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Bank Hapoalim

Quarterly Financial Review

2Q25

Disclaimer

This presentation includes condensed information and selected data from Bank Hapoalim's 2Q25 financial results. This presentation is not a substitute for the Bank's 2Q25 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" in 2024 financial report.

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.

Excellent quarter and first half in profit, credit growth, and capital generation, well on track with the bank's financial targets

Robust profitability

16.7% 2Q25 | **16.5%** 1H25
ROE

NIS **2.5** Bn 2Q25 | NIS **5.0** Bn 1H25
+4.9% QoQ | **+18.9%** YoY
Net profit

32.8% 2Q25 | **33.8%** 1H25
C/I ratio

Continuous growth

+12.7% YoY
+3.0% QoQ
Credit growth

+12.4% YoY
+13.3% QoQ
Total income

Solid balance sheet

12.02%
CET-1 ratio

0.50%
NPL ratio

125%
LCR

Additional updates

Dividend distribution

Profit distribution raised to **50%** of 2Q25 net profit, in line with the Bank's financial targets

Dividend policy

Updated to up to **50%** of net profit

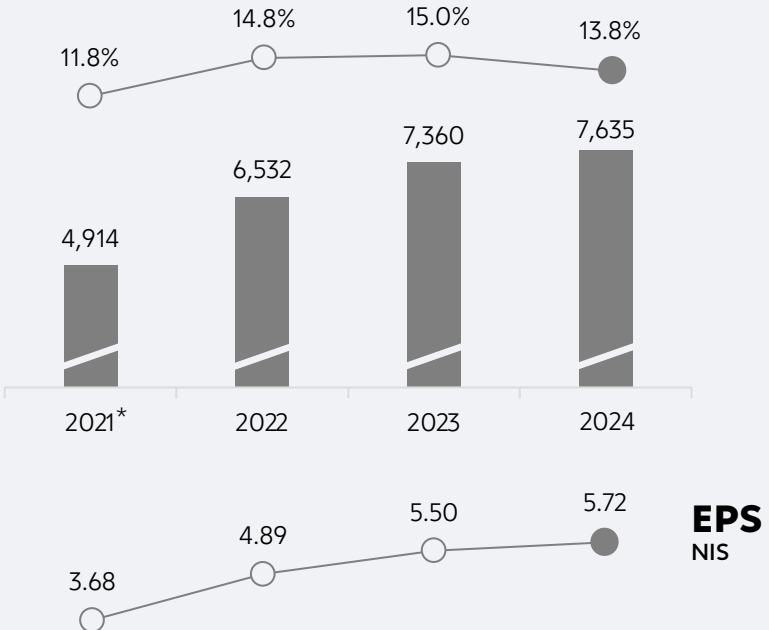
Expected one-time profit recognition in 3Q25

Insurance reimbursement of **NIS 380 million** net, will be recognized in 3Q25 P&L

