



blossoming fields at Be'er Forest



Agriculture fields near Kibbutz Dorot



Buttercups at Kibbutz Nir Yitzhak

◆ bank hapoalim

Bank Hapoalim

Annual Report 2024

Disclaimer

This presentation includes condensed information and selected data from Bank Hapoalim's 2024 annual financial results. This presentation is not a substitute for the Bank's 2024 Annual 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.

Data relating to business segments is presented according to "operating segments based on management approach" as disclosed in note 28A in the Bank's annual report.

Special items in ROE, net profit and expenses refer to provision made in relation to the investigation of the US authorities.

The targets listed in this presentation constitute forward-looking information, as defined in the Securities Law. The targets are based on various assumptions, estimates, and evaluations with regard to future events, the materialization of which is uncertain and/ or not under the Bank's control, including assumptions regarding macroeconomic conditions, in line with expectations derived from the market; these include a Bank of Israel interest rate of 4.00% at the end of 2025 and 3.75% at the end of 2026, inflation of 2.3%-2.5% during the years of the plan, and GDP growth of 3.3%-3.5% during the years of the plan.

In addition, the targets were set based on the existing regulation at the date of the report (not including the outline for the banking system regarding which the Bank of Israel issued a press release close to the date of approval of the financial statements, the details, manner of implementation, and impacts of which are still unclear; see the section "Regulatory initiatives" in the Corporate Governance Report), including in connection with profit distribution, and do not include the effects of one-time events, including recognition

of reimbursement by insurance and potential income from the disposal of real-estate properties owned by the Bank in the course of the relocation to the Poalim Center. The targets may not be realized, in full or in part, and the actual business results achieved may be materially different, due, among other factors, to the failure of the assumptions detailed above to materialize; changes in the business environment, in Israel and globally, and in macroeconomic conditions; the condition of the global economy; the economic, political, and security situation in Israel and in the region; regulatory changes and consequent restrictions applicable to the Bank; or the materialization of any of the risk factors that affect the Bank. See the section "Review of risks," below.

The Bank's plans and the financial targets are subject to changes that may be required from time to time, including due to factors that may affect their realization, as described above. Subject to the directives of the law, the Bank shall not be obligated to update the information regarding the financial targets at any time.



2024 Annual Financial Review



Yadin Antebi, CEO

Financial targets

2024: a year of growth, strong profitability and shareholder value creation

7.6 ^{NIS billion}

Net
profit

13.8%

ROE

8.9%

Credit
growth

11.80%

CET-1
ratio

10.5%
Minimum
internal
target

40%

Net profit
distribution
ratio

0.59%

NPL ratio

Financial targets for 2025-2026



Net profit

NIS 8.5-9.5 Bn



ROE

~ 14%-15%



Credit growth

**~ 7%
annually**



Profit distribution

**At least
50%***

* By cash dividend or share buyback, subject to the guidelines of the Bank of Israel and all the relevant circumstances.
(see item 2.3.2 in the financial report regarding capital and capital adequacy).

Key baseline assumptions for targets (as of March 2025)

■ BOI interest rate

4.00% at the end of 2025, 3.75% at the end of 2026,
in-line with market-implied expectations

■ Inflation (known CPI)

2.5% in 2025, 2.3% in 2026, in-line with market-implied expectations

■ GDP growth

3.3% in 2025, 3.5% in 2026

■ Other income

Excluding gains from real-estate asset realizations
and recognition of insurance reimbursement*

*Insurance reimbursement: under a settlement agreement in the amount of USD 135 million. For further details, see note 25 of the 2024 annual report.

Note: For a detailed disclosure regarding capital and capital distribution, see item 2.3.2 in the financial report.



2024 Annual Financial Review



Strategic focus

Strategic focus

1

Growth in sales

4

Operational efficiency

2

Leadership in customer service and fairness

5

Gen AI & data

3

bit as a driver of innovation

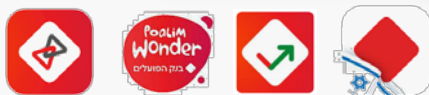
Leadership in retail banking

Accelerating growth by focusing on sales and service

■ Customer interactions across channels, per month ■

Digital

**~30
million logins***



Enhancing sales and
service capabilities

Call center

**Hundreds
of thousands**

Personalization of
value propositions

Branches

**Hundreds
of thousands**

Improving
SLA

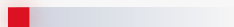
Shifting operational
activities out
of branches

* Number of monthly logins to the bank's websites and apps

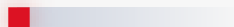
Maximizing potential in housing loans

to increase market share

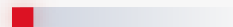
Re-org of the mortgage operation: sales, service, and retention contact center



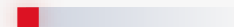
Updating compensation models



Expanding the customer base, including complex transactions



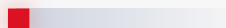
A significant leap in service, particularly in the mortgage application process (SLA)



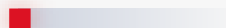
Leadership in corporate banking

Accelerating growth through process improvements

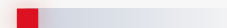
Financing selected sectors with high growth rates, led by real estate and infrastructure



Improving processes to shorten SLA



Accelerating the pace of new customer acquisition



Continued leadership in capital markets activities and expansion of Poalim Equity operations

26.3%

The largest brokerage
in Israel

According to TASE data

1

Leading trading
room in Israel
**In FX and
derivatives trading**

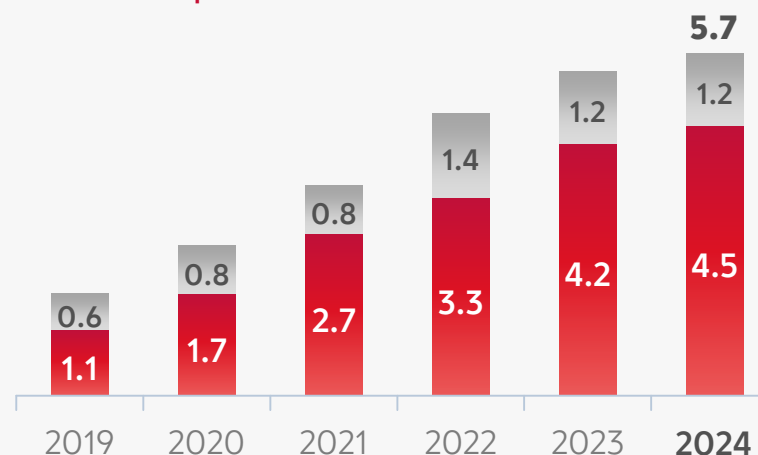
According to BOI data

Poalim Equity

NIS Bn

Commitment

Invested capital



bit – a unique driver of innovation in the Israeli market



~70%
market share

Over
3 million
active users

New revenue streams



Transaction fee

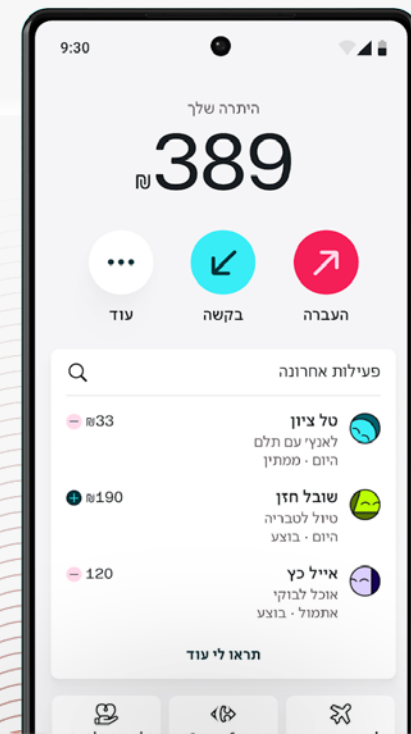
0.6%
on incoming payments
above **NIS 25k** per year.



Payment account

- Reduces current clearing fees
- Expands the bank's deposit base

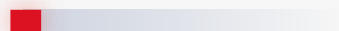
Offering of new products



Improvement in operational efficiency

Efficiency plan of 770 (net) employee positions

When concluded, the plan will lead to cost savings of NIS 300 million per year, before tax.



Focus on cost savings in other expenses

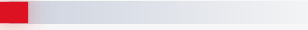


Gen AI & data

Embedding data as a cross-organizational resource, integrated into workflows



Leveraging data for underwriting, sales, service, email and more





2024 Annual Financial Review



Ram Gev, CFO
Financials

2024 and 4Q24 key messages

- Profitability

 - Strong profitability in the full year and fourth quarter of 2024: ROE of 13.8% and 10.8%, respectively.
 - Full-year and fourth-quarter 2024 net profit were impacted by a ~NIS 400 m (net) expense for an early retirement plan.
- Growth

 - Strong credit growth across all segment of operations; 8.9% YoY and 3.0% QoQ.
 - Growth was recorded while NPL ratio continued to improve, currently 0.59%.
- Capital and distribution

 - Total distribution of net profit in respect of the fourth quarter amounts to 40%, including cash dividend and share buyback.
 - Capital and liquidity ratios continue to be substantially higher than requirements, reflecting significant buffers.
- Financial targets

 - New financial targets introduced for 2025-2026.

