



**Statement for 31/12/2004 on consolidated basis**  
**Bank Hapoalim Ltd. and its subsidiaries, Main data, NIS million**

Taken from the annual report to 31.12.2004, Reported amounts at 2004 (2002-03 adjusted to CPI for 12.2003)

Summary consolidated balance sheet	End of year			Bank's share of the banking system		
	2004	2003	2002	2004	2003	2002
Cash and deposits in banks <sup>(1)</sup>	31,041	30,693	27,784	29.2%	31.4%	29.8%
Securities	35,929	29,199	26,247	26.2%	24.3%	23.7%
Credit to the public	182,542	184,087	188,086	32.2%	32.6%	32.8%
Credit to the government	1,761	2,916	4,489	41.6%	51.7%	57.4%
Investments in companies included on an equity basis	789	785	791	19.6%	21.8%	21.9%
Buildings and equipment	3,642	3,554	3,548	34.3%	33.8%	34.7%
Other assets	6,338	7,621	6,514	28.1%	31.9%	31.9%
<b>Total assets</b>	<b>262,042</b>	<b>258,855</b>	<b>257,459</b>	<b>30.8%</b>	<b>31.3%</b>	<b>31.4%</b>
Deposits of the public	206,666	204,207	207,289	29.8%	30.3%	30.6%
Deposits of banks <sup>(1)</sup>	7,301	7,692	6,737	30.7%	31.9%	30.4%
Deposits of the government	4,045	4,879	5,286	25.8%	28.9%	29.1%
Bonds and subordinated notes	18,251	17,765	16,903	44.3%	45.8%	46.2%
Other liabilities	9,510	9,555	7,717	31.6%	34.0%	31.9%
<b>Total liabilities</b>	<b>245,773</b>	<b>244,098</b>	<b>243,932</b>	<b>30.6%</b>	<b>31.2%</b>	<b>31.4%</b>
Quasi-capital items	0	0	0	0.0%	0.0%	0.0%
Minority shareholders' rights	1,103	501	462			
Equity	15,166	14,256	13,065	32.9%	32.8%	32.9%

Summary consolidated profit and loss statement	End of year			Bank's share of the banking system		
	2004	2003	2002	2004	2003	2002
Net interest profit before loan-loss provision	7071.0	6715.0	6511.0	34.2%	35.2%	36.7%
Loan-loss provision	1768.0	2359.0	3206.0	33.9%	37.0%	41.1%
Operating and other income	4215.0	3665.0	3324.0	34.9%	33.1%	33.7%
Of which: Operating income	3199.0	2929.0	2705.0	33.5%	32.9%	32.3%
Operating and other expenses	6378.0	5959.0	5832.0	32.5%	32.1%	32.6%
Of which: Salaries and related expenses	3742.0	3526.0	3571.0	31.7%	31.3%	31.8%
Inflation adjustments	0.0	128.0	0.0			
Ordinary profit before-tax provision	3140.0	2190.0	797.0	39.5%	38.1%	32.9%
Provision for taxes on ordinary profit	1361.0	861.0	295.0	39.1%	33.8%	27.0%
Ordinary after-tax profit	1779.0	1329.0	502.0	39.8%	41.5%	36.1%
Bank's share in the profit of subsidiaries	101.0	63.0	-57.0			
Minority shareholders' share in profit of consolidated companies	-52.0	-48.0	19.0			
Extraordinary after-tax profit	279.0	13.0	-114.0			
<b>Net profit</b>	<b>2,107.0</b>	<b>1,357.0</b>	<b>350.0</b>	<b>40.3%</b>	<b>42.8%</b>	<b>32.7%</b>

Balances and rates of return on financial items by indexation base on 31.12.2004	Unindexed NIS	CPI-indexed NIS	Foreign Currency <sup>(2)</sup>	Total financial items
Balance of financial assets on balance-sheet date	83,818	57,574	114,753	256,145
Balance of financial liabilities on balance-sheet date	89,078	46,051	109,398	244,527
Excess of financial assets over financial liabilities	-5,260	11,523	5,355	11,618
Total indexation balance(incl. Forwards <sup>(3)</sup> and options in term of basis assets)	-440	10,097	1,961	11,618
Options at the money and out of the money (net, capitalized nominal value)	917	-252	-665	0
Rate of income on assets (%) <sup>(4)</sup>	6.50	6.30	4.01	5.06
Rate of expenses on liabilities (%) <sup>(4)</sup>	-3.58	-5.15	-3.21	-3.61
Interest-rate spread	2.91	1.15	0.80	1.45

Internal rate of return on assets (%)	6.34	5.56	2.98	
Internal rate of return on liabilities (%)	2.82	4.24	2.05	
Difference	3.52	1.32	0.93	
Average duration of assets (years)	0.27	3.52	0.80	1.23
Average duration of liabilities (years)	0.33	3.77	1.44	1.47
Difference	-0.06	-0.25	-0.64	-0.24

<sup>(1)</sup> See note 5.1.7. in the introduction.

<sup>(2)</sup> Including foreign-currency indexed NIS.

<sup>(3)</sup> Forwards transactions.

<sup>(4)</sup> including hedging, embedded and ALM derivatives.