Another quarter of robust profitability

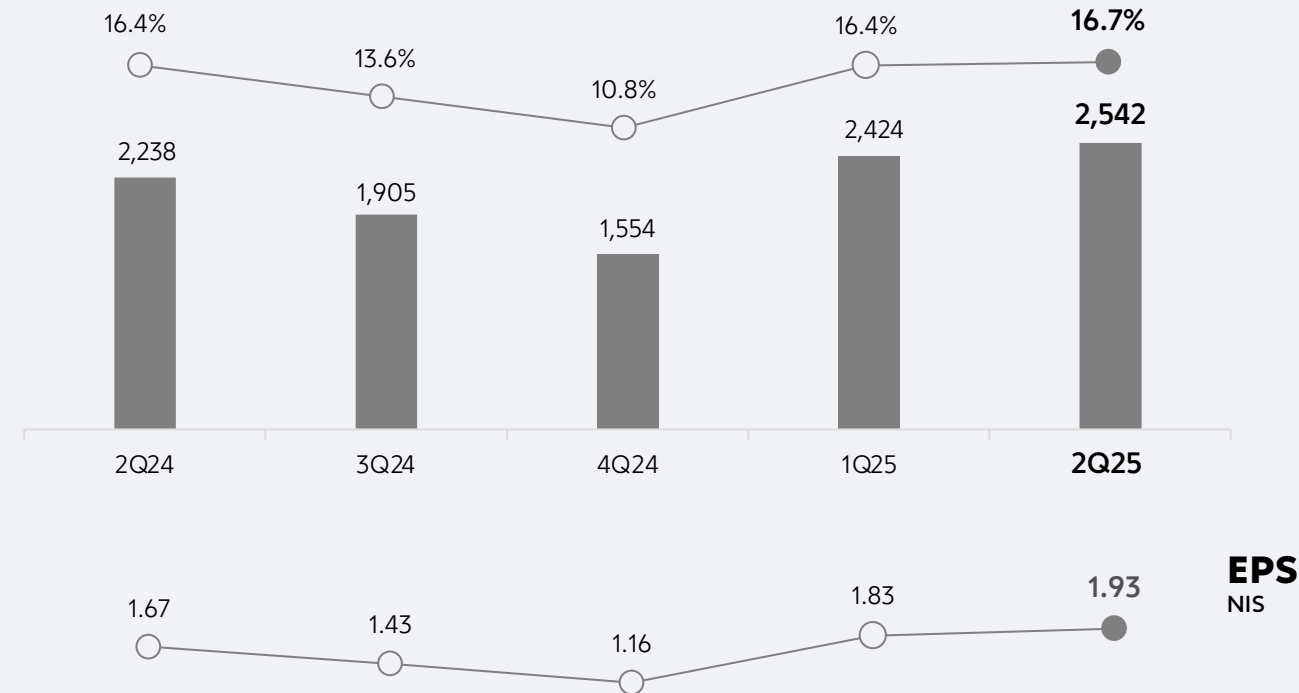
Net profit, ROE & EPS, annual

NIS million



Net profit, ROE & EPS, quarterly

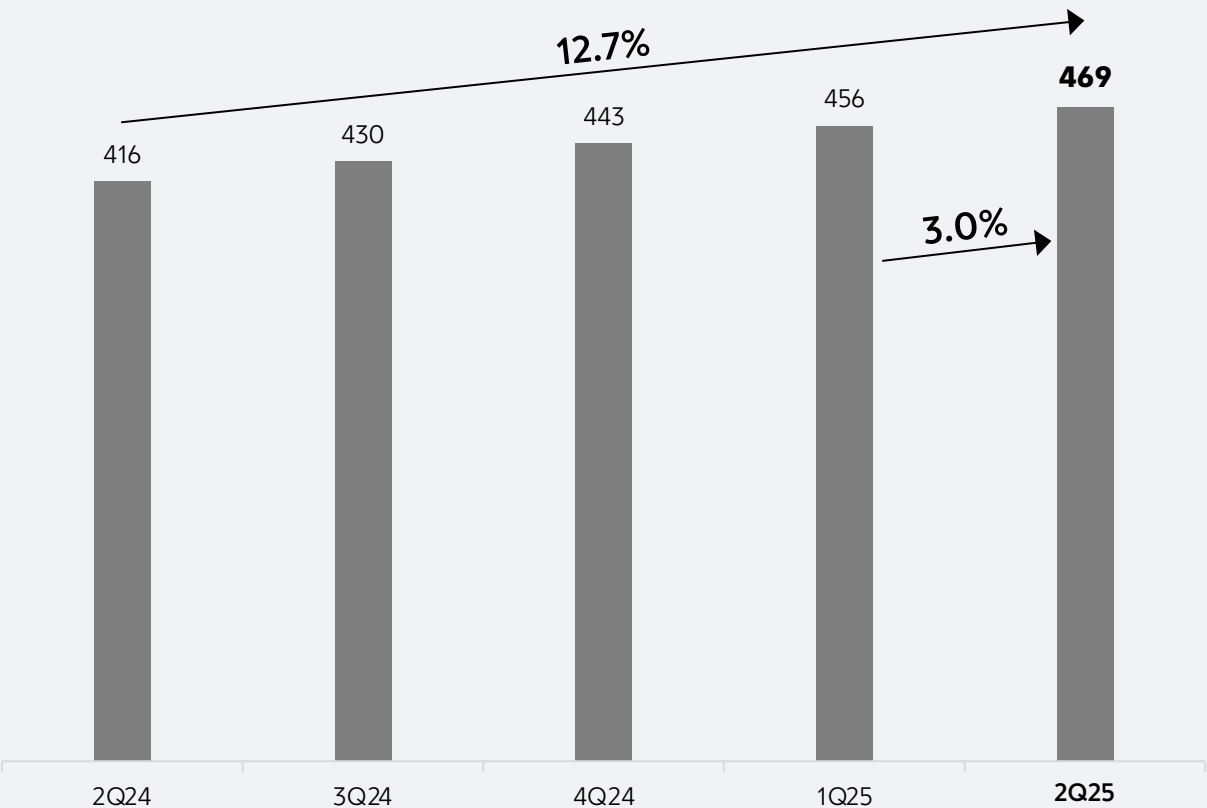
NIS million



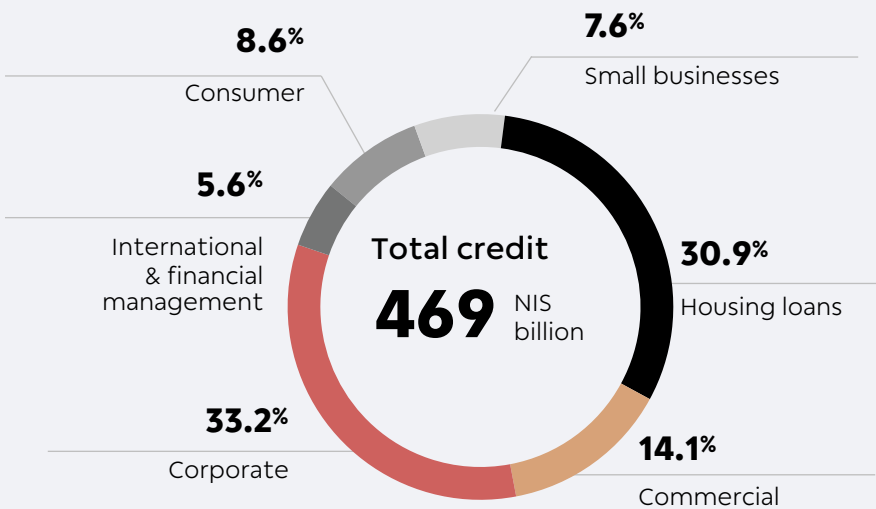
* 2021: Excluding special items, net profit for 2021 totaled NIS 4,957 million (ROE of 11.9%).

