Q3
26

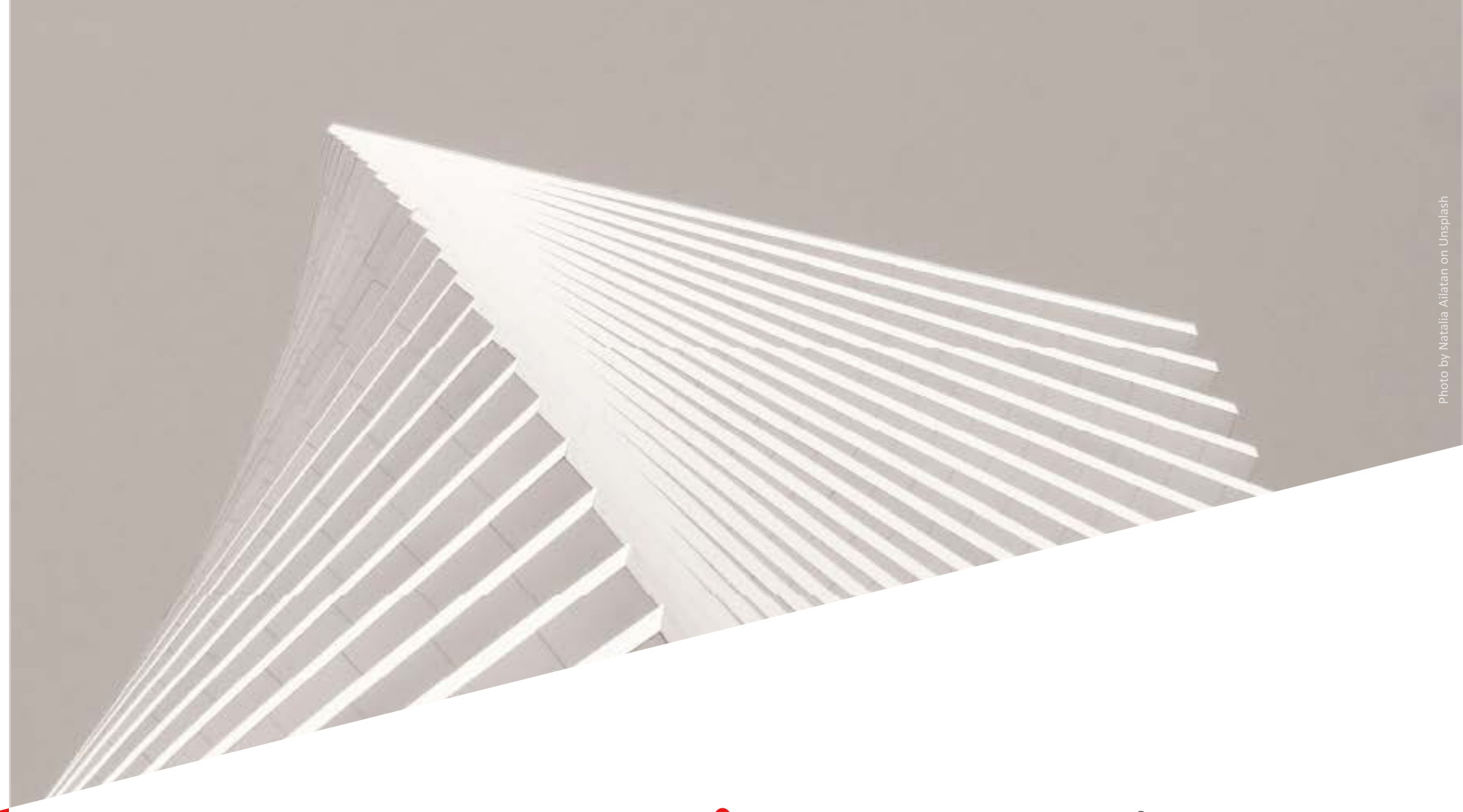


Photo by Natalia Ailatan on Unsplash

bank hapoalim

Quarterly Financial Review

Disclaimer

This presentation includes condensed information and selected data from Bank Hapoalim's 3Q26 financial results. This presentation is not a substitute for the Bank's 3Q26 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 2025 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 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 market expectations, as of March 5, 2026, where relevant; these include a Bank of Israel interest rate of 3.25% at the end of 2026 and 3.00% at the end of 2027, inflation of 1.5% in 2026 and 2.0% in 2027, and GDP growth of 4.3% in 2026 and 3.6% in 2027.

The targets were also established taking into consideration the Bank's planned relocation during the course of 2027 to the Poalim Center building in Tel Aviv, where all headquarters employees will be centralized, allowing the sale of several properties that are to be vacated, of the total owned properties.

The initial assumption is that pre-tax profit from the sale will be in the range of NIS 800–900 million, to be recognized from 2027 onward (see also the section "Fixed assets" in the Corporate Governance Report in the 2025 Annual Financial Statements).

On March 30, 2026, the Knesset passed legislation on a special payment on profits of banks in 2026 and 2027. According to the ceiling established, the special payment for the entire banking system will be up to a total of NIS 3 billion in 2026 and up to a total of NIS 125 million in 2027. Along with the special payment legislation, it was agreed that the banking system would act to establish a fund, from its own resources, in a total amount of NIS 175 million, to aid small businesses in northern Israel. According to the estimates of the Bank, the effect of the special payment legislation in 2026 and 2027 is expected to be expressed as a special payment in the amount of approximately NIS 950 million in 2026 and approximately NIS 40 million in 2027, and to affect the net profit of the Bank in those years, in those amounts, accordingly. The estimated effect of the special payment on ROE in 2026 is in the range of 1.3%–1.4%.

The aforesaid targets, including the assumptions regarding the possible quantitative effect of future events, 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 (including changes in taxation) 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".

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.

Robust execution in the first nine months of 2026, on track with FY financial targets