Strong and stable profitability

ROE	Impact of retirement plan
13.8%	NIS 597 m
2024	Before tax
10.8%	~NIS 400 m
4Q24	Net

Significant and responsible growth

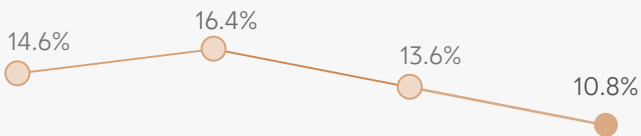
Credit	NPL
+8.9%	0.59%
YoY	NPL ratio
+3.0%	255%
QoQ	NPL coverage ratio

Robust capital and liquidity position

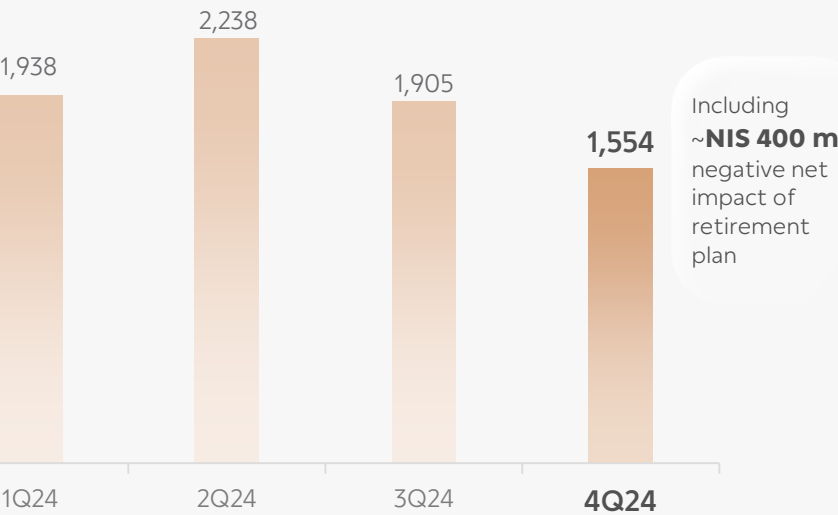
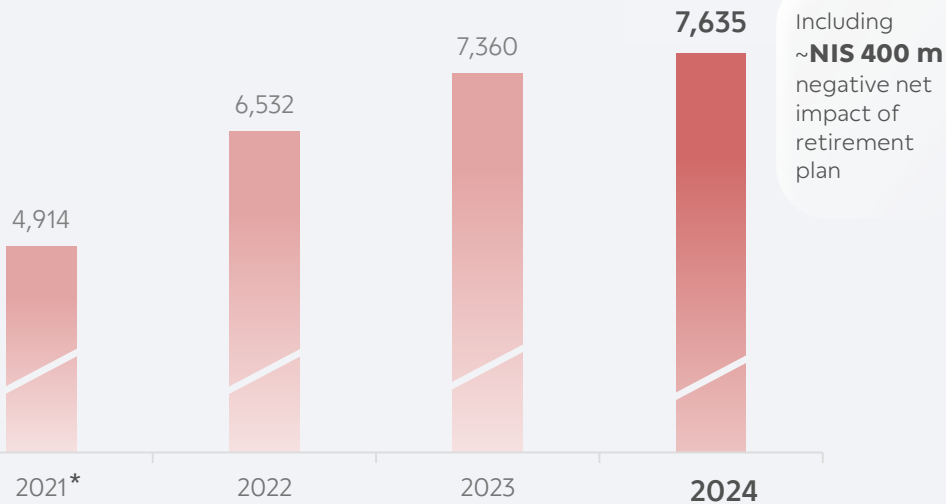
CET-1 ratio	Profit distribution
11.80%	40%
LCR	Retail deposit ratio
131%	57%

Continued strong profitability

ROE



Net profit NIS million



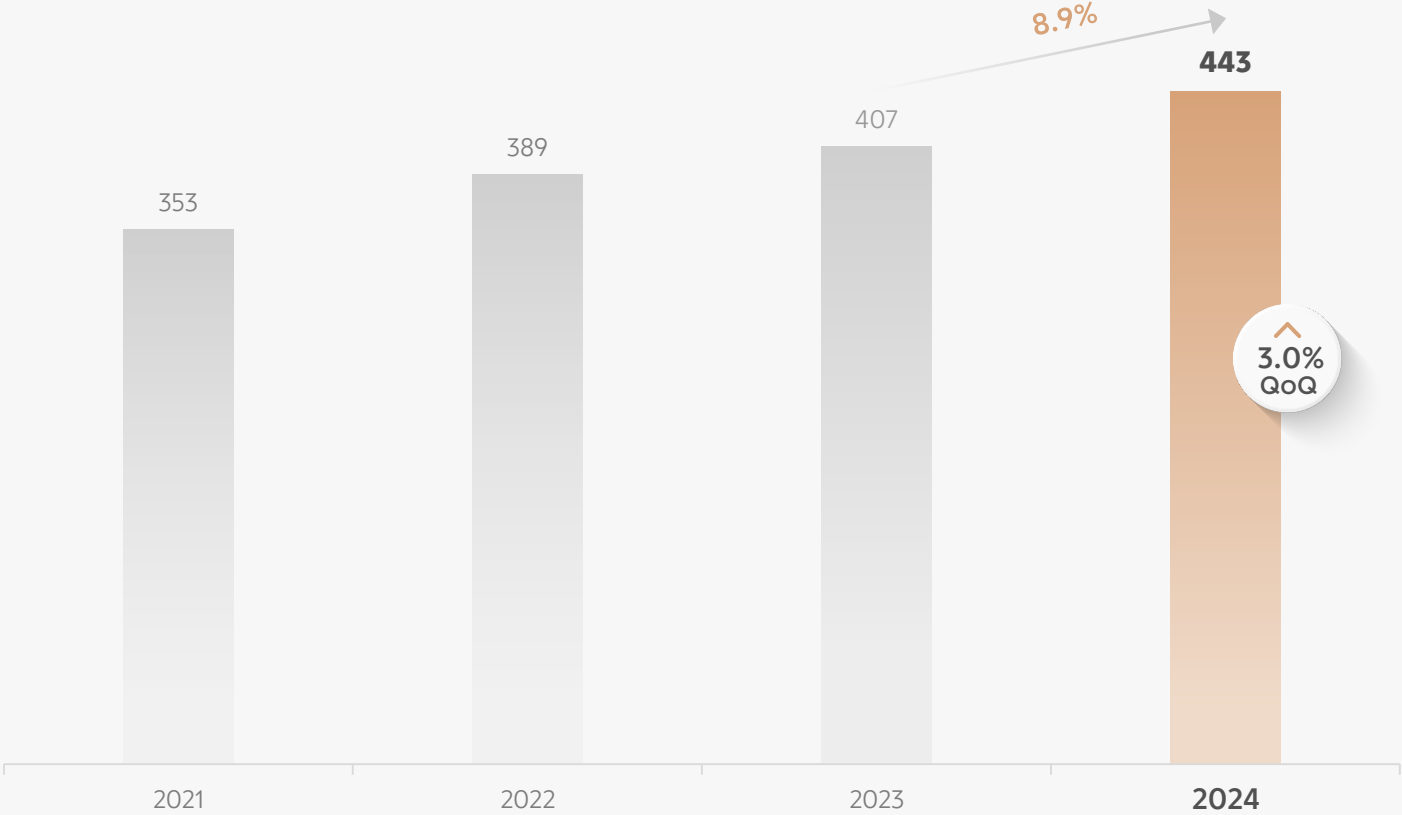
Annual

Quarterly

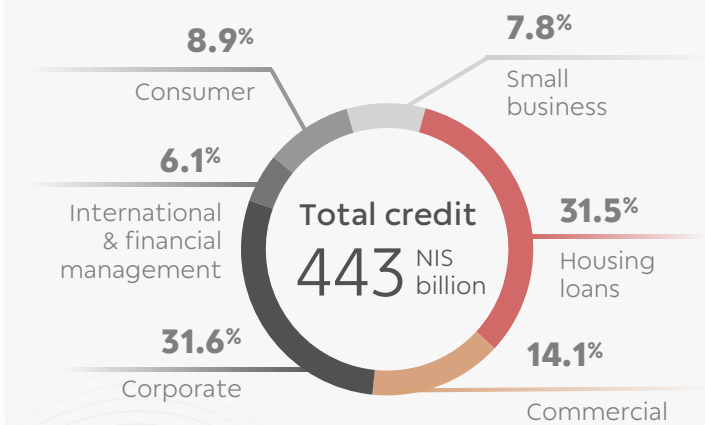
* Excluding special items, net profit for 2021 totaled NIS 4,957 million (ROE of 11.9%).