Significant loan growth momentum

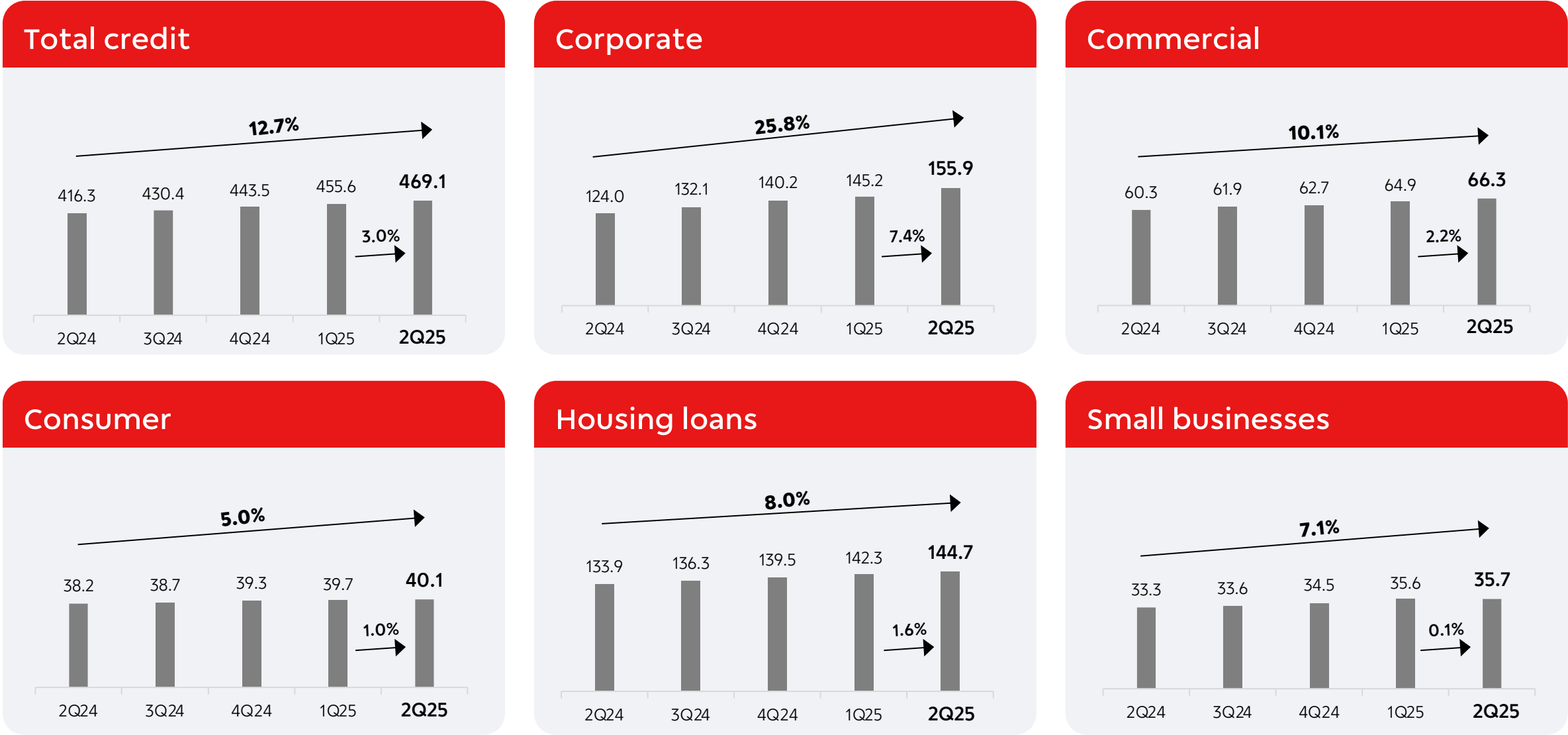
Credit portfolio, NIS billion



Well-diversified credit portfolio

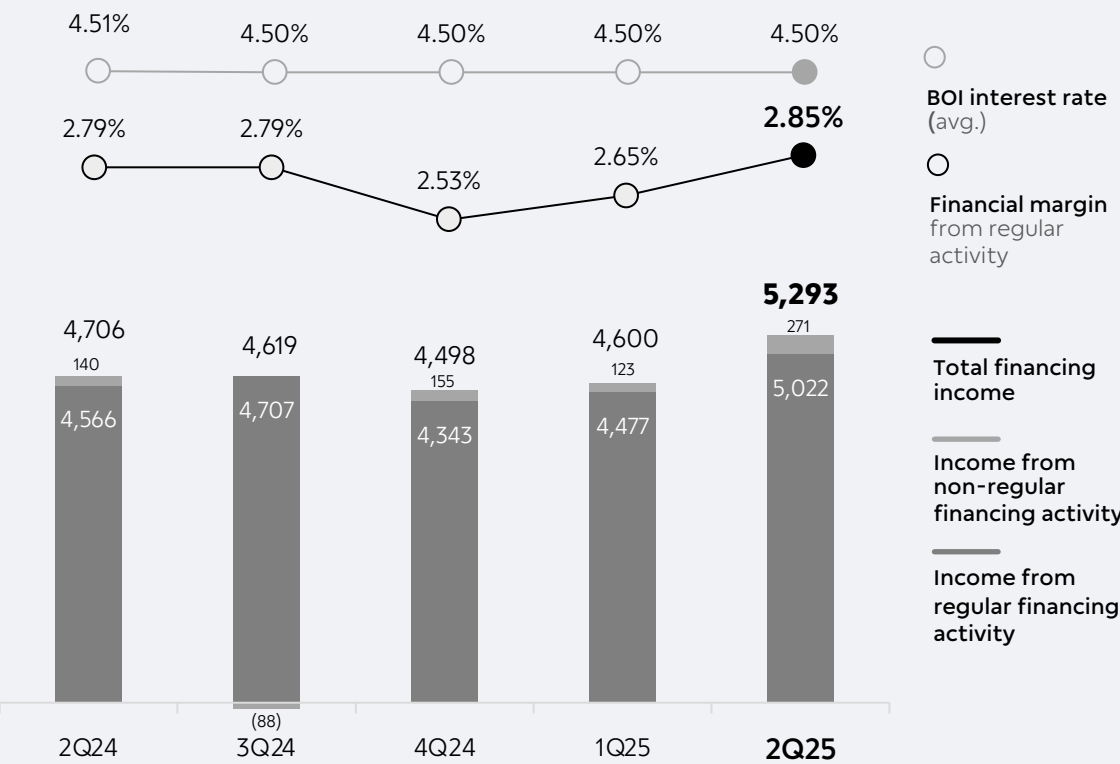


Credit growth across all segments of operation NIS billion

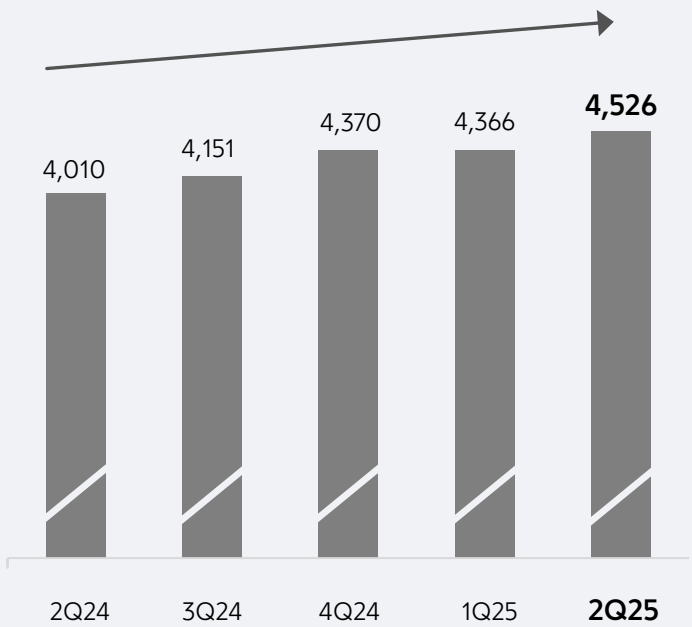


Resilient financing income and margins, positively affected by credit growth, CPI contribution, and asset repricing