Strong 9M26 metrics achieved-

ROE	Net profit	Credit growth	Profit distribution
14.0%*	NIS 7.0* Bn	10.0%	50%

Well on track with the bank's 2026 financial targets

13.0%-14.0%	NIS 8.5-9.5 Bn	8%-9%	50%-60%

alongside maintaining a robust balance sheet

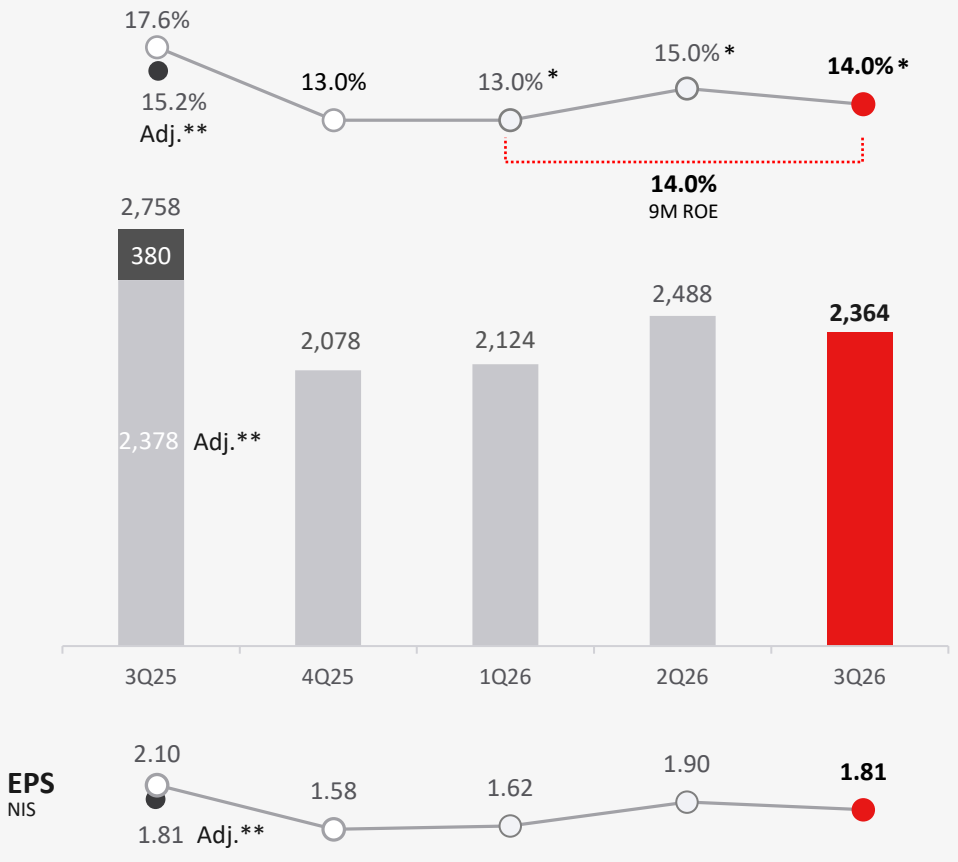
Balance sheet metrics

11.62% CET-1 ratio	1.61% Allowance ratio
126% LCR	0.49% NPL ratio

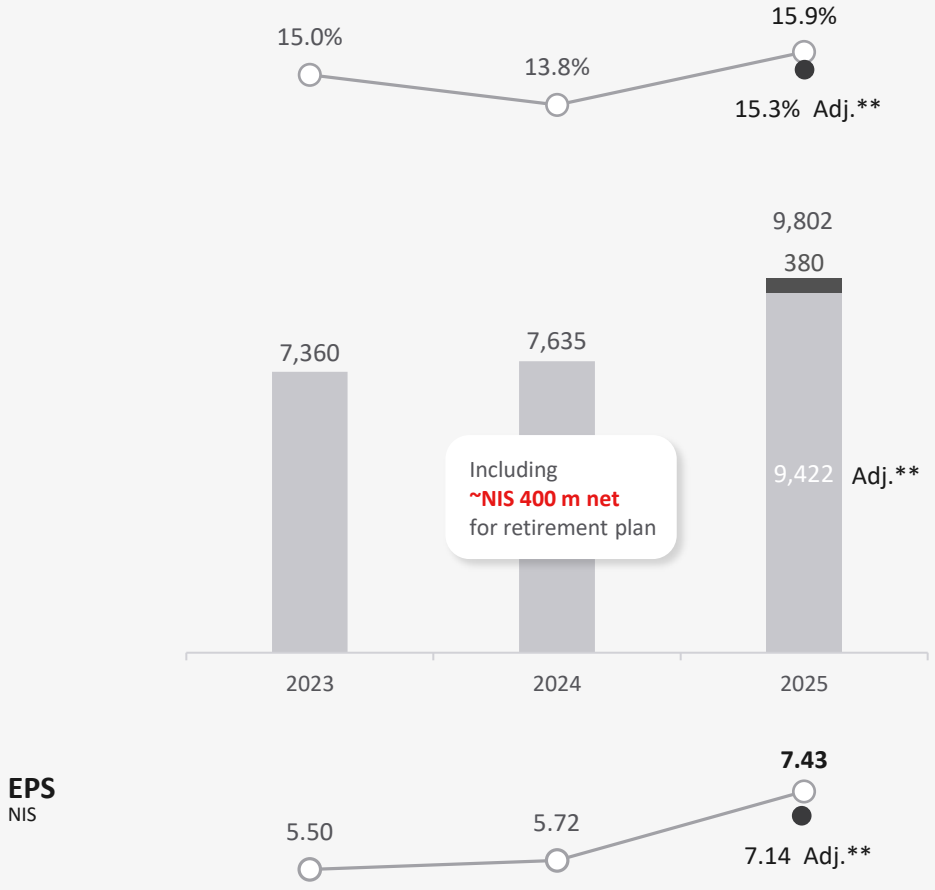
* The estimated effect of the special tax payment in 2026 is NIS 950 million, or 1.3%-1.4% in ROE terms, as detailed on page 9 of the 3Q26 report.

Strong profitability in the third quarter despite the special tax on banks

Net profit | ROE & EPS | Quarterly, NIS million



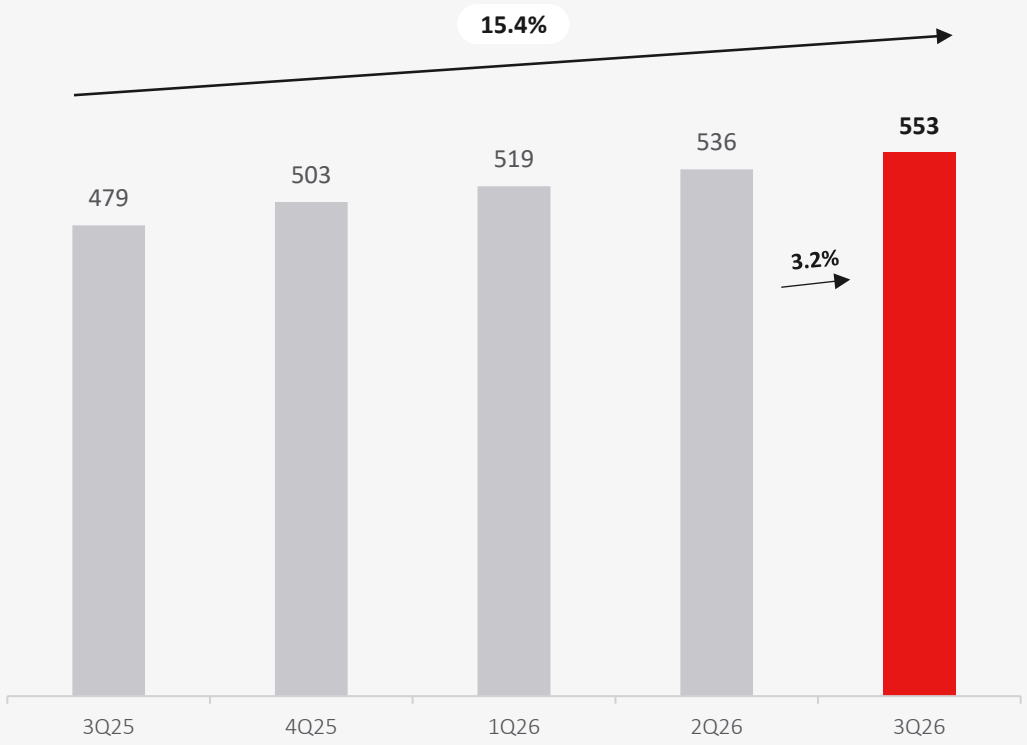
Net profit | ROE & EPS | Annual, NIS million