Significant growth momentum in the fourth quarter and full year

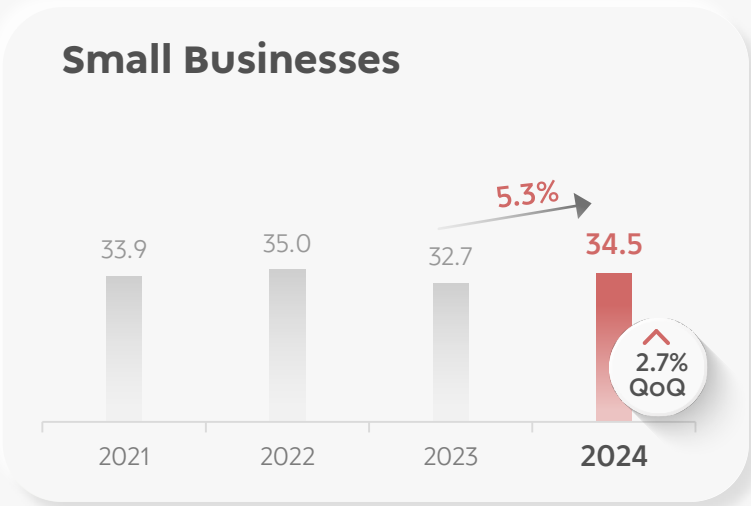
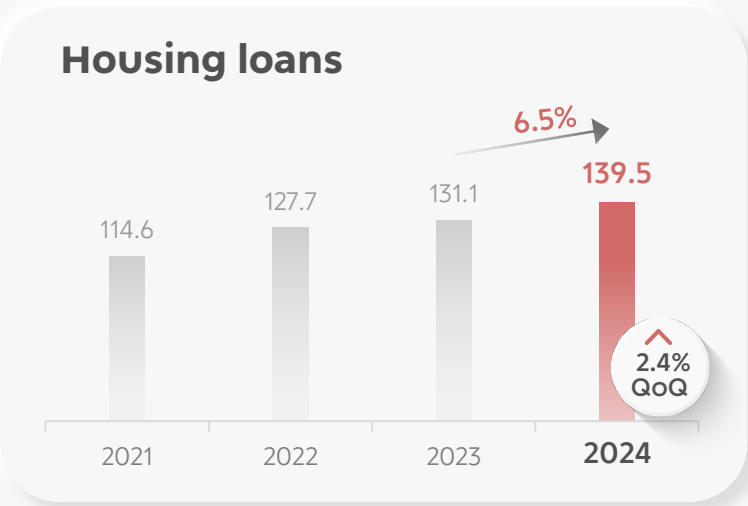
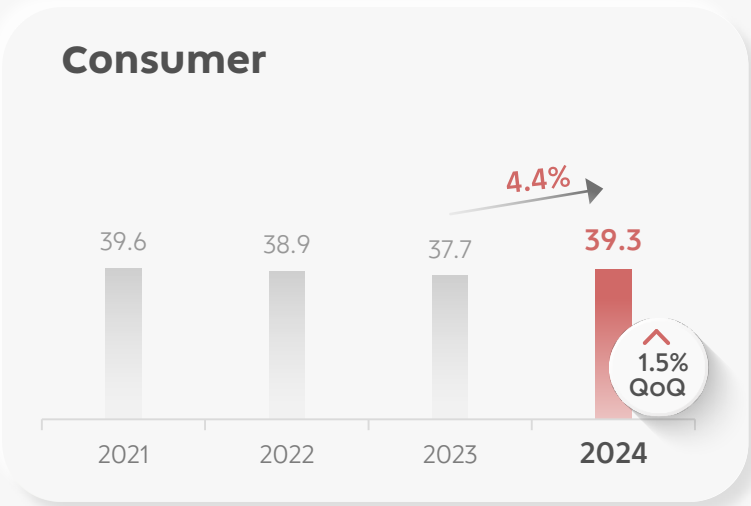
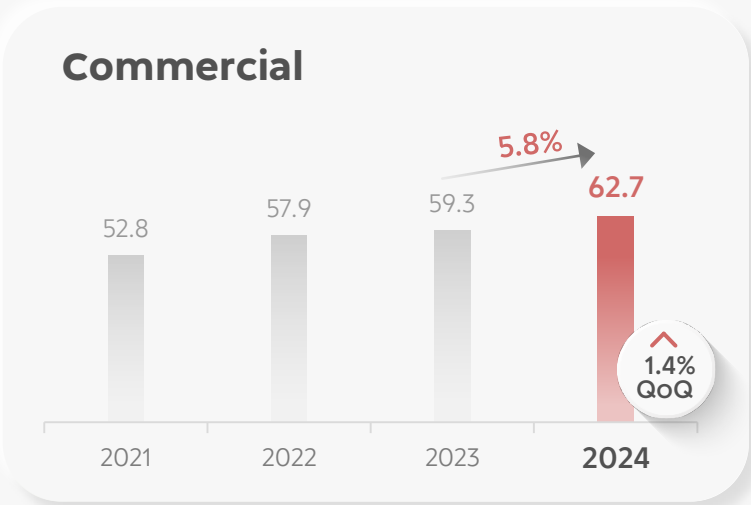
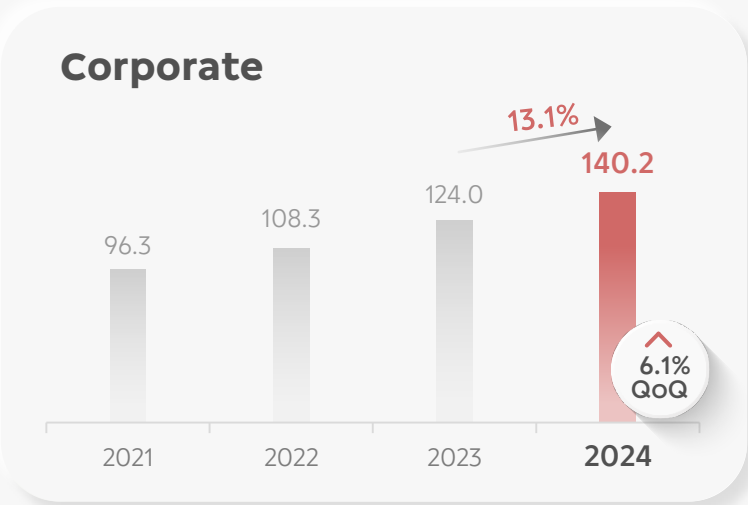
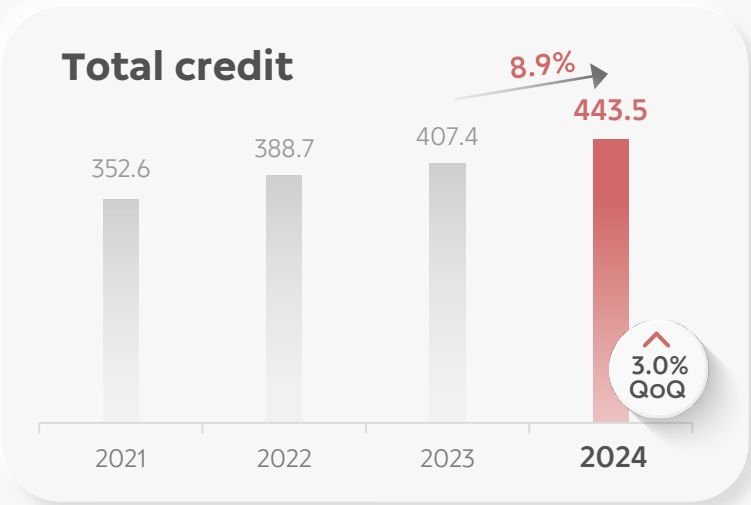
Credit portfolio, NIS billion