Financing income, NIS million



Income from regular financing activity excl. CPI, NIS million



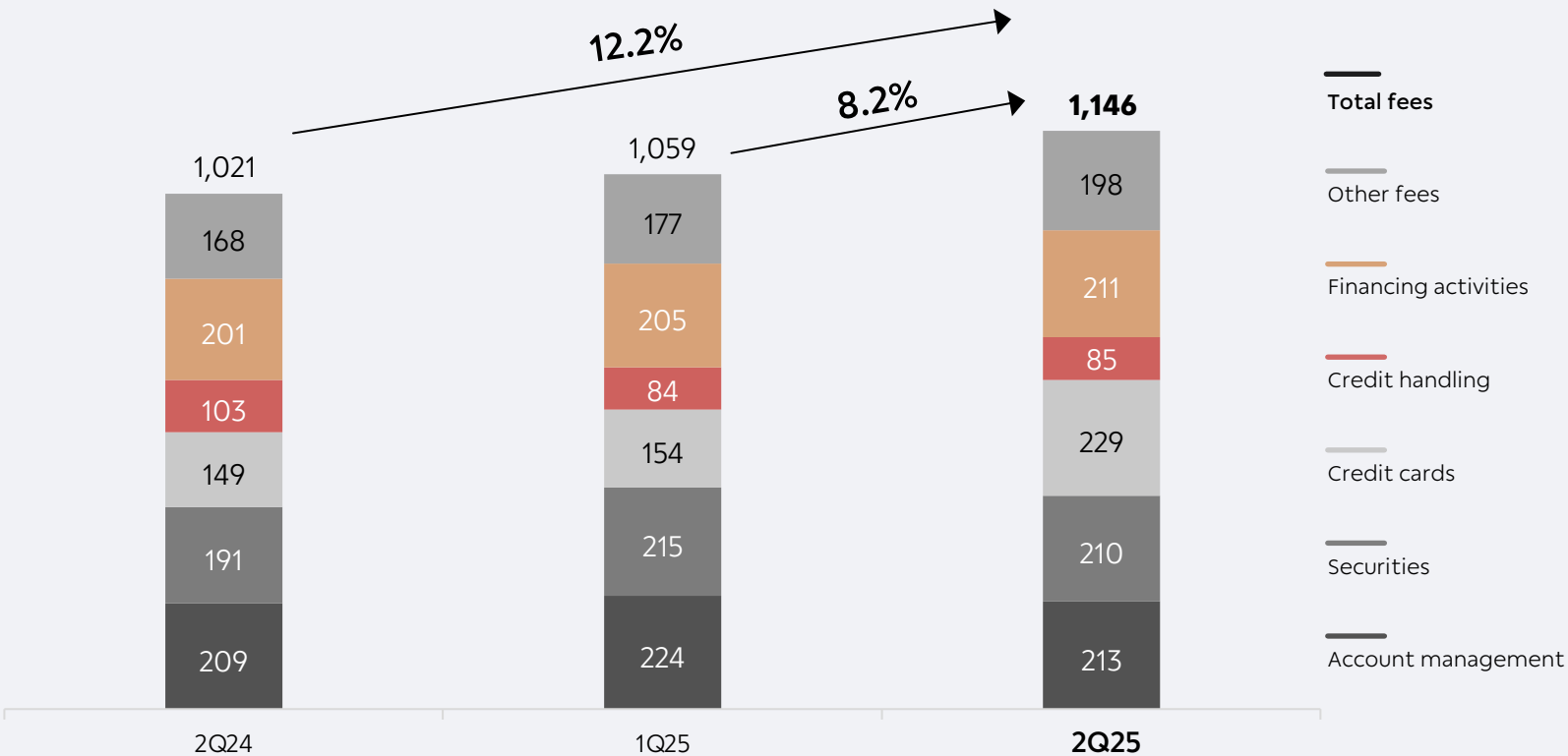
Customer benefits

Financing income was impacted by benefits provided to customers in respect of various outlines issued by the Bank of Israel and adopted by the Israeli banking sector.

Change in known CPI **1.3%** in 2Q25 vs. **0.3%** in 1Q25

Positive fee income trend levered on increased customer activity

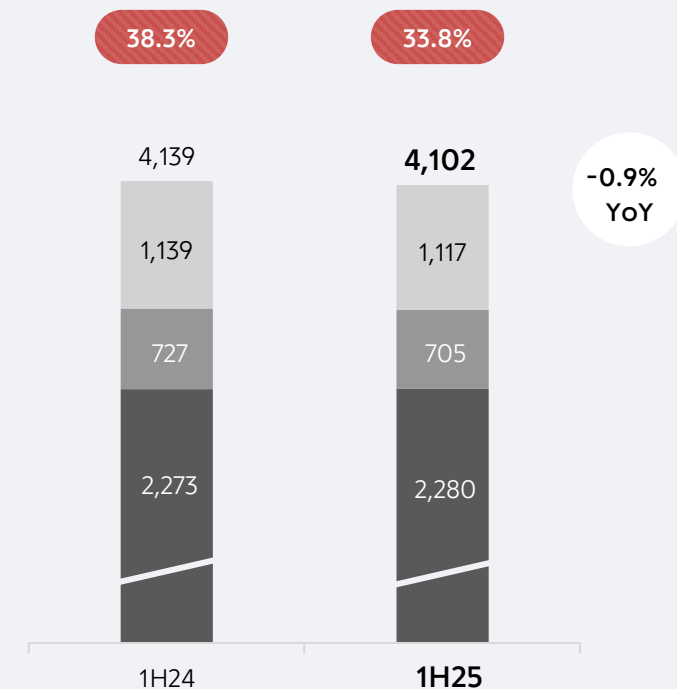
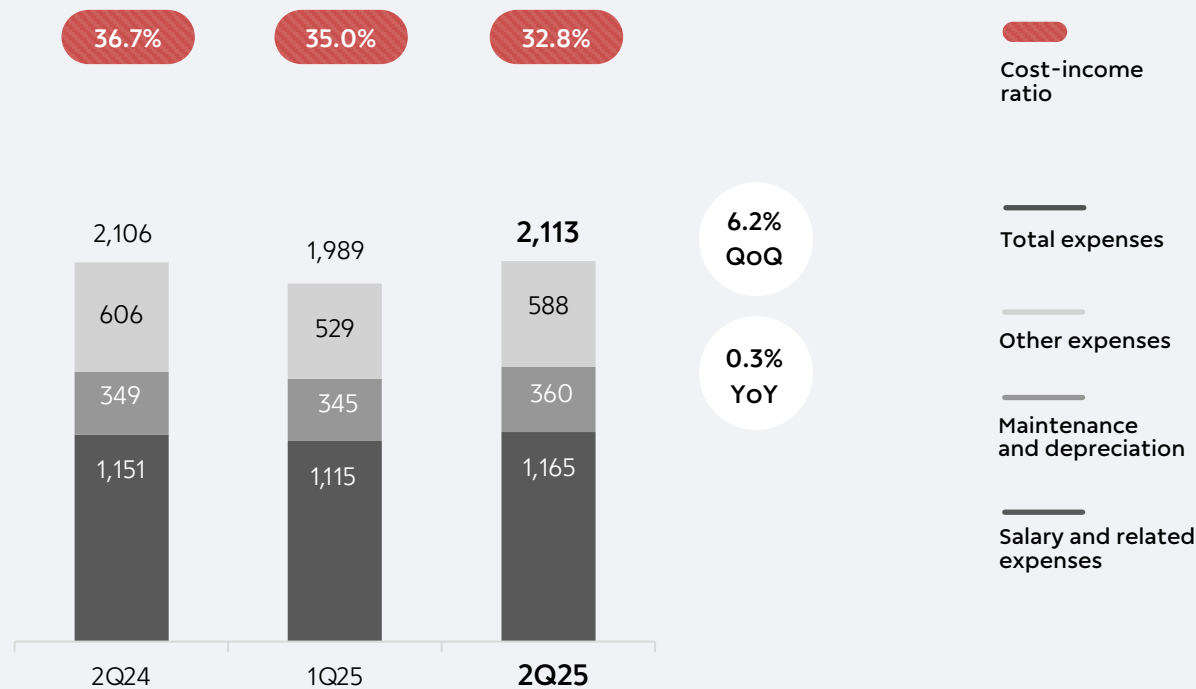
Fees, NIS million