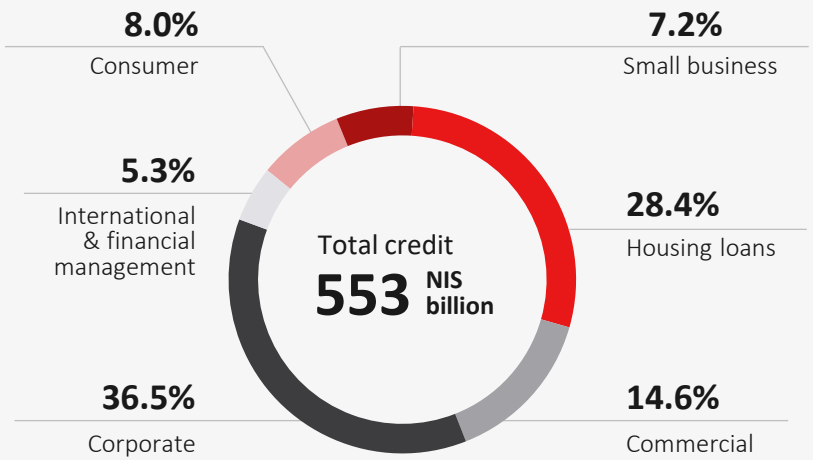
* The annual impact of the special tax payment on ROE is 1.3%-1.4%.
** Excluding NIS 380 million profit, net, after tax, from insurance reimbursement.

Significant growth momentum continues

Credit portfolio, * NIS billion



Well-diversified credit portfolio

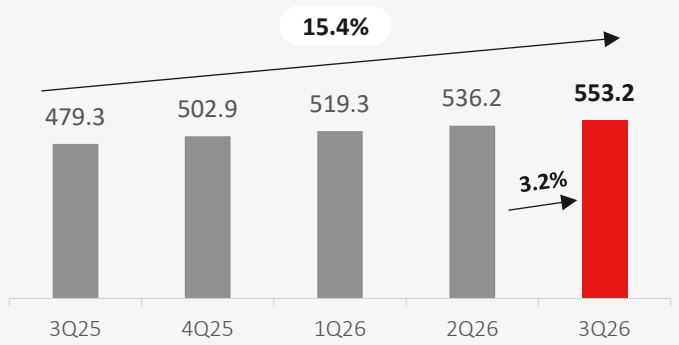


* Including unsecured securities lending and cash collateral given in respect of transactions in derivatives, as detailed in table 2-12 in the 3Q26 financial report.

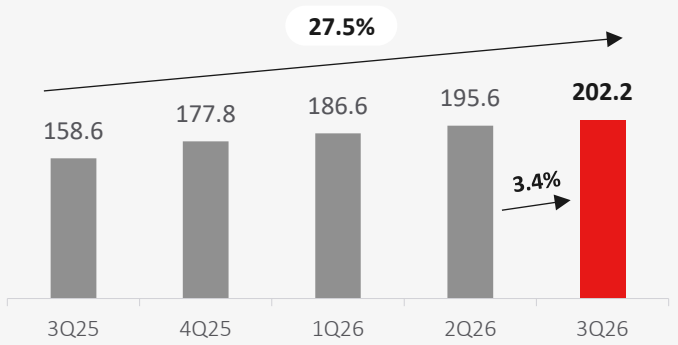
Diversified credit growth across all segments