Well-diversified credit portfolio

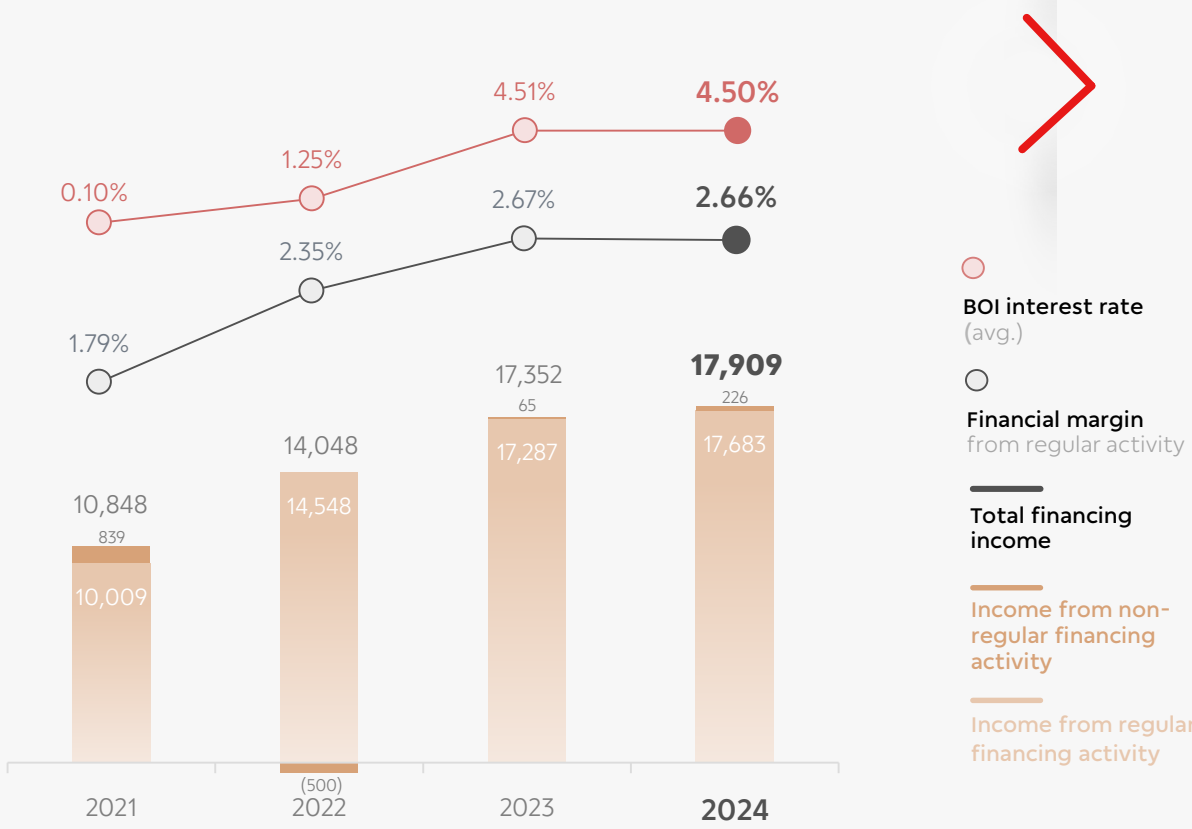


Credit growth across all segments of operation NIS billion

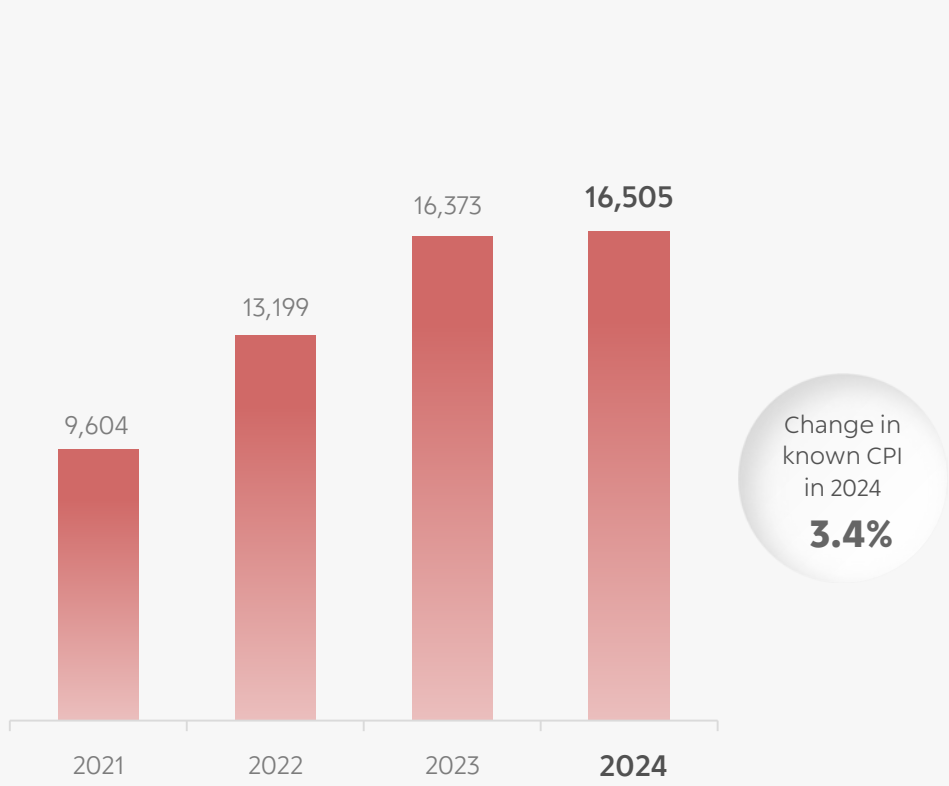


Continued financing income growth

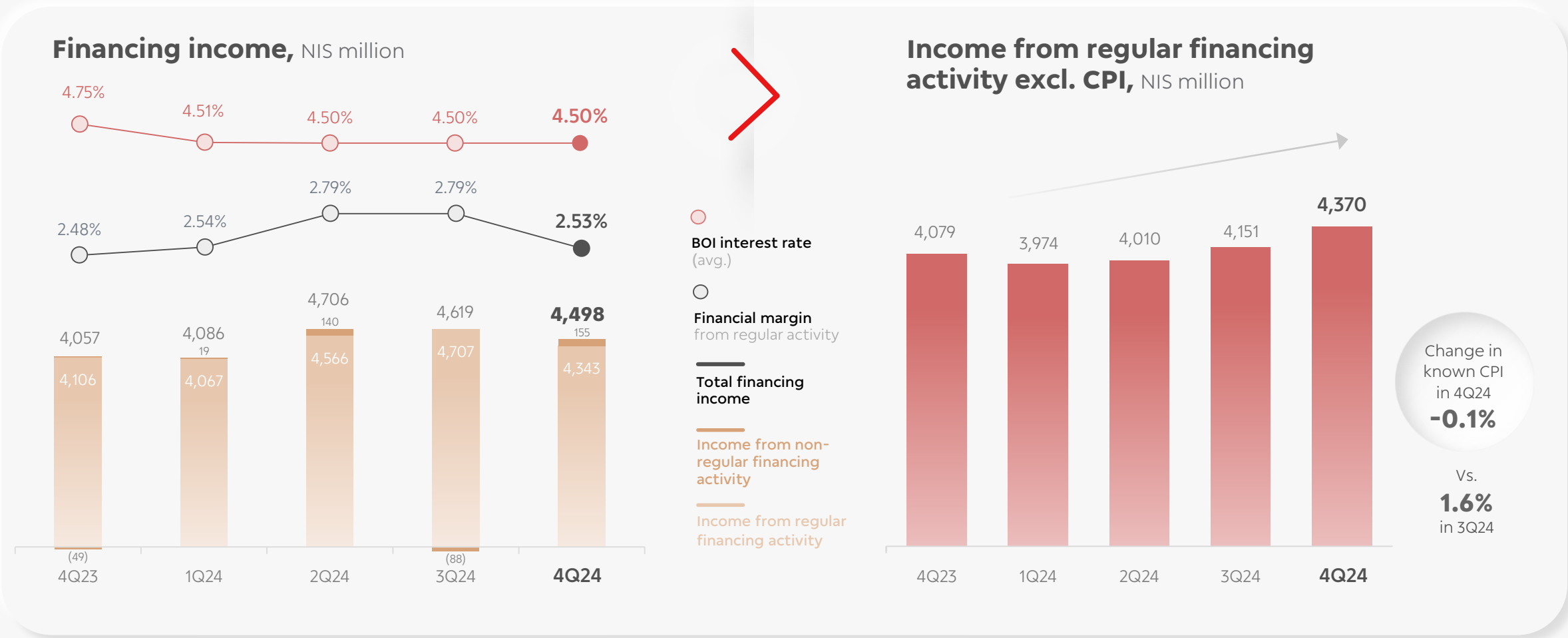
Financing income, NIS million



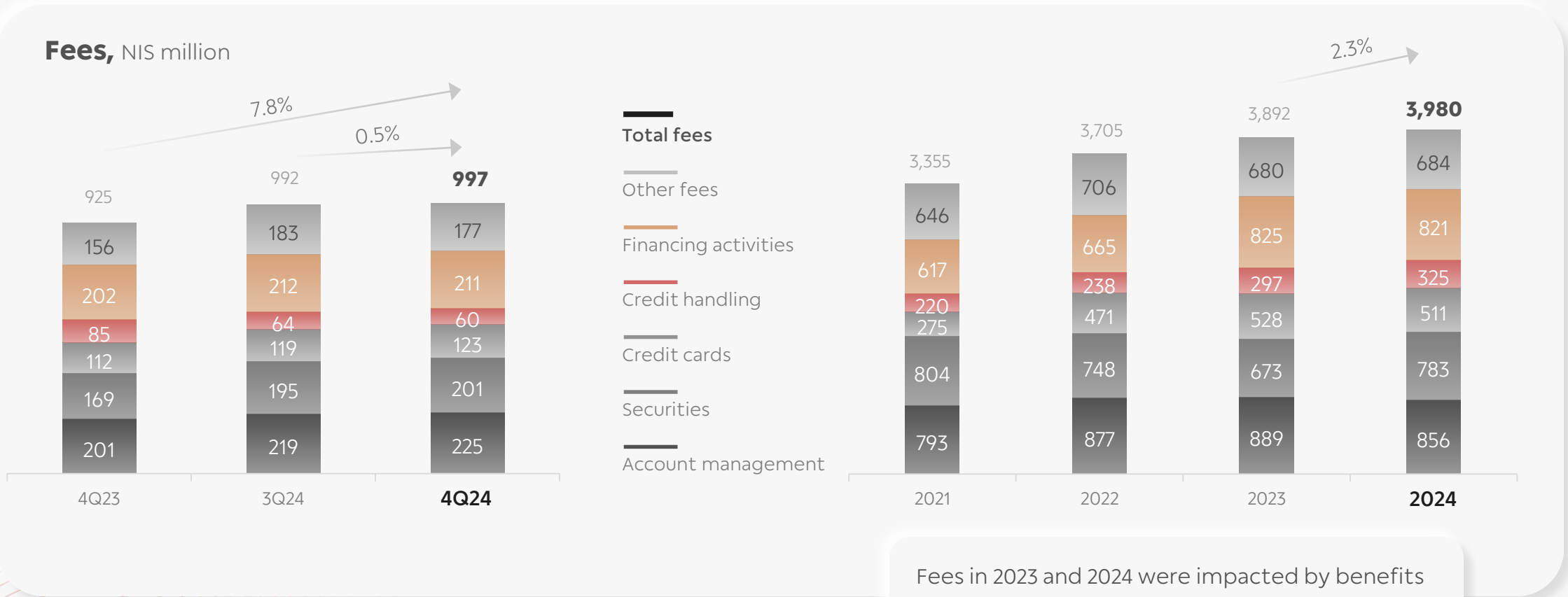
Income from regular financing activity excl. CPI, NIS million



Fourth quarter financing income and margin impacted by CPI differences; excluding CPI contribution, core financing income soared



Growth in customer activity reflected in strong fee volume

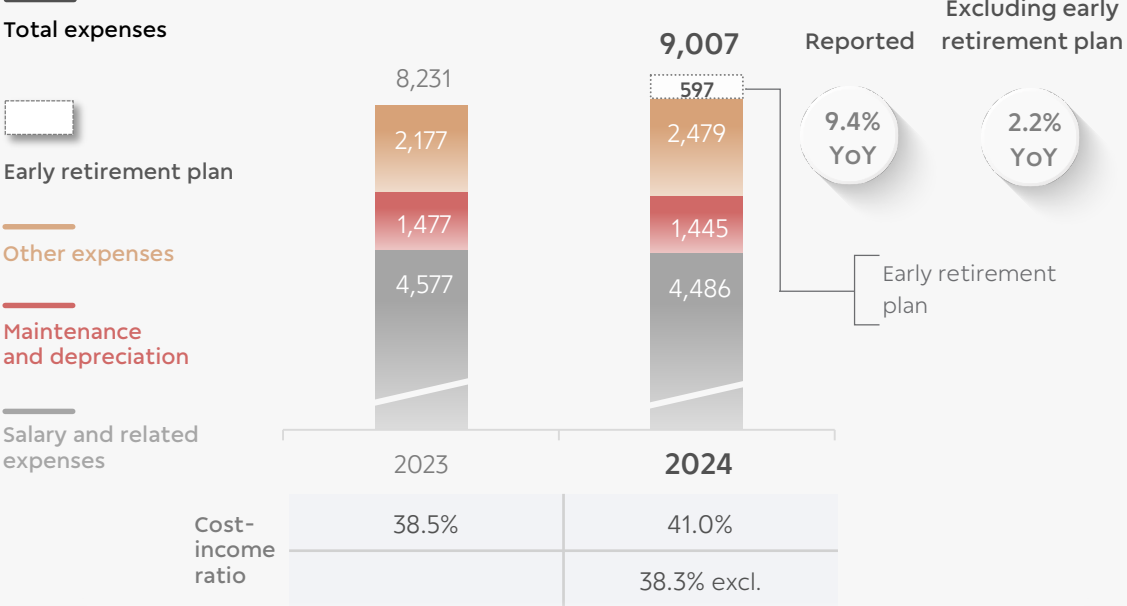
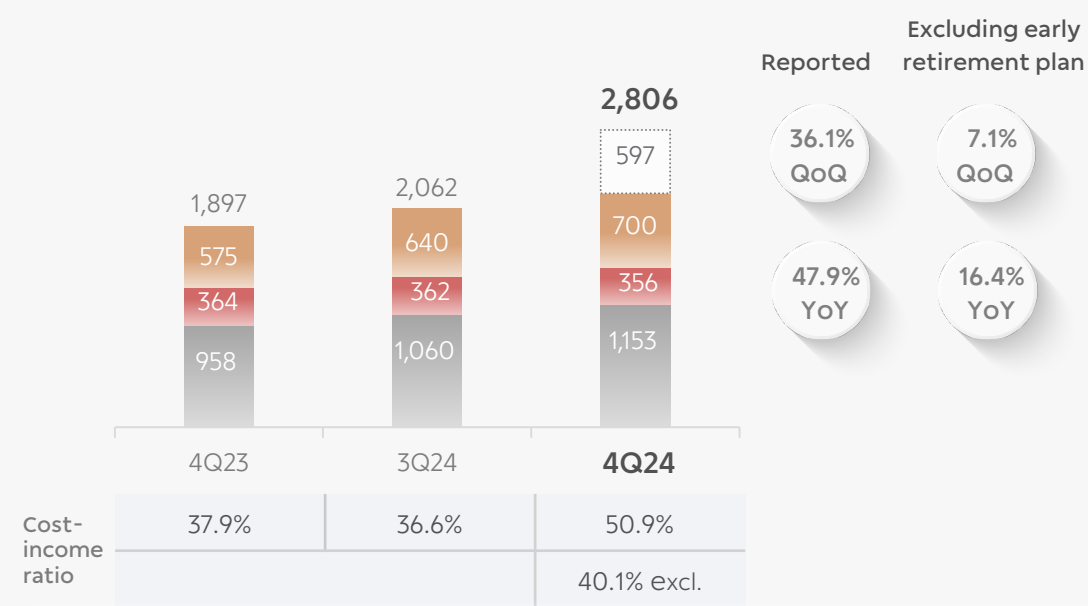


Fees in 2023 and 2024 were impacted by benefits granted to customers to help cope with the Swords of Iron War.