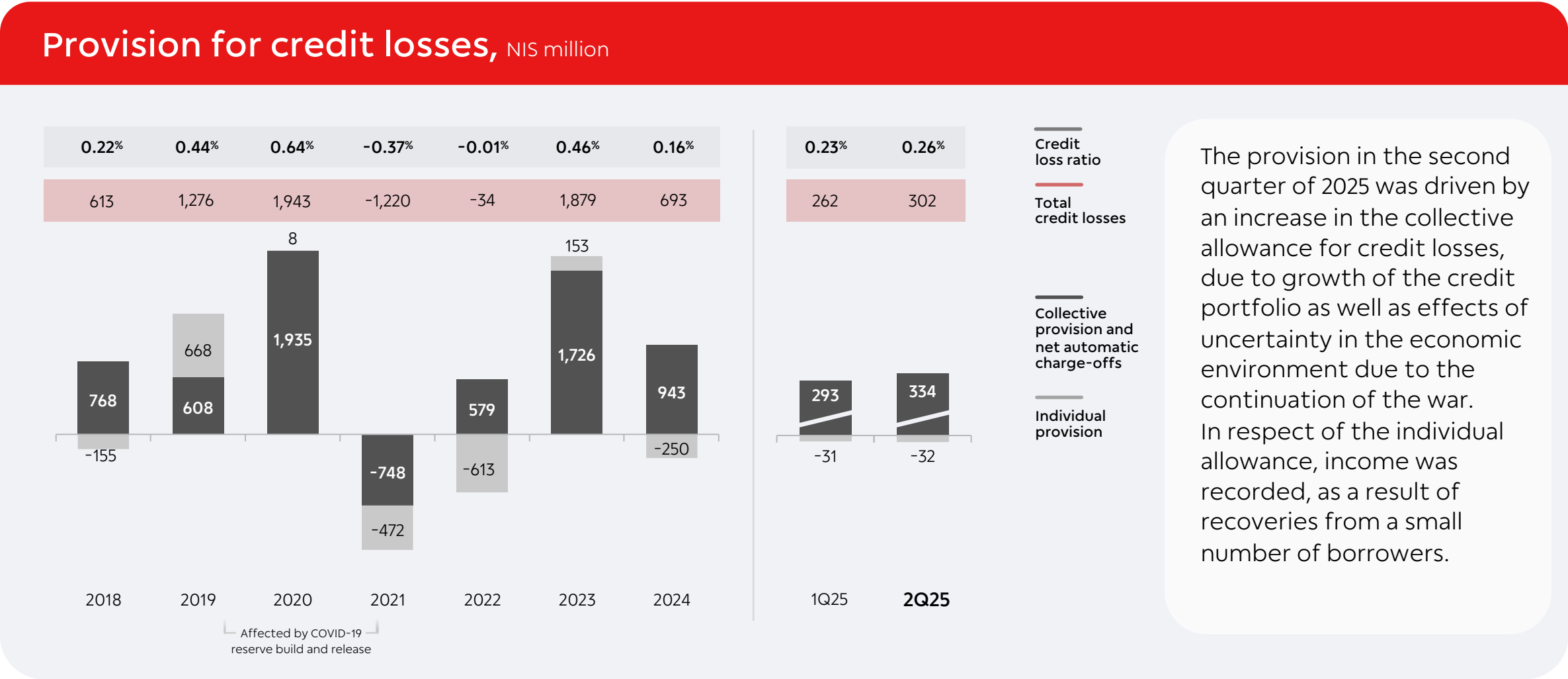
Fees in the second quarter were positively impacted by one-time income received from international credit-card organizations. On the other hand, fees were impacted by benefits provided to customers in respect of various outlines issued by the Bank of Israel and adopted by the Israeli banking sector.

Best-in-class efficiency

Total expenses, NIS million

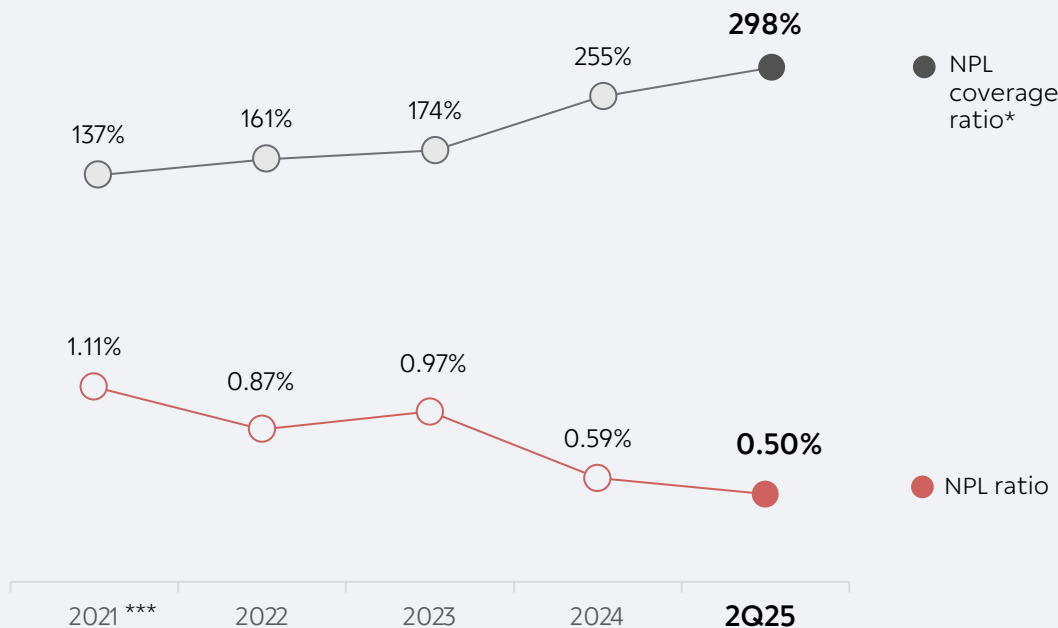


Continuing to build the collective allowance; income recorded from individual allowance

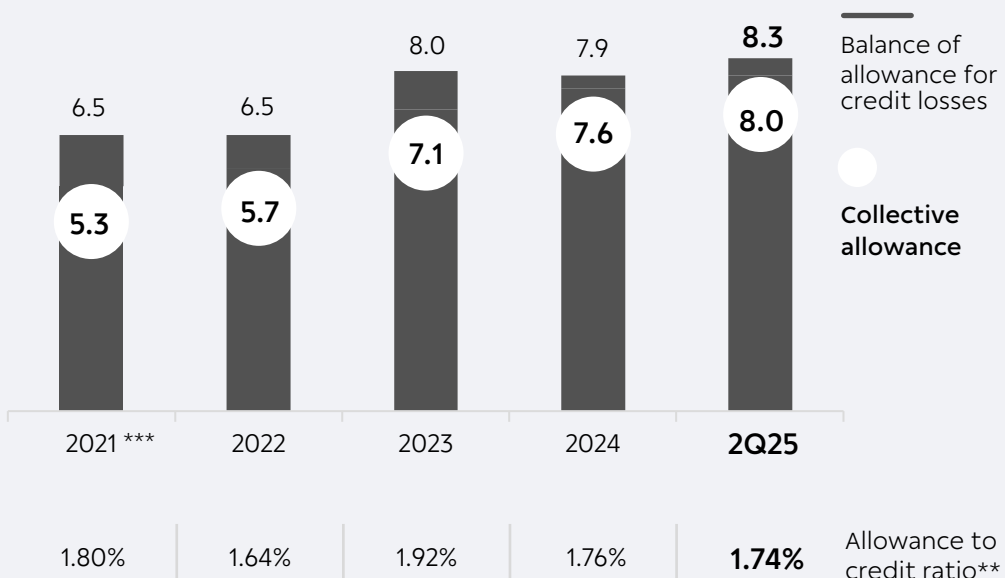


Strong credit quality metrics due to conservative approach;
low NPL ratio alongside substantial allowance of almost triple the NPLs