NIS billion

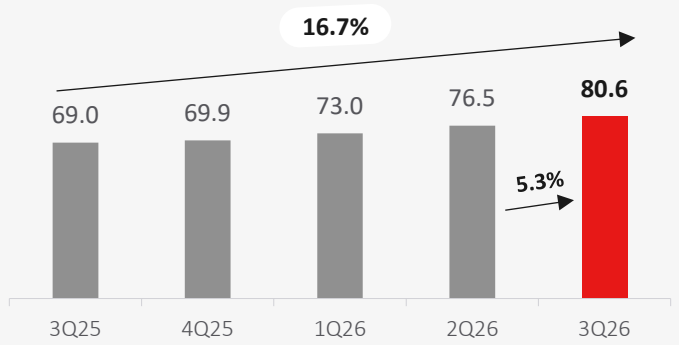
Total credit



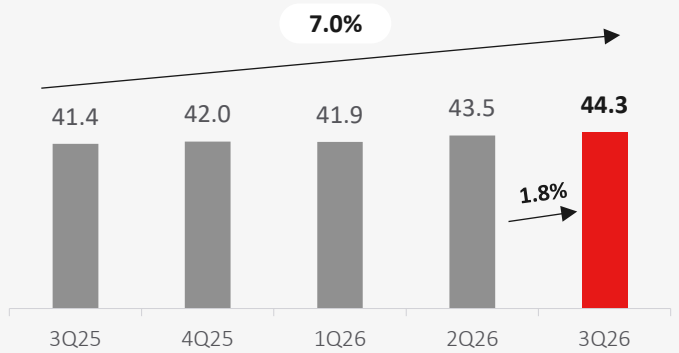
Corporate



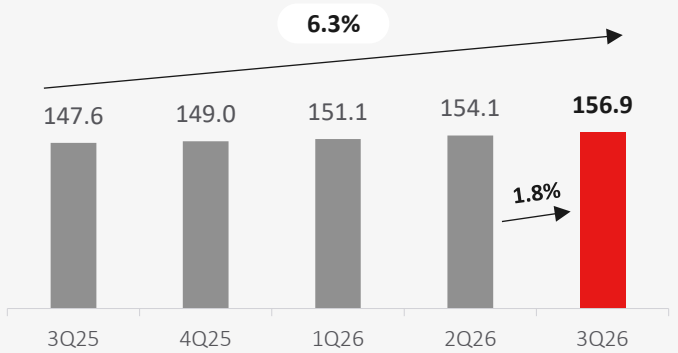
Commercial



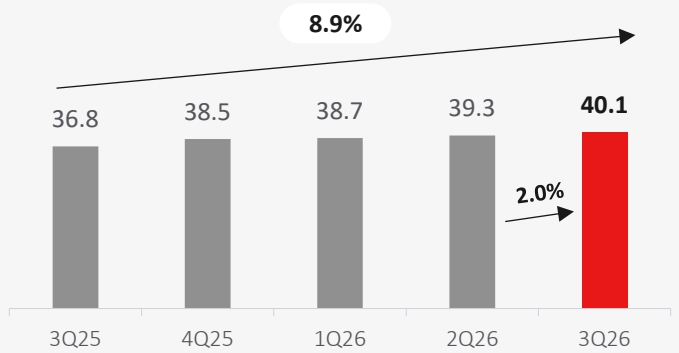
Consumer



Housing loans

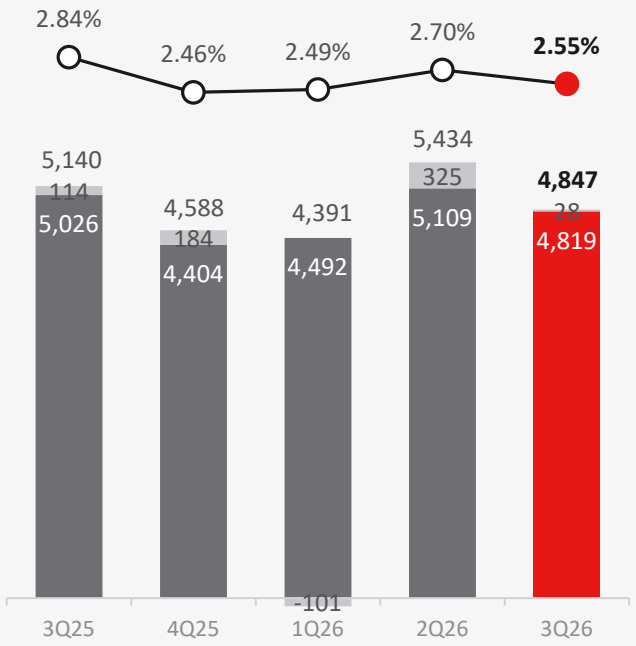


Small businesses



Financing income remains strong over time thanks to growth in activity

Strong financing income in the quarter; However, impacted by a less supportive macro and capital market environment than in the previous quarter, NIS million



Financial margin from regular activity*

Total financing income

Income from non-regular financing activity

Income from regular financing activity

Change in known CPI **1.3%** in 2Q26 vs. **1.0%** in 3Q26

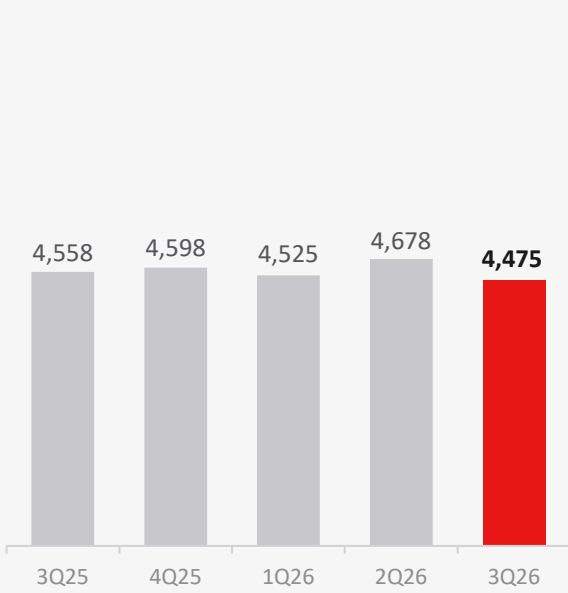
Financing income in 3Q vs. 2Q was mainly impacted by:

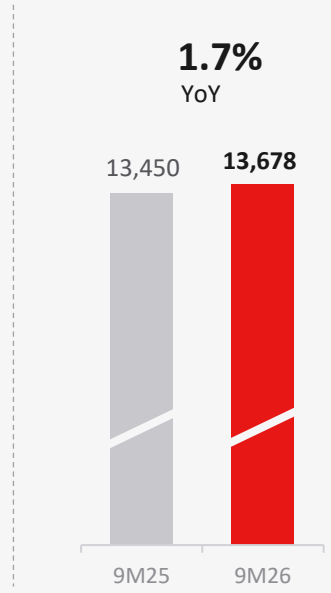
- Lower interest rate
- Lower CPI contribution
- Lower income from shares
- Loss from AFS bond realizations
- Lower income from regular non-interest financing activity, due to lower volatility and volumes in capital markets