Benefits granted amounted to NIS 30 million in 2023, and NIS 67 million in 2024.

Early retirement plan affected expenses; will positively impact future results

Total expenses, NIS million



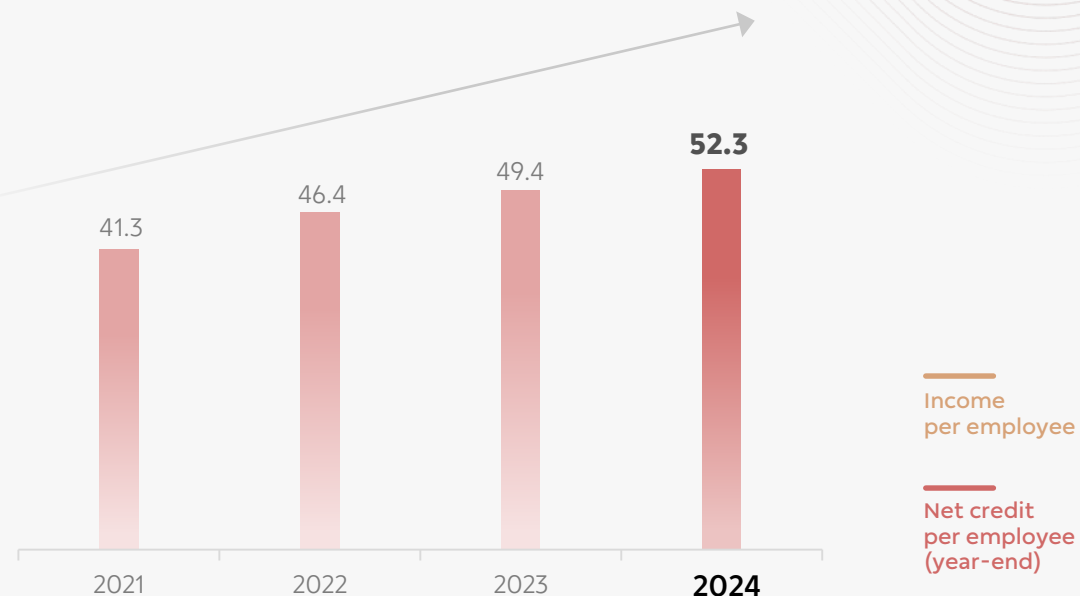
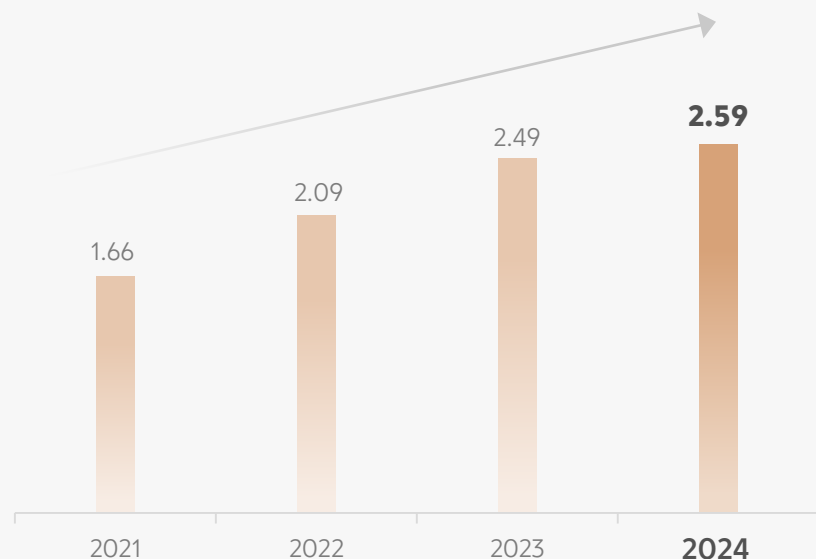
Early retirement plan:

- Planned reduction of 770 (net) employee positions by 2028.
- The actual pace of retirements will be aligned with the progress of the Bank's strategic plan.
- The efficiency plan, when concluded, is expected to lead to cost savings of approx. NIS 300 million per year, before tax effect.

The decrease in salary and related expenses in 2024 was impacted by approx. NIS 200 m in respect of the collective wage agreement recorded in 2023, partially offset by an increase in bonuses. Current salary and related expenses remained stable in 2024. Other expenses were impacted by donations and aid granted in connection with the war, in the amount of approx. NIS 84 million (vs. NIS 10 million in 2023), and an increase in expenses for legal proceedings (primarily in the second half of 2024) and in IT expenses.

Continuous improvement in productivity ratios to support future profitability. Growth and retirement plan creates further potential

Productivity ratios, NIS million

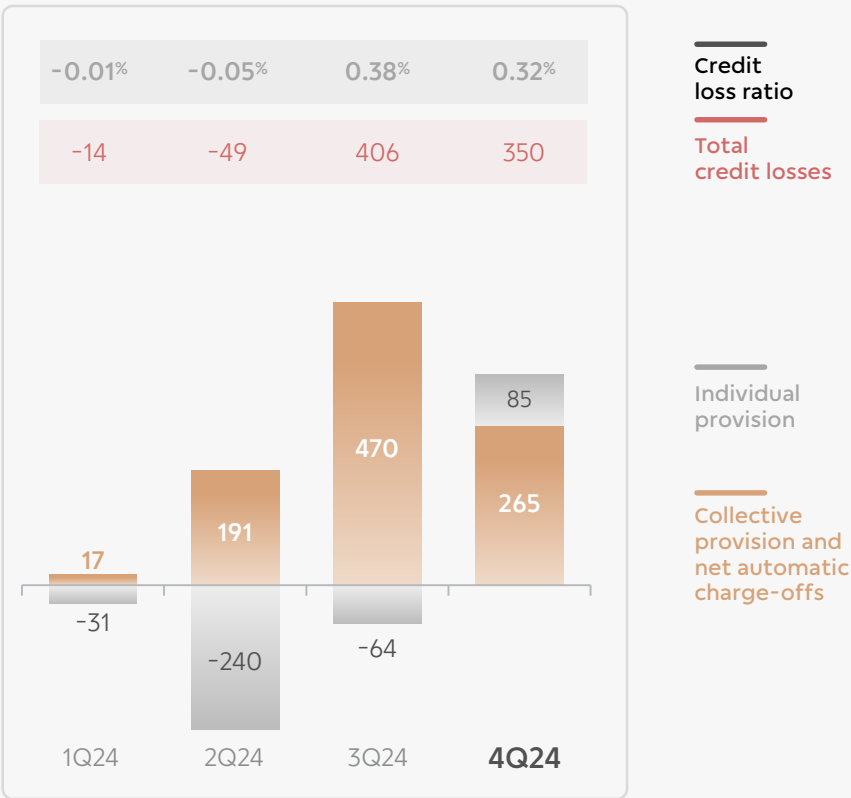
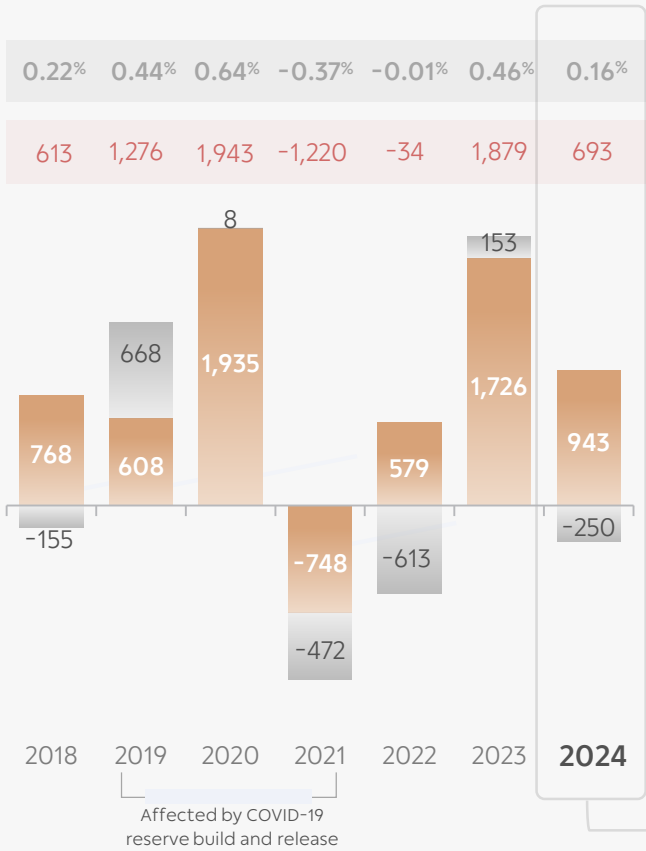


Income
per employee

Net credit
per employee
(year-end)

Further build of the collective allowance alongside income from individual allowance

Provision for credit losses, NIS million



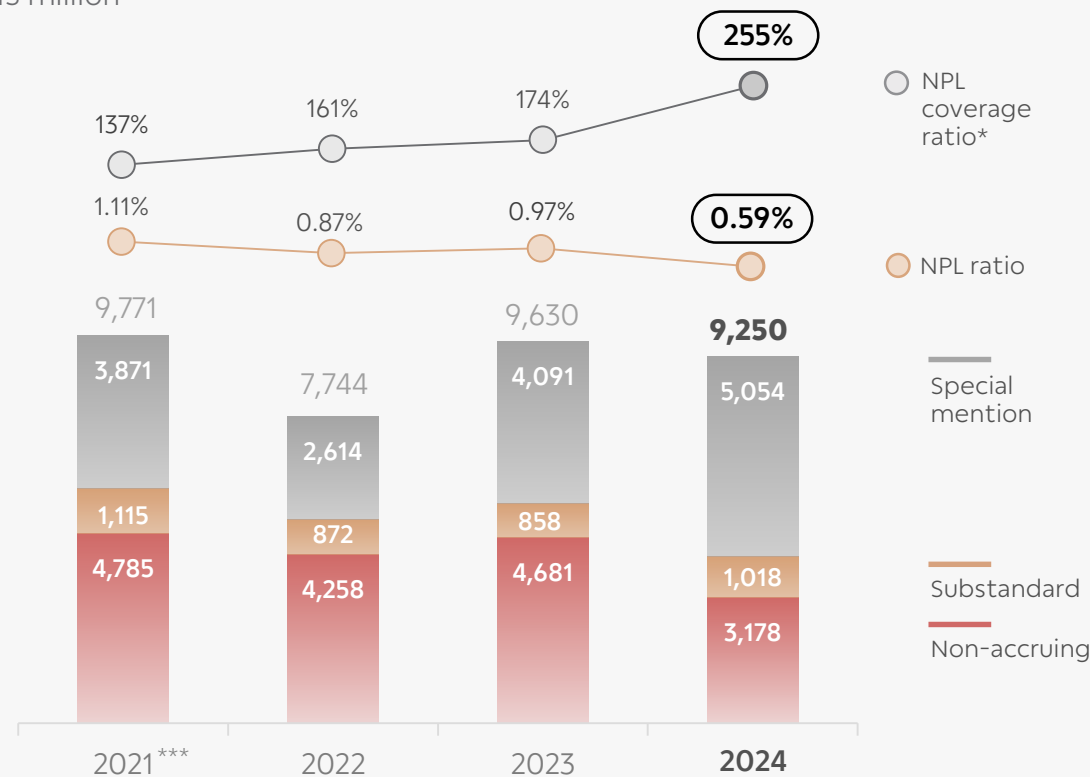
The provision in 2024 was driven by an increase in the collective allowance for credit losses, due to growth of the credit portfolio during the year as well as the continuation of the war-related uncertainties.