NPL ratio & NPL coverage ratio



Allowance balances and ratio, NIS billion



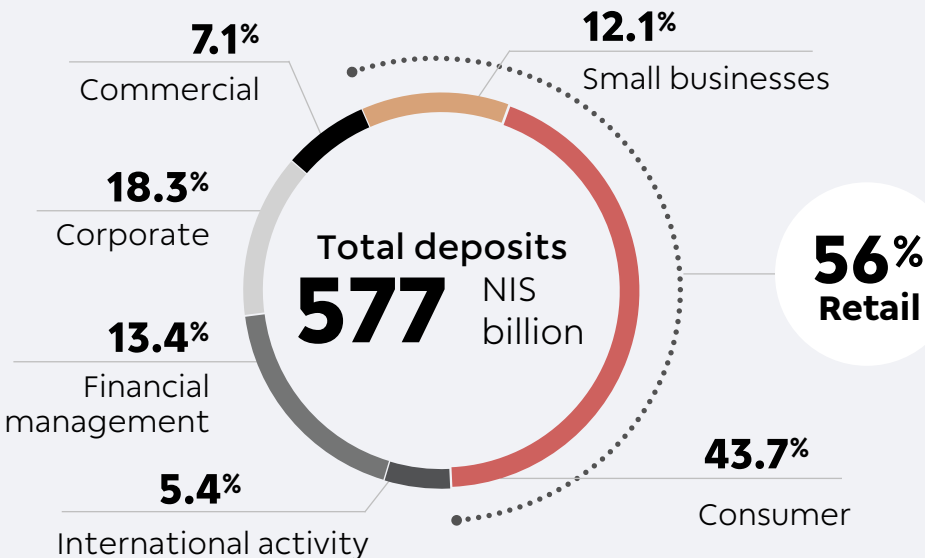
* Balance sheet allowance for credit losses to NPL.

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

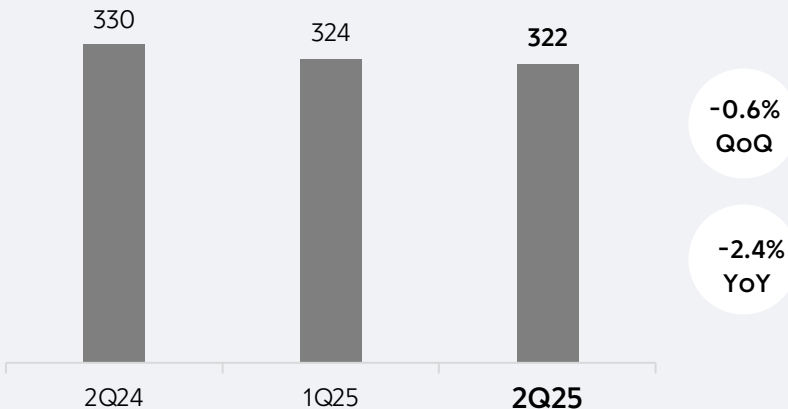
*** Proforma data. The proforma allowance for credit losses includes the effect of the initial implementation of CECL.