Growth in activity offsets the impact of lower interest rates, NIS million

Income from regular financing activity excluding CPI

BOI interest rate (avg.)	4.50%	4.40%	4.02%	3.91%	3.45%	4.50%	3.79%



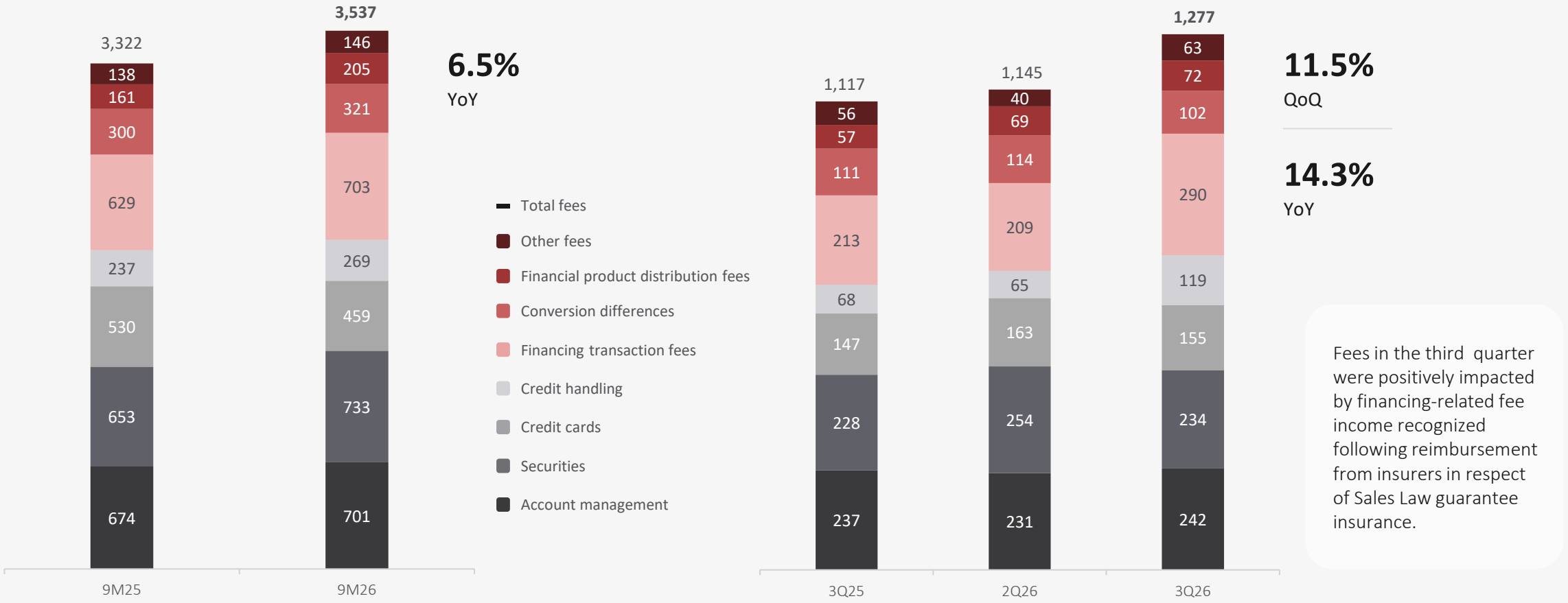


* Reclassified in Q2 to reflect the classification of credit and deposit balances related to bond lending and borrowing activity between customers, from interest-bearing to non-interest-bearing balances.

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Growth in fee income over time

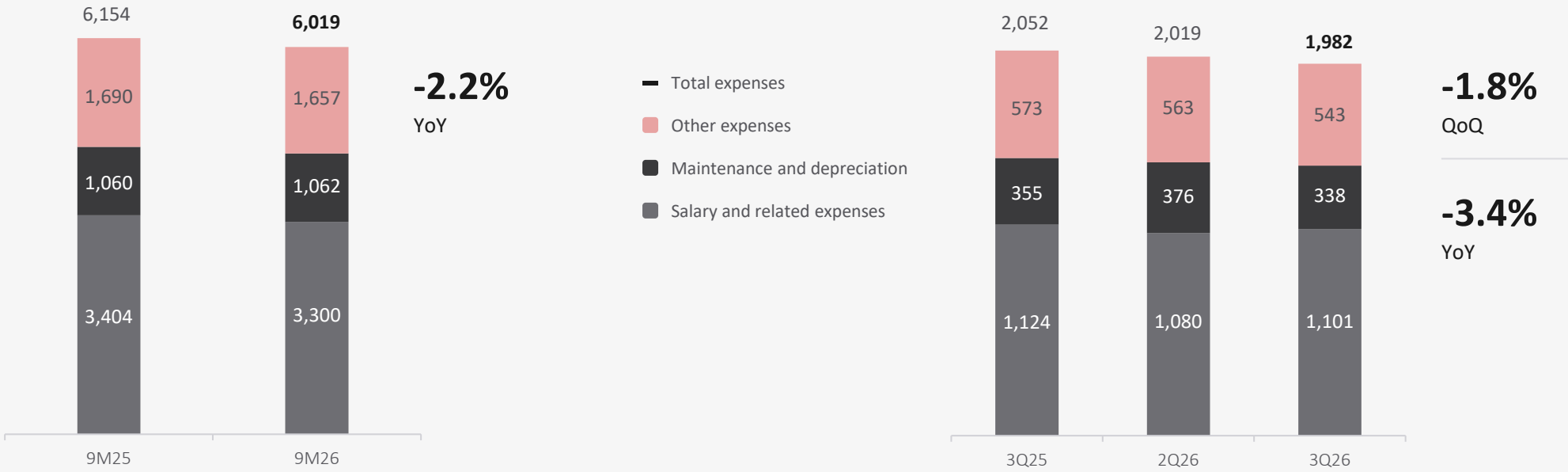
Fees, NIS million



Fees in the third quarter were positively impacted by financing-related fee income recognized following reimbursement from insurers in respect of Sales Law guarantee insurance.

Impressive cost cutting delivered strong efficiency ratio, even as activity grew

Total expenses, NIS million

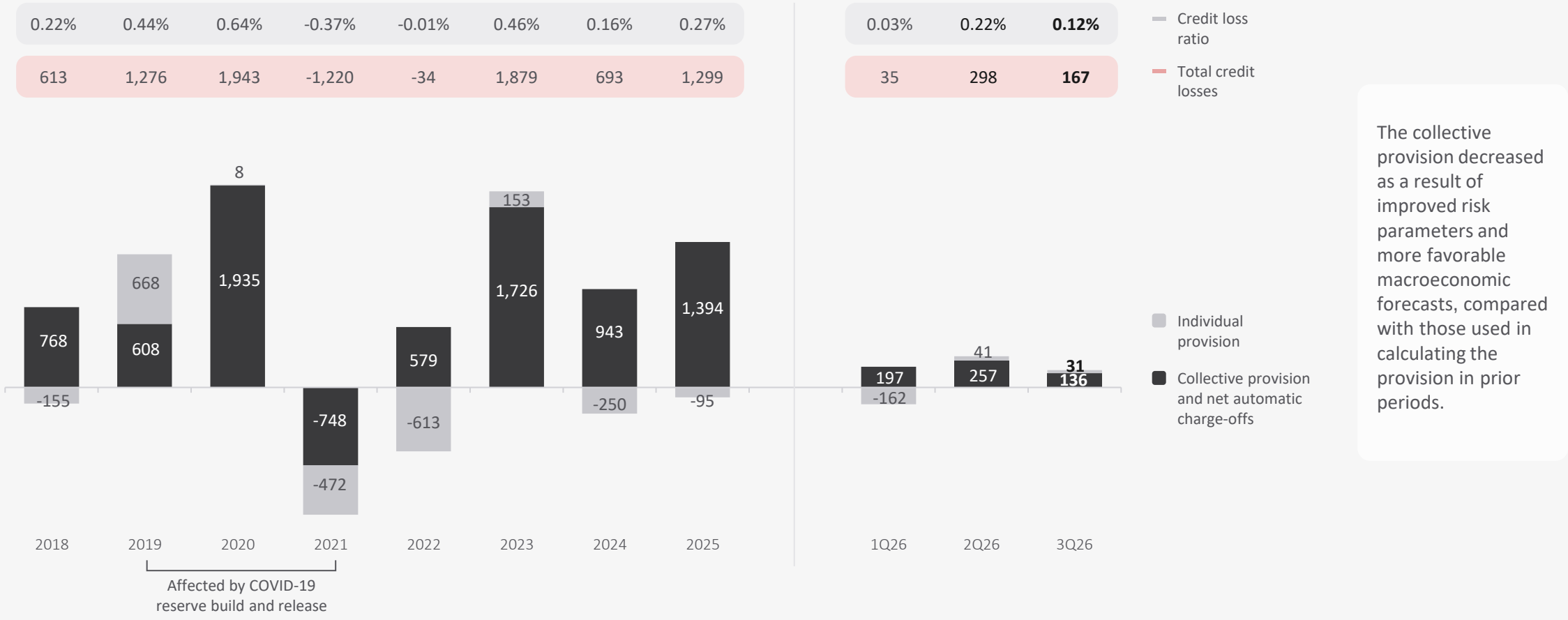


Cost-income ratio	32.7%	**32.9%**	30.6%	30.6%	**32.2%**
Adjusted cost-income ratio*	33.4%		32.7%		

* Excluding NIS 432 million income from insurance reimbursement.