In 2024, income was recorded in respect of the individual allowance as a result of recoveries from a small number of borrowers.

High credit quality metrics; low NPL ratio alongside allowance of more than double the NPLs

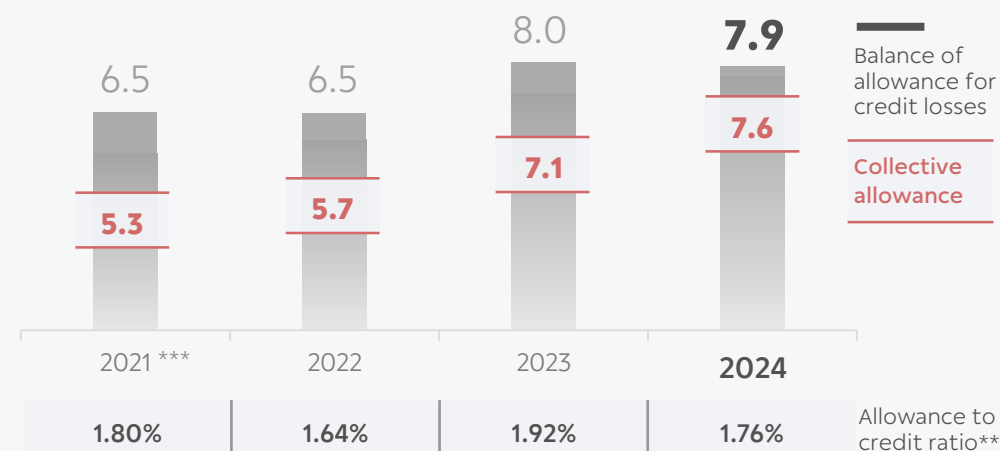
Total problematic debt, NPL ratio & NPL coverage ratio

NIS million



Allowance balances and ratio

NIS billion



Favorable underwriting standards and high buffer in the real estate sector

Only **2.5%** of land with LTV > 80%

2.44%

Allowance to loans in the real-estate sector in Israel

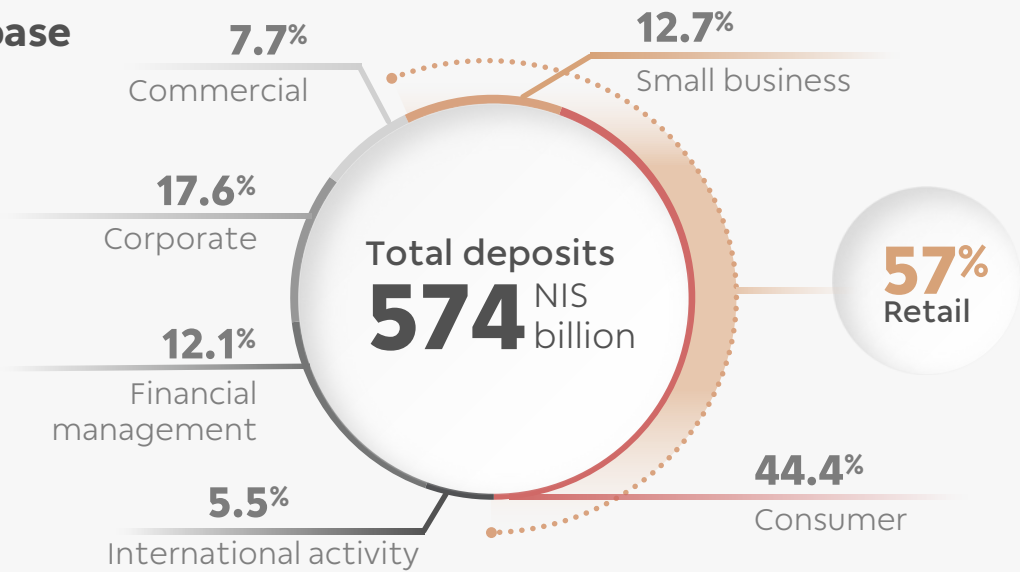
* Balance sheet allowance for credit losses to NPL.

** Allowance in respect of loans, including off-balance sheet items, of total loans.

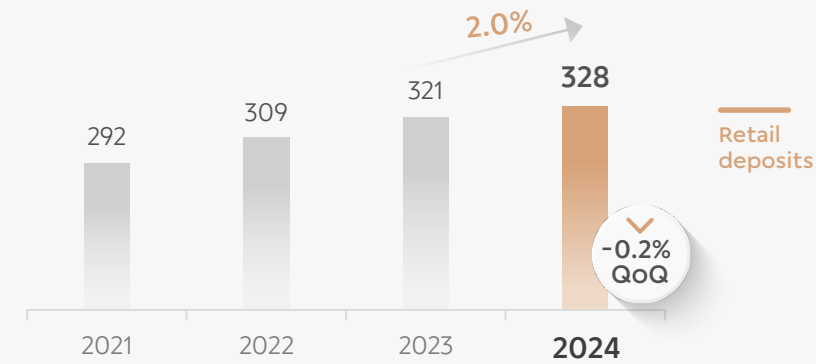
*** Proforma data. The proforma allowance for credit losses includes the effect of the initial implementation of CECL.

Largest-in-sector retail base provides a competitive advantage

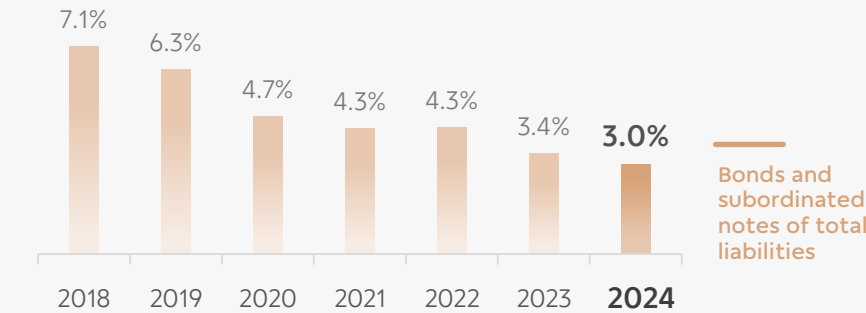
Deposit base



Retail deposit base growing over time, strengthening our liquidity position, NIS billion



Low reliance on capital-market funding

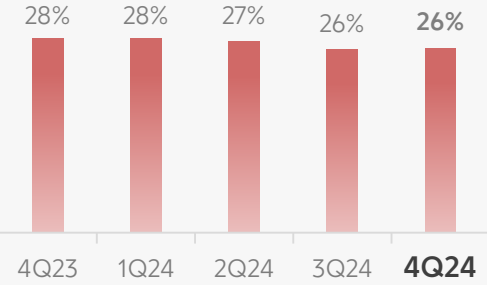


131%
LCR

Above regulatory requirement of 100%

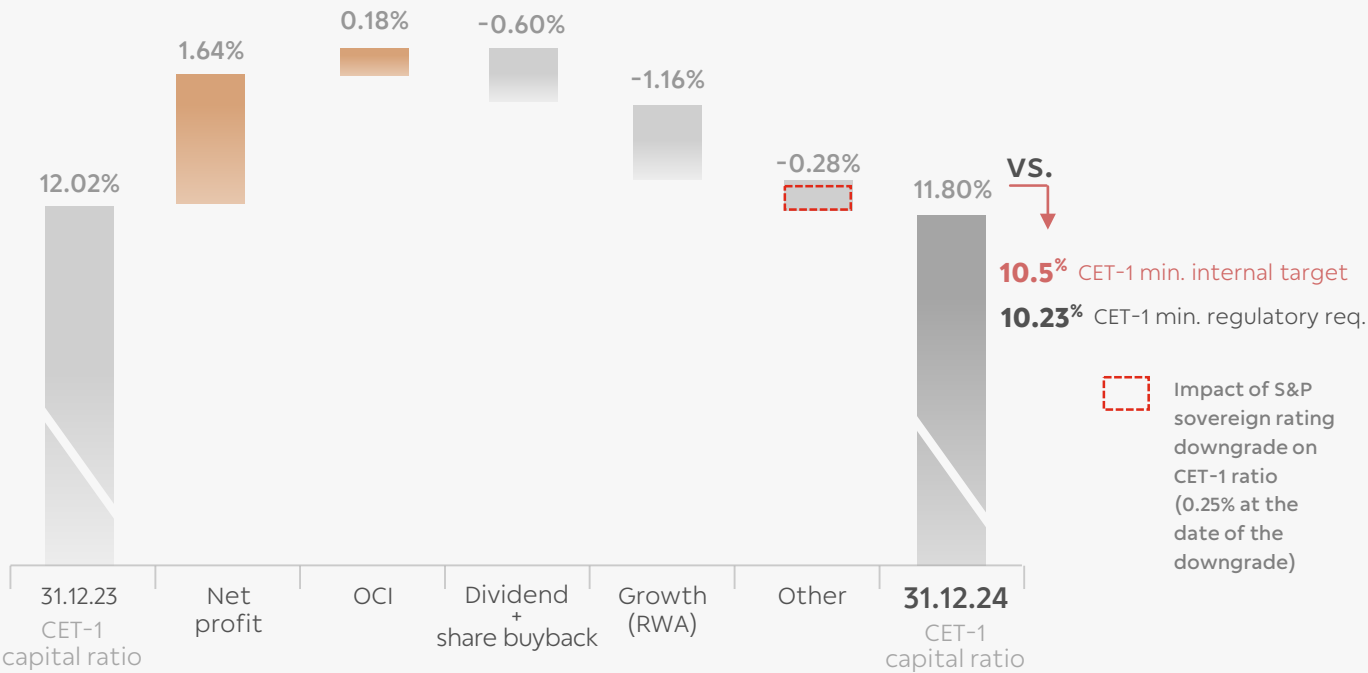
125%
NSFR

Stability in non-interest bearing deposit ratio



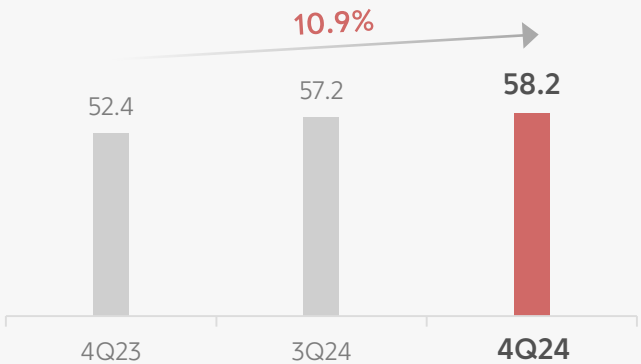
Substantial organic capital generation

CET-1 capital ratio



The gap between the current CET-1 ratio and the minimum internal target reflects a substantial capital surplus, to serve various future growth scenarios, potential further capital distribution, a buffer for negative scenarios, etc.

