of GDP)	2.0%	3.1%	3.2%
Inflation	0.4%	1.2%	1.5%
Bank of Israel interest rate	0.1%	0.1%	0.75%

Source: CBS, BoI, Bank Hapoalim forecast

Main balance sheet data

NIS million

	30.9.17	31.12.17	30.9.18
Cash on hand and deposits with banks	85,596	86,093	77,622
Securities	64,173	65,416	57,943
Net credit to the public	262,356	265,853	275,806
Deposits from the public	342,740	347,344	341,775
Deposits from banks	3,044	3,649	4,357
Bonds and subordinated notes	29,411	29,058	28,647
Shareholders' equity	35,591	35,863	37,613
Total balance sheet	449,815	454,424	447,921

Thank you!

Israel's leading financial institution

For more information, please contact **Ms. Karen Mazor,** Head of Investor Relations

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