Relatively low credit losses in the quarter, due to improved risk and macroeconomic parameters

Provision for credit losses, NIS million

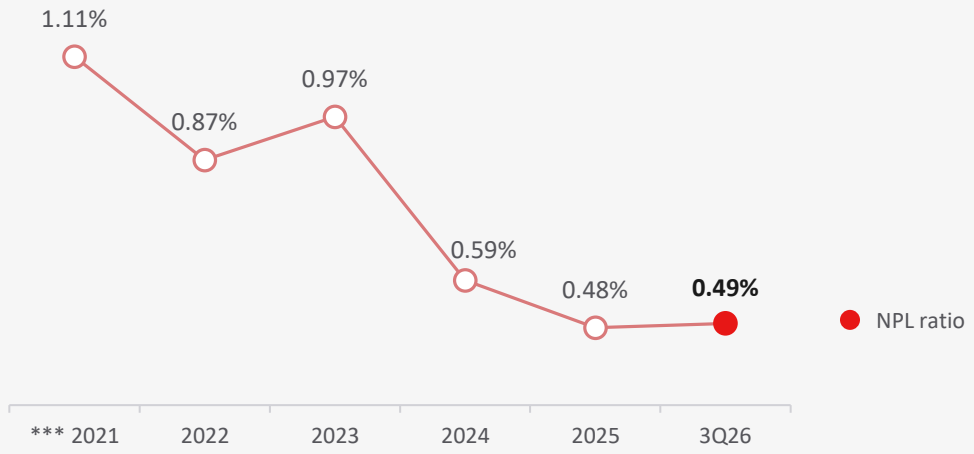


The collective provision decreased as a result of improved risk parameters and more favorable macroeconomic forecasts, compared with those used in calculating the provision in prior periods.

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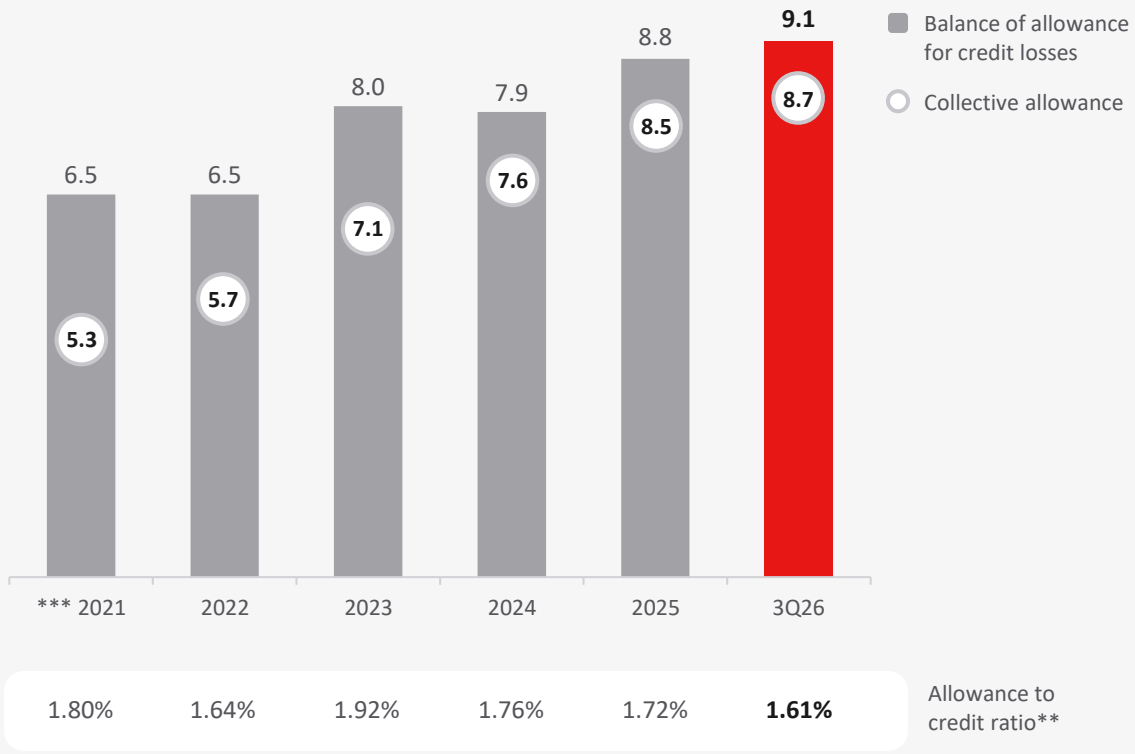
Strong credit quality metrics as reflected in the low NPL ratio, highest-in-the-sector allowance ratio, and NPL coverage ratio of almost 300%

NPL ratio



NPL coverage ratio* **292%**

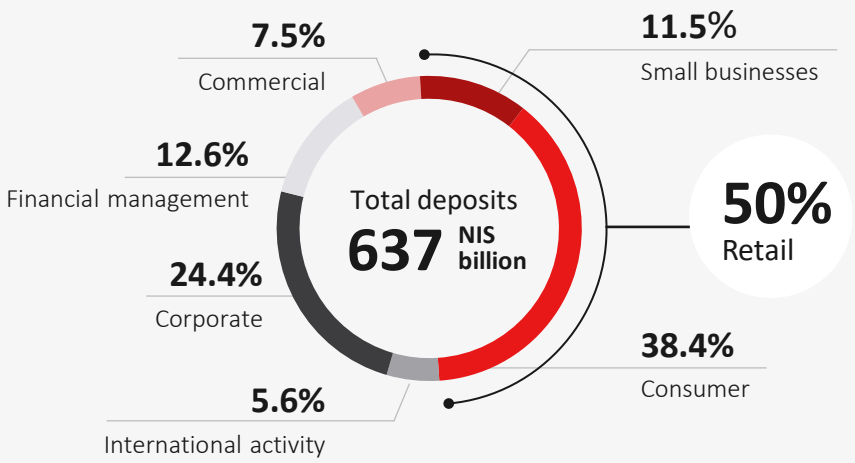
Allowance balances and ratio, NIS billion



* Balance sheet allowance for credit losses to NPL.
** Allowance in respect of credit to the public (including off-balance sheet items), of total credit to the public.
*** 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 mix