Largest-in-sector retail deposit base provides a competitive advantage

Deposit base



Retail deposit base, NIS billion



125%
LCR

Above regulatory
requirement of 100%

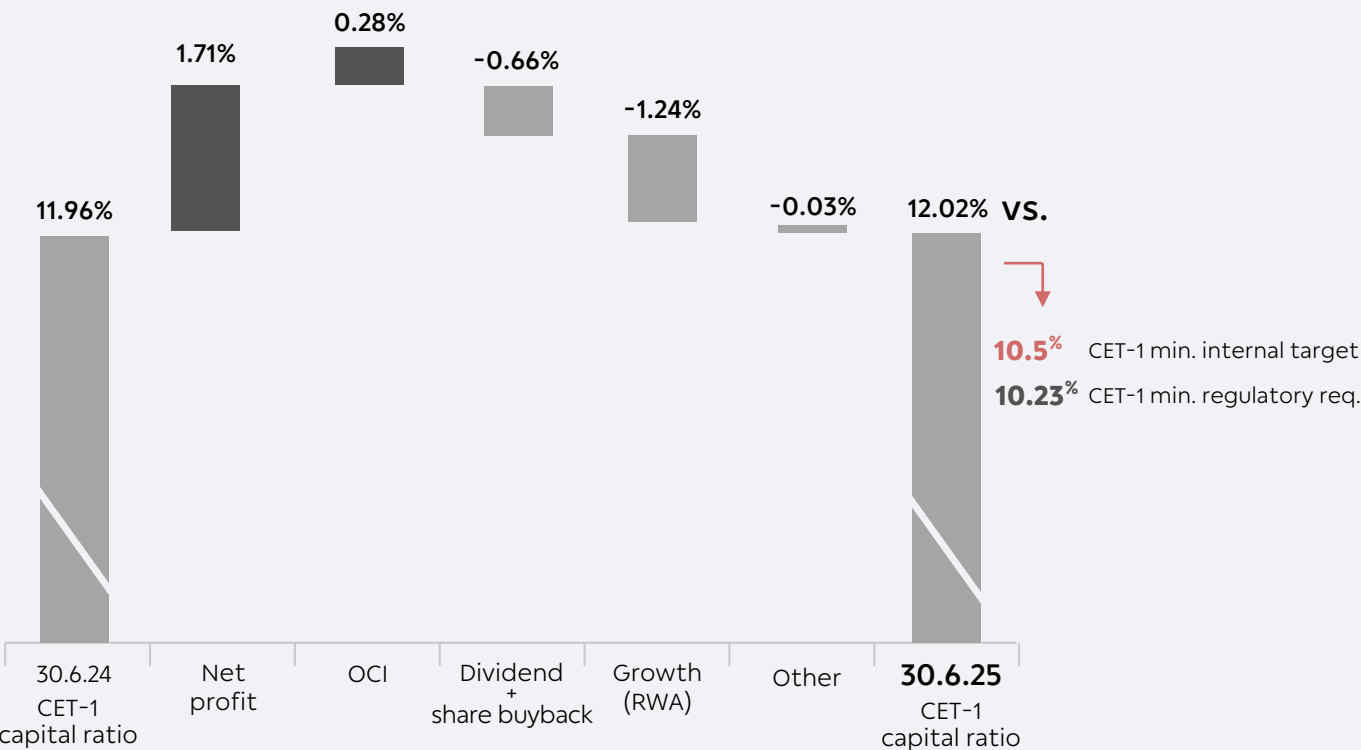
117%
NSFR

Stability in non-interest bearing deposits

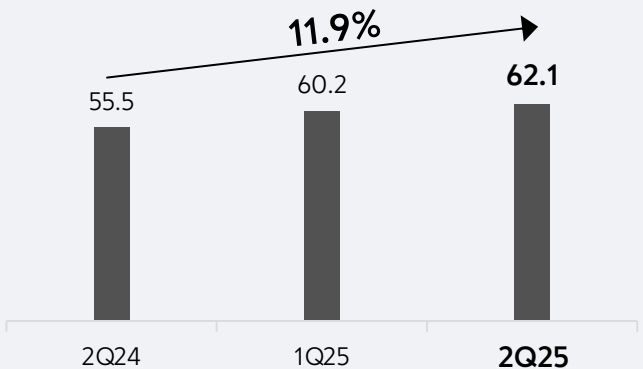
26% Non-interest bearing deposit ratio
vs. 27% in 2Q24

Sound capital position, with impressive generation capabilities

CET-1 capital ratio



Strong growth in shareholders' equity, NIS billion



Total capital ratio

vs. min. regulatory
req. of 13.5%

15.09%

Leverage ratio

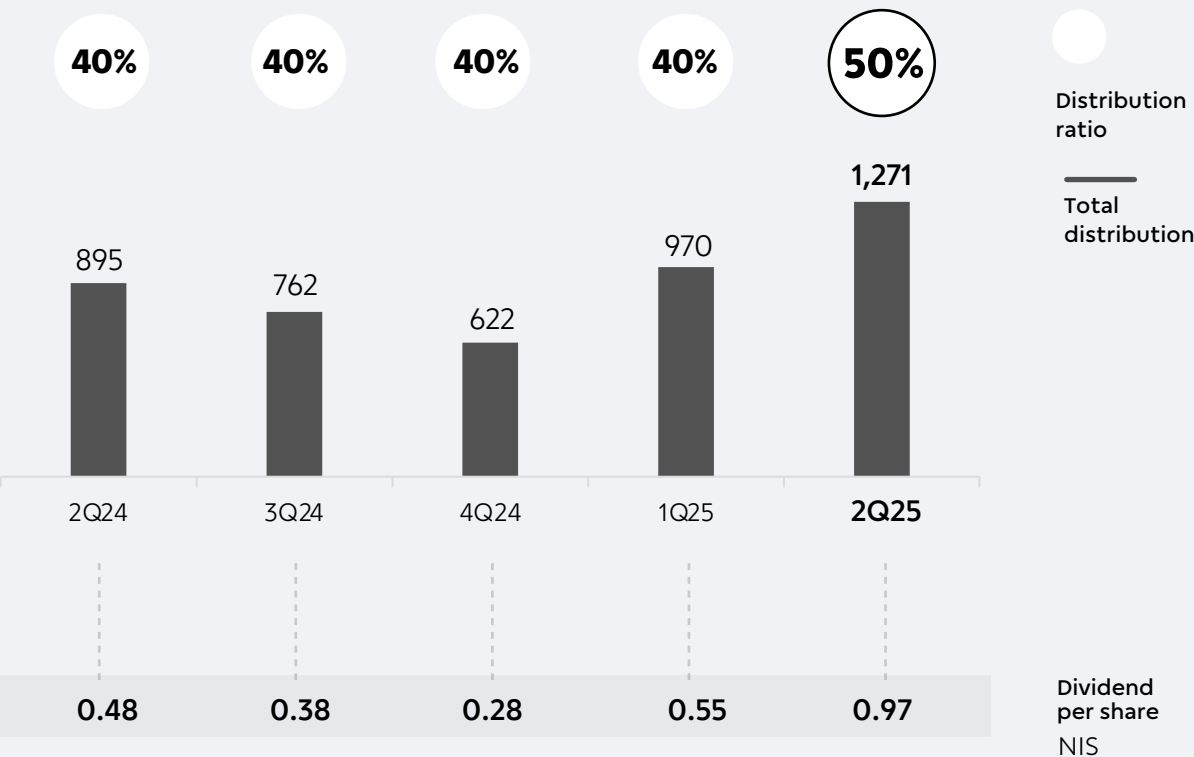
vs. current min. regulatory
req. of 5.5% (under relief*)

7.48%

* Relief valid until December 31, 2025. The minimum regulatory requirement pre-relief is 6%. For additional information regarding capital requirements, refer to note 9 in the 2Q25 report.

Distribution increased to 50% of net profit, in line with the bank's financial targets

Profit distribution, NIS million

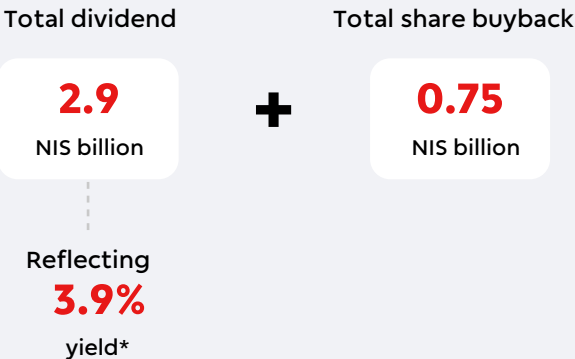


Updated dividend policy

The board of directors increased the dividend policy to up to **50%** of net profit;

Going forward, the actual dividend payout ratio may be influenced by the volume of the bank's share buybacks, if executed.

Last 4 quarter distribution



* Calculated as the dividend per share declared in respect of the last four quarters' profits, including 2Q25, divided by share price on the record date of each distribution or declaration.

Reminder – Financial targets for 2025-2026

as published in March 2025

Net profit



NIS 8.5-9.5 Bn

ROE



~ 14%-15%

Credit growth



**~ 7%
annually**

Profit distribution



**At least
50%***

Note: financial targets are subject to baseline assumptions, as disclosed in section 1.2.2 in the 2024 annual report.

* By cash dividend or share buyback, subject to the guidelines of the Bank of Israel and all relevant circumstances (see section 2.3.2 in the 2024 annual financial report regarding capital and capital adequacy).