**Statement for 31/12/2004 on consolidated basis**  
**Bank Hapoalim Ltd., Additional data**

(NIS millions, 2004 reported amounts, 2003 adjusted to 12.2003 prices)

<b>Additional data</b>	<b>2004</b>	<b>2003</b>
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**Total off-balance-sheet and credit risk**

Credit to the public and credit risk	201,912	198,561
Total off-balance-sheet credit risk	102,387	86,478
Total credit risk	304,299	285,039
<i>Of which:</i> Total risk of credit for housing loans	25,950	25,335
Total risk of credit to construction and real estate industry	41,271	43,476

**Problem borrowers**

Total credit risk dew to problem borrowers	23,805	22,673
<i>Of which:</i> Total credit to problem borrowers	21,719	20,765

**Data on derivatives**

Notional amount	273,420	276,828
Gross positive fair value	4,620	5,515

**Activity with interested and related parties**

Total assets on balance-sheet date	7,628	8,742
<i>Of which:</i> credit to the public	6,809	7,920
Total liabilities on balance-sheet date (including quasi-capital items)	5,229	5,178

**Branches and personnel**

Number of employee posts in Israel, monthly average	11,558	11,642
Number of employee posts abroad, monthly average	828	762
Number of branches in Israel	304	300
Number of branches abroad	26	23

**Main financial ratios, in annual terms (%)**

Equity/risk-weighted-assets ratio	10.99	10.37
Equity/balance-sheet ratio	5.79	5.51
Financial capital/equity capital ratio	76.61	70.57
Ratio of problem loans to total credit to the public	11.82	11.21
Return on equity (net profit/gross weighted capital ratio)	15.20	10.40
Non-interest income/operating expenses ratio	66.09	61.50
Ratio of loan-loss provision to total credit to the public	0.96	1.27



## Statement for 31/12/2004

## Bank Hapoalim Ltd. , Main data, NIS million (Short Version)

Taken from the annual report to 31.12.2004, Reported amounts at 2004 (2003 adjusted to CPI for 12.2003)

Summary balance sheet	End of year	
	2004	2003
Cash and deposits in banks <sup>(1)</sup>	24,505	37,528
Securities	17,830	18,802
Credit to the public	164,252	140,515
Credit to the government	1,748	2,903
Investments in companies included on an equity basis	11,368	11,581
Buildings and equipment	3,018	2,847
Other assets	5,539	7,003
<b>Total assets</b>	<b>228,260</b>	<b>221,179</b>
Deposits of the public	187,108	183,339
Deposits of banks <sup>(1)</sup>	9,083	7,485
Deposits of the government	4,010	4,406
Bonds and subordinated notes	4,740	3,636
Other liabilities	8,153	8,057
<b>Total liabilities</b>	<b>213,094</b>	<b>206,923</b>
Quasi-capital items	0	0
Equity	15,166	14,256

Bank's share of the banking system	
2004	2003
23.1%	38.4%
13.0%	15.6%
29.0%	24.9%
41.3%	51.4%
28.4%	27.1%
24.6%	29.3%
<b>26.8%</b>	<b>26.8%</b>
27.0%	27.2%
38.2%	31.0%
25.6%	26.1%
11.5%	9.4%
27.1%	28.7%
<b>26.5%</b>	<b>26.5%</b>
0.0%	0.0%
32.9%	32.8%

Summary profit and loss statement	End of year	
	2004	2003
Net interest profit before loan-loss provision	5658.0	4999.0
Loan-loss provision	1702.0	2193.0
Operating and other income	2755.0	2317.0
Of which: Operating income	1837.0	1545.0
Operating and other expenses	4688.0	4313.0
Of which: Salaries and related expenses	2888.0	2690.0
Inflation adjustments	0.0	-16.0
Ordinary profit before-tax provision	2023.0	794.0
Provision for taxes on ordinary profit	1067.0	324.0
Ordinary after-tax profit	956.0	470.0
Bank's share in the profit of subsidiaries	872.0	874.0
Minority shareholders' share in profit of consolidated companies	1828.0	1344.0
Extraordinary after-tax profit	279.0	13.0
<b>Net profit</b>	<b>2,107.0</b>	<b>1,357.0</b>

Bank's share of the banking system	
2004	2003
27.4%	26.2%
32.6%	34.4%
22.8%	20.9%
19.2%	17.3%
23.9%	23.2%
24.5%	23.9%
25.5%	13.8%
30.7%	12.7%
21.4%	14.7%
<b>40.3%</b>	<b>42.8%</b>

Balances on financial items by indexation base on 31.12.2004	Unindexed NIS	CPI-indexed NIS	Foreign Currency <sup>(2)</sup>	Total financial items
Balance of financial assets on balance-sheet date	72,675	52,343	89,683	214,701
Balance of financial liabilities on balance-sheet date	80,696	43,895	88,143	212,734
Excess of financial assets over financial liabilities	-8,021	8,448	1,540	1,967
Total indexation balance(incl.forwards <sup>(3)</sup> and options in term of basis assets)	-3,384	6,938	-1,587	1,967

Additional data	2004	2003
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## Personnel

Number of employee posts in Israel, monthly average	8,975	8,645
Number of employee posts abroad, monthly average	404	387

## Main financial ratios, in annual terms (%)

Equity/balance-sheet ratio	6.64	6.45
Financial capital/equity capital ratio	12.97	6.71
Ratio of problem loans to total credit to the public	#REF!	#REF!
Non-interest income/operating expenses ratio	58.77	53.72
Ratio of loan-loss provision to total credit to the public	1.03	1.55

<sup>(1)</sup> See note 5.1.7. in the introduction.<sup>(2)</sup> Including foreign-currency indexed NIS.<sup>(3)</sup> Forwards transactions.