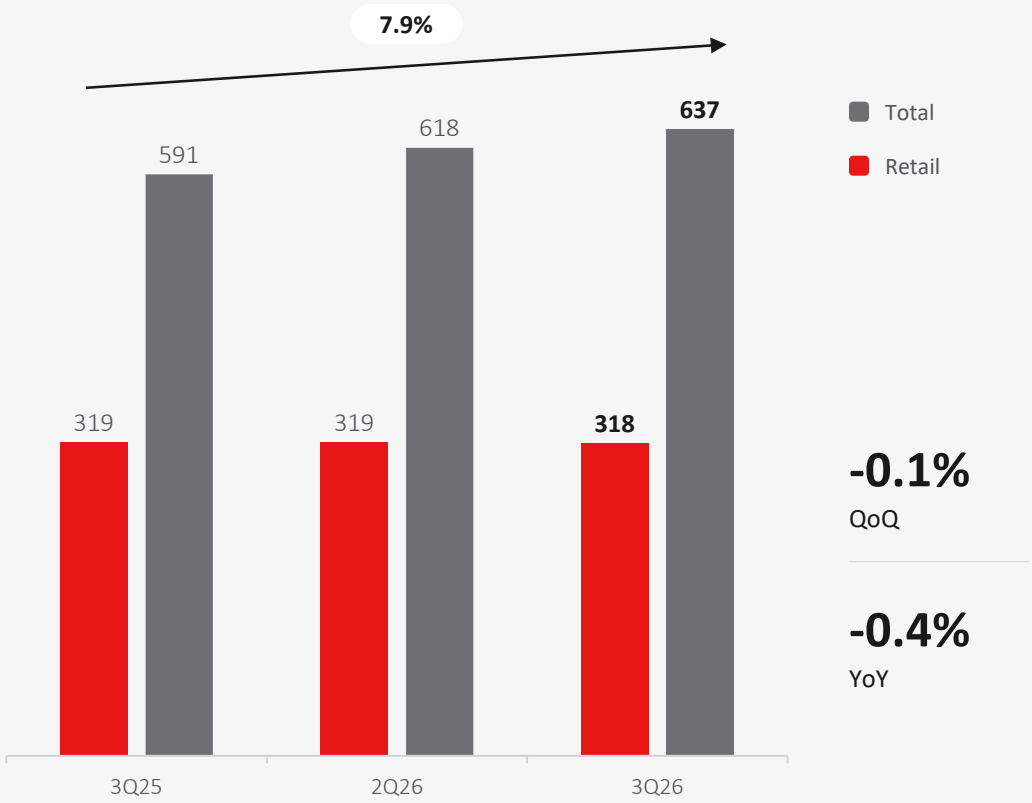


126%
LCR

115%
NSFR

Above regulatory requirement of 100%

Deposits from the public, * NIS billion



-0.1%
QoQ

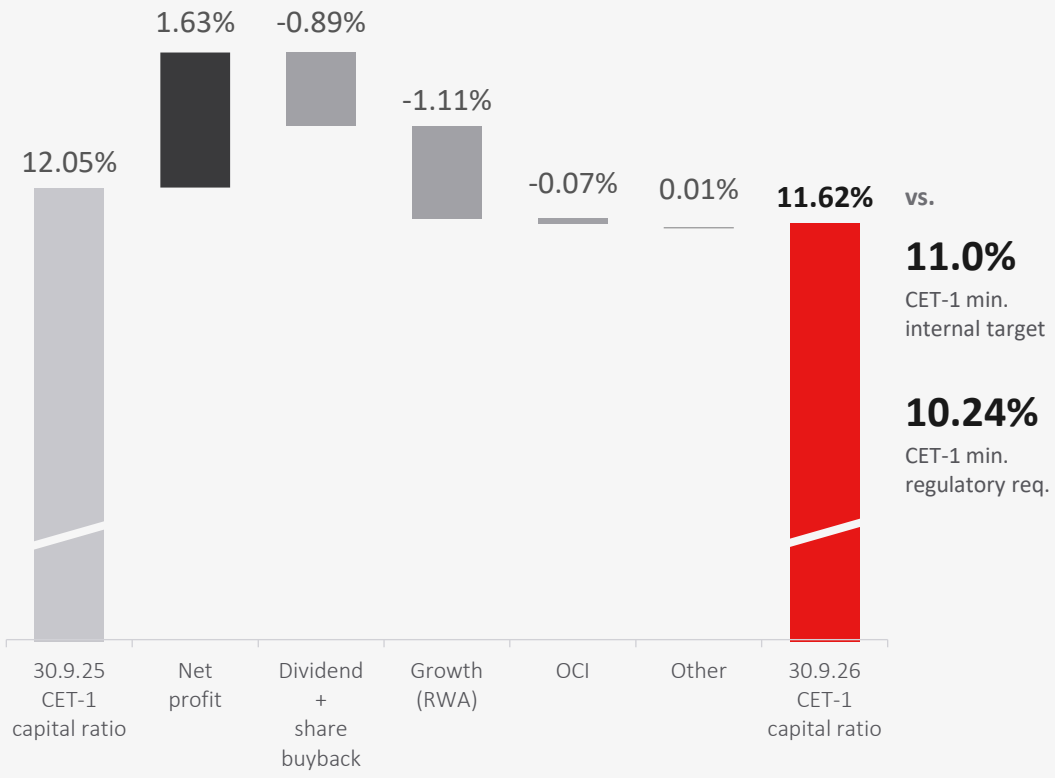
-0.4%
YoY

* Including deposits in respect of unsecured securities borrowing and deposits received in respect of transactions in derivatives, as detailed in table 2-18 in the 3Q26 financial report.

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Sound capital position; modest 3Q shareholders' equity growth due to an increase in U.S. and Israeli government yield curves

CET-1 capital ratio

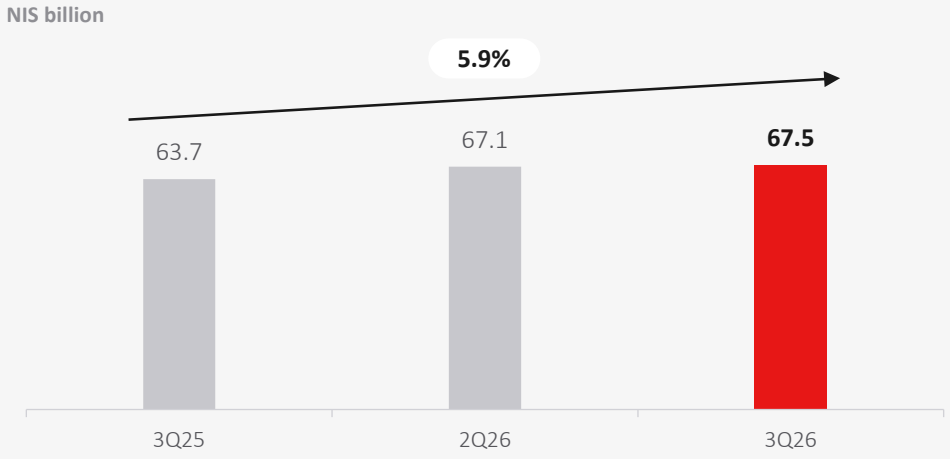


vs.