Risk premium falls further, inflation runs above target, markets believe in more moderate rate cuts

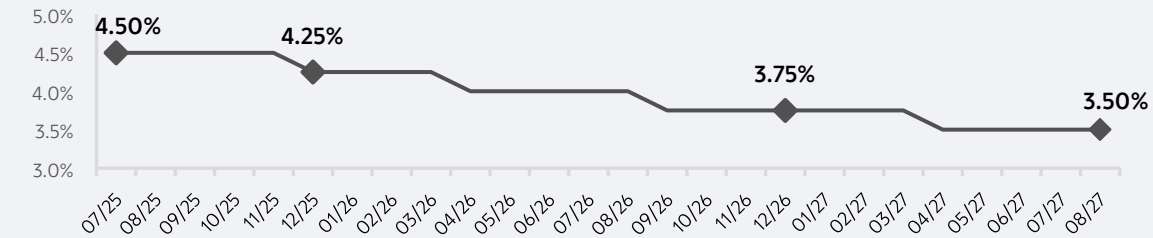
Risk premiums

Risk premium derived from 10-year government bond and 5Y CDS
Source: Bloomberg



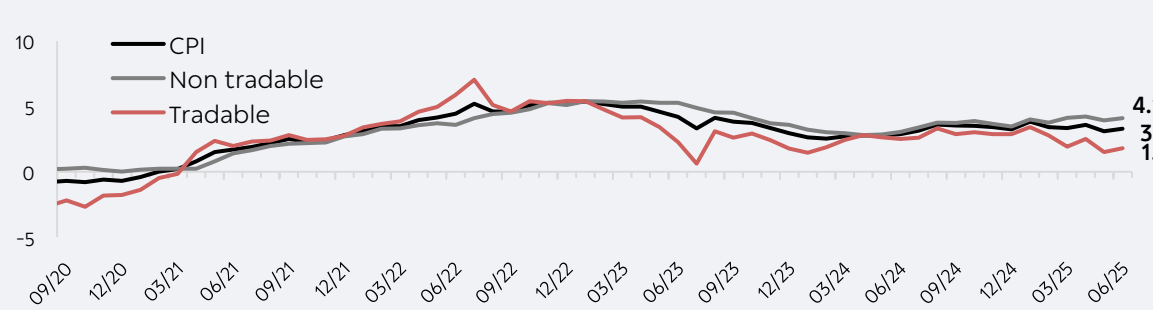
Expectations for rate cuts have moderated

Implied interest rates (as of August 11, 2025)



Inflation remains elevated, mainly affected by services prices

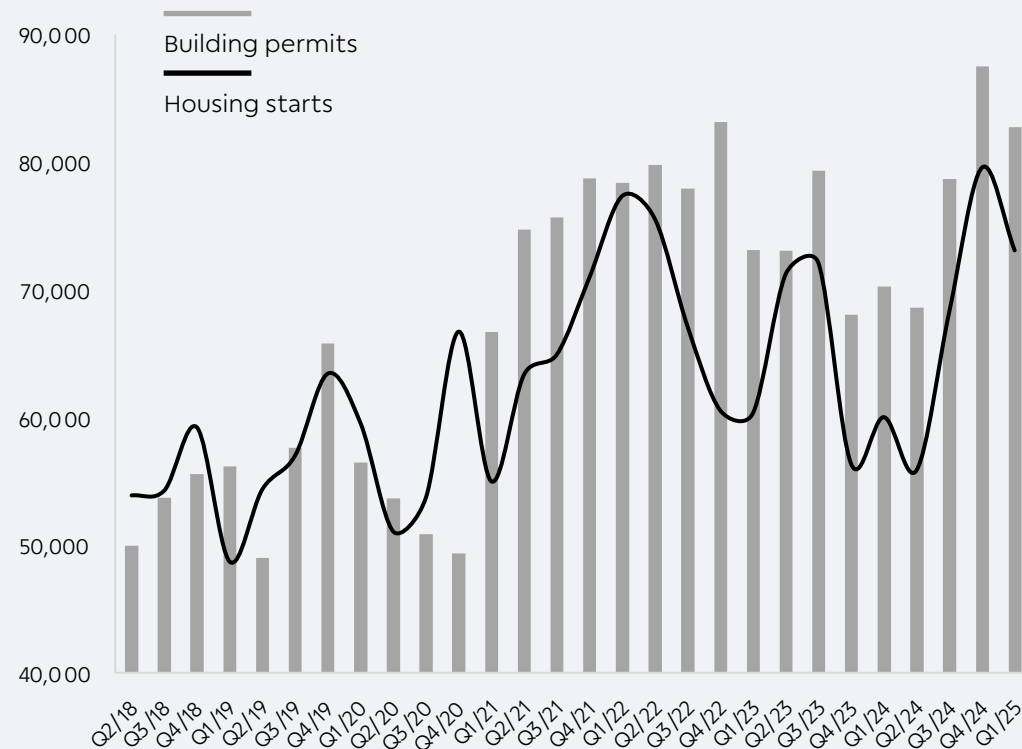
YoY rate of change. Source: CBS, BOI



High level of housing investments, home sales declined

Housing starts and permits

SAAR, Source: CBS



Home sales

Units per month. Source: CBS



2Q25 key takeaways

1

Strong opening of the year, on track to meeting our financial targets

2

Robust profitability –
ROE 16.7%
cost income ratio 32.8%

3

Resilient financing income and fees,
boosted by the growth in activity and
CPI contribution

4

Significant credit growth momentum;
growth was broad-based
across all segments

5

**Growth was recorded while credit
quality metrics continued to be
strong;** NPL ratio 0.50% & credit-loss
allowance to NPLs 298%

6

**Substantial organic capital
generation and surplus** allowed
an increase in the distribution to 50%
of net profit; updated dividend policy
to up to 50% of net profit



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2Q25 Financial Review

Appendix

Key balance sheet items

NIS million

	2Q24	1Q25	2Q25
Cash and deposits with banks	107,821	90,552	80,569
Securities	123,948	133,277	150,255
Net credit to the public	416,297	455,594	469,052
Deposits from the public	552,612	565,886	576,888
Deposits from banks	11,371	7,016	15,388
Bonds and subordinated notes	19,535	24,708	26,637
Shareholders' equity	55,506	60,224	62,123
Total balance sheet	685,140	720,197	758,085

Key profit and loss items

NIS million

	2Q24	1Q25	2Q25
Total net financing profit	4,706	4,600	5,293
Fees and other income	1,026	1,090	1,152
Total income	5,732	5,690	6,445
Salaries and related expenses	(1,151)	(1,115)	(1,165)
Maintenance and depreciation of buildings and equipment	(349)	(345)	(360)
Other expenses	(606)	(529)	(588)
Total operating and other expenses	(2,106)	(1,989)	(2,113)
Provision for credit losses	49	(262)	(302)
Profit before taxes	3,675	3,439	4,030
Provision for taxes on profit	(1,402)	(1,049)	(1,478)
Net profit	2,238	2,424	2,542
ROE	16.4%	16.4%	16.7%

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Israel's leading
financial institution