Strong growth in shareholders' equity, NIS billion



Total capital ratio

vs. min. regulatory req. of 13.5%

14.77%

Leverage ratio

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

7.17%

* Relief valid until December 31, 2025. The minimum regulatory requirement pre-relief is 6%. For additional information regarding capital requirements, refer to note 24 in the FY24 report.

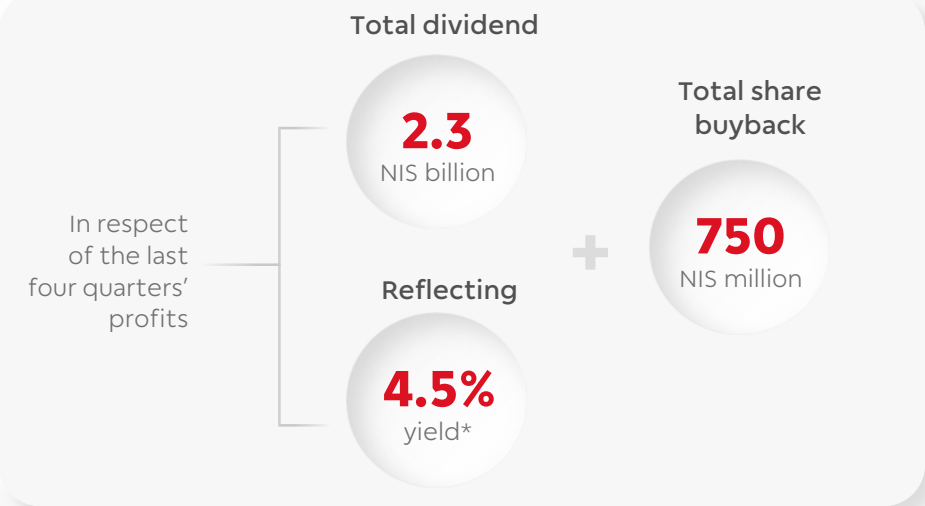
Continued distribution of 40% of net profit

Buyback plan, third tranche

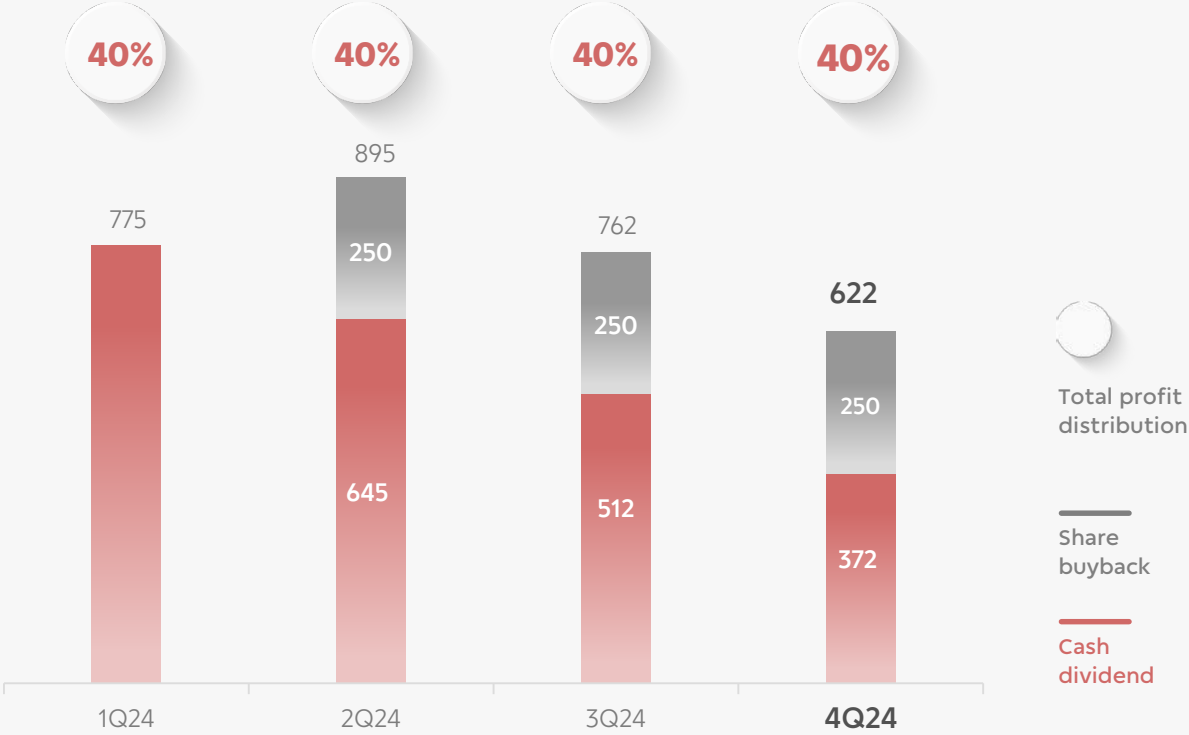
In the amount of NIS 250 million

To be executed by May 2025 or earlier

First two tranches of NIS 250 million each successfully executed



Profit distribution, NIS million



* Calculated as the dividend per share declared in respect of the last four quarters' profits, including 4Q24, divided by share price on the record date of each distribution or declaration.

Future relocation to Poalim Center: potential to increase productivity and record capital gains

Today, the bank's headquarters are scattered over eight buildings owned by the bank in Tel Aviv.
The main sites are:

**50 Rothschild Blvd. &
63 Yehuda Halevy St.**

Construction rights for:

45-story tower
~47,000 sq.m

Mixed-use designation for residential, office, and commercial spaces

Menora building

33% owned by the bank

**Undergoing a
betterment plan**

Mixed-use designation for residential, office, and commercial spaces

**Rubinstein
Towers**

Fully owned by the bank



Poalim Center

A 40-story office tower with area of ~66,000 sq.m.

A central, accessible location near a major transportation hub

An innovative, smart, tech-based tower compliant with LEED Gold green building standards

One Bank - full synergy, partnership, and agility

A leap forward in the employee experience

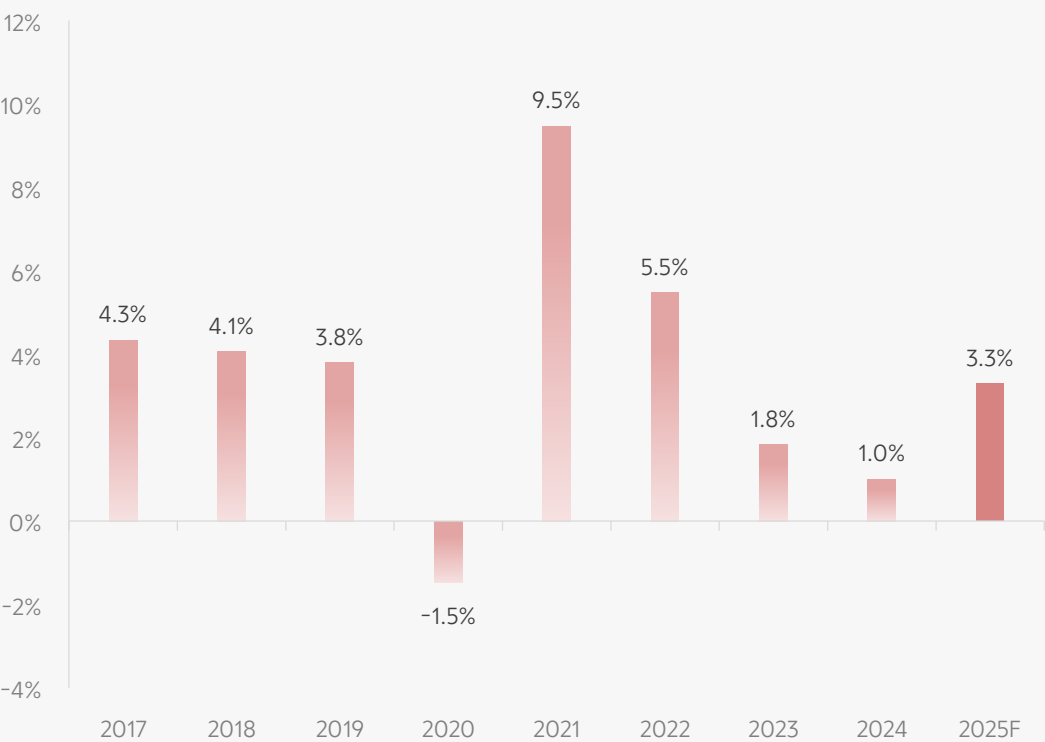
Operational efficiency

Relocation planned for 2026

A full year of war resulted in low growth, yet far from recession

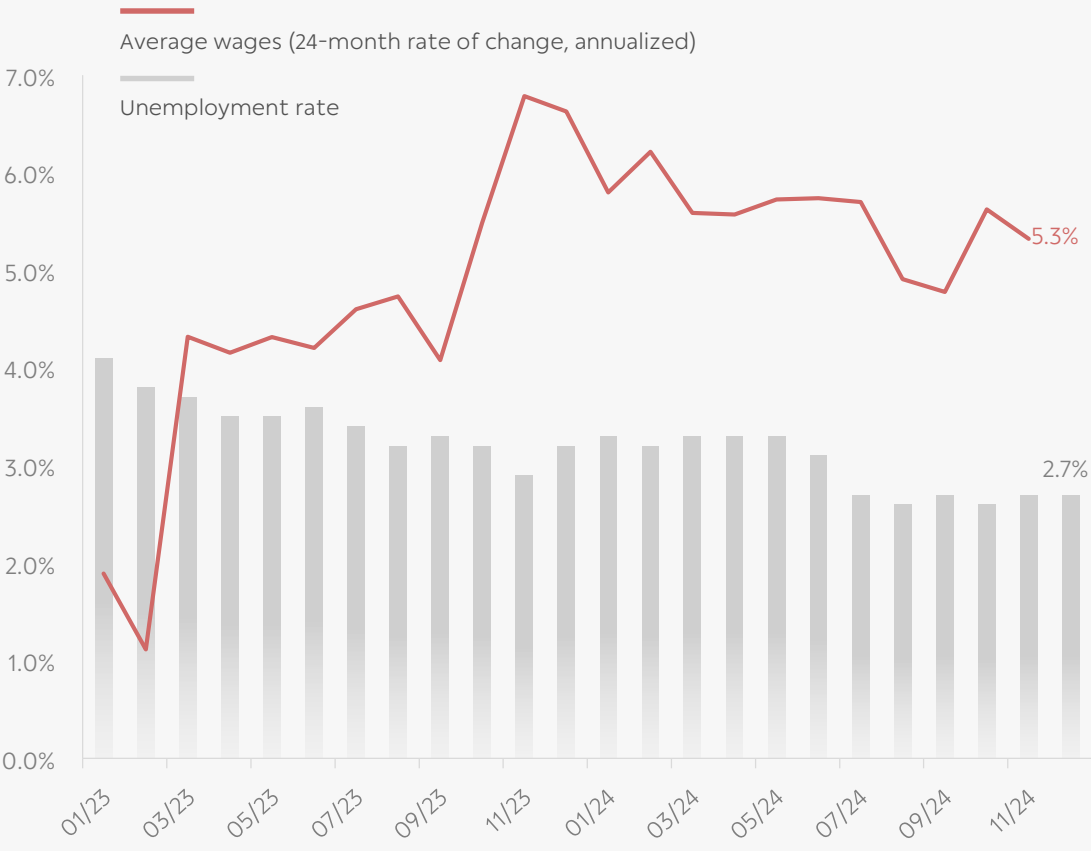
Assuming the ceasefire holds, the worst is behind us

GDP growth, source: CBS



Tight labor market

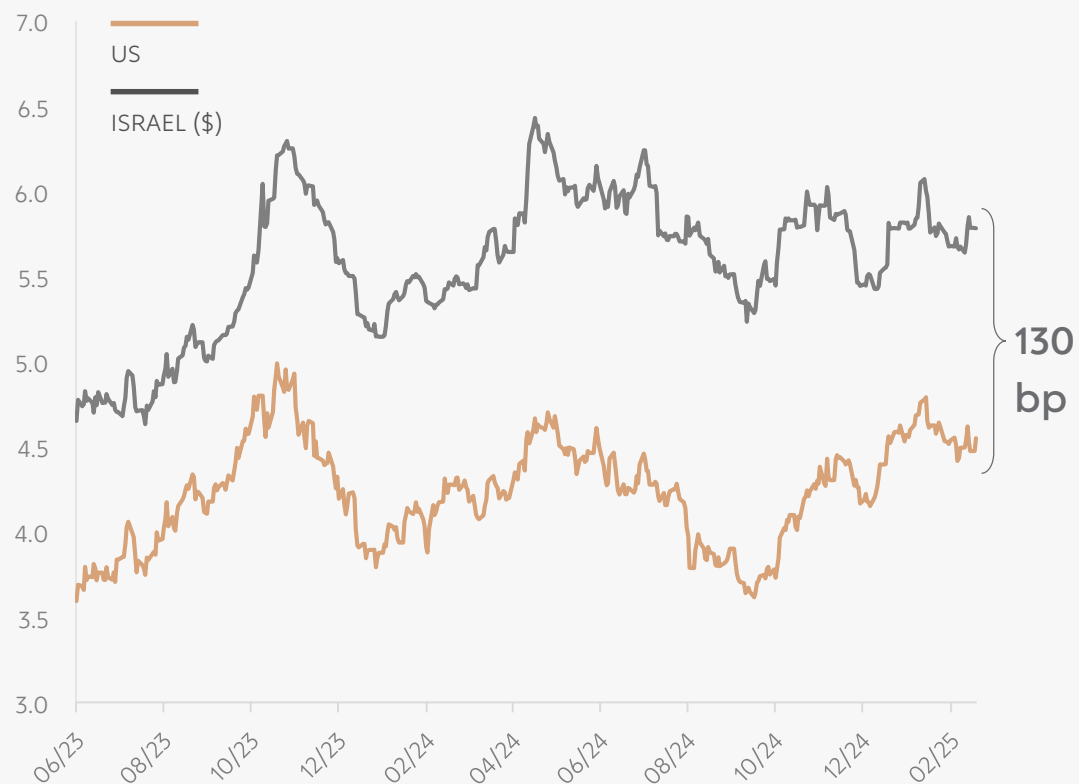
Source: CBS



The fiscal picture has improved and risk premiums declined, opening the way to a more accommodative monetary policy

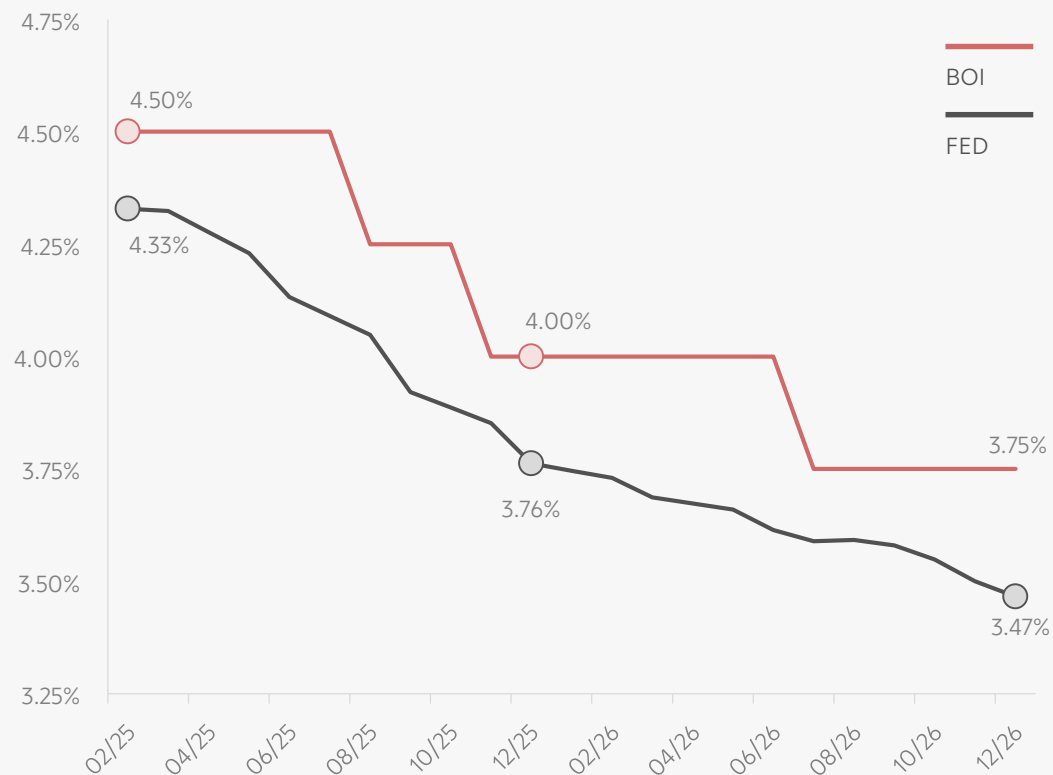
Risk premiums have declined

10-year government bond yields, source: Bloomberg



Interest rates expected to decrease

Implied interest rates, source: Bloomberg



2024 and 4Q24 key takeaways

1

We introduced financial targets for the years 2025-2026:

Net profit of NIS 8.5-9.5 billion;
ROE of ~ 14%-15%;
Annual credit growth of 7%;
Distribution of at least 50% of net profit.

2

**Continued strong profitability –
ROE of 13.8% in 2024 and 10.8% in 4Q24,**
impacted by ~NIS 400 m (net) expense
for early retirement plan.

3

**Strong credit growth in the quarter
and full year;** growth was broad-based
across all segments.

4

NPL continued to decline, bringing the
NPL ratio to 0.59%; credit-loss allowance
to NPLs was 255%.

5

Strong organic capital generation creates
a large capital buffer and allows for a total
distribution of 40% of net profit.

6

**The Board of Directors resolved to elect Noam
Hanegbi as the Chairperson of the Bank.**
The appointment took effect on Feb. 18, 2025.



◆ **bank hapoalim**

2024 Annual Financial Review



Appendix

Key balance sheet items NIS million

Year ended	2023	2024
Cash on hand and deposits with banks	107,730	117,053
Securities	127,122	121,838
Net credit to the public	407,381	443,483
Deposits from the public	554,595	574,285
Deposits from banks	9,085	10,837
Bonds and subordinated notes	21,800	20,190
Shareholders' equity	52,430	58,150
Total balance sheet	686,530	720,844

Note: For a full balance sheet analysis, please refer to the bank's financial statements for FY24.

Key profit and loss items NIS million

Year ended	2023	2024
Total net financing profit	17,352	17,909
Fees and other income	4,030	4,051
Total income	21,382	21,960
Wages	(4,577)	(4,486)
Maintenance and depreciation of buildings and equipment	(1,477)	(1,445)
Other expenses	(2,177)	(3,076)
Total operating and other expenses	(8,231)	(9,007)
Provision for credit losses	(1,879)	(693)
Profit before taxes	11,272	12,260
Provision for taxes on profit	(3,930)	(4,559)
Net profit	7,360	7,635
ROE	15.0%	13.8%

Note: For a full profit and loss analysis, please refer to the bank's financial statements for FY24.



◆ bank hapoalim
Israel's leading
financial institution