11.0%
CET-1 min. internal target

10.24%
CET-1 min. regulatory req.

Continuous growth in shareholders' equity



Total capital ratio
vs. min. regulatory req. of 13.5%

14.09%

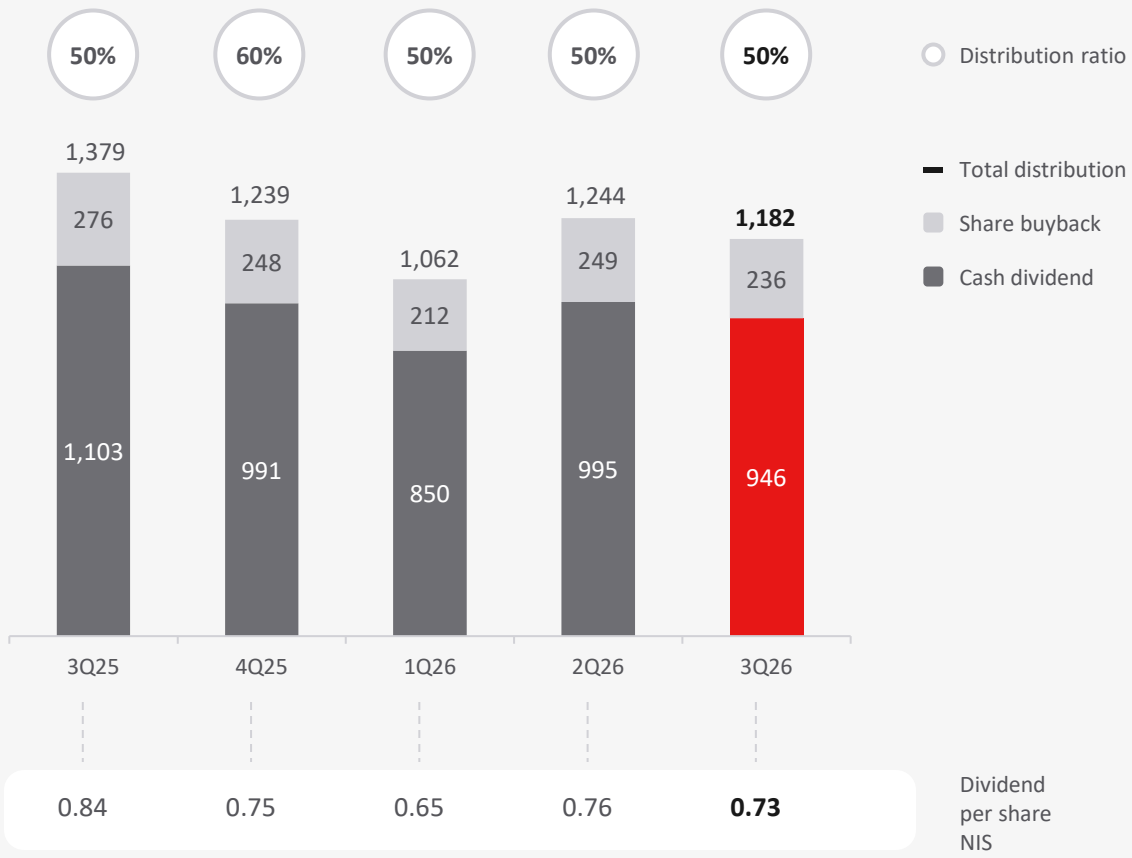
Leverage ratio
vs. current min. regulatory req. of 5.5% (under relief*)

7.25%

* Relief valid until June 30, 2027. The minimum regulatory requirement pre-relief is 6%. For additional information regarding capital requirements, refer to note 9 in the 3Q26 report.

High profit distribution via cash dividend and share buyback

Profit distribution, NIS million



New buyback plan launched following successful completion of the previous plan

- Up to NIS 1 billion
- To be executed in the coming year
- Execution in four tranches, each of which, if decided to be executed and approved by the board of directors, will not exceed 20% of the quarterly total profit distribution

Last 4 quarter distribution

Total dividend

3.8

NIS billion

+

Total share buyback

945

NIS million

Total capital return yield *

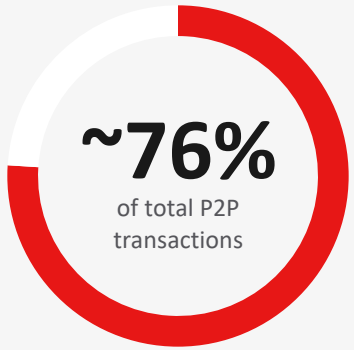
4.7%

(dividend+buyback)

* A theoretical calculation based on the dividend and buyback declared in respect of the last four quarters' profits, including 3Q26, divided by the share price on the record date of each dividend distribution or declaration.

bit – a unique driver of innovation in the Israeli market

3.7 million
active users



1/3
operate mainly with Bank Hapoalim

2/3
operate mainly with other banks

New services introduced

Transaction fee

0.8% on incoming payments above **NIS 25k** per year

Payment account

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

Savings and deposits

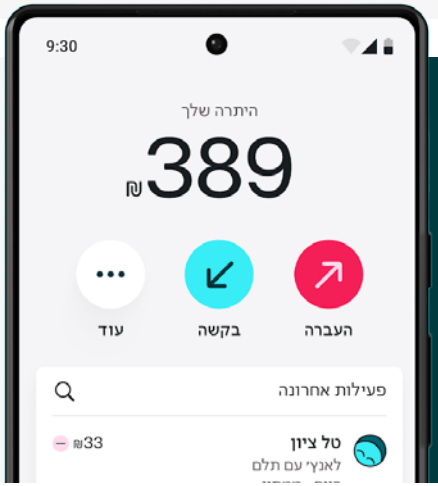
Opening of dedicated "pockets" for savings, through various deposits

Pre-order FX

Ordering foreign currency in advance and collecting it at the airport

Over NIS 30 billion

Annual volume of P2P transactions



Next phase:
new revenue streams and offerings

Financial targets for 2026–2027

Net profit, NIS Bn

2026

8.5-9.5

2027

9.5-10.5

ROE

2026

13%-14%

2027

14%-15%

Credit portfolio growth

2026 & 2027

8%-9%

Profit distribution

2026 & 2027

50%-60%

- The relocation of the bank to its new headquarters (Poalim Center) will allow the sale of several properties.
  The initial assumption is that the pre-tax profit from the sale will be NIS 800-900 million, from 2027 onward.

Baseline assumptions for 2026-2027 financial targets (as of March 5, 2026)

Following completion of the special bank tax legislation on March 30, 2026

GDP growth

2026
4.3%

2027
3.6%

BOI interest rate, end of period*

2026
3.25%

2027
3.00%

Inflation*

2026
1.5%

2027
2.0%

Special tax on banks

2026
NIS 950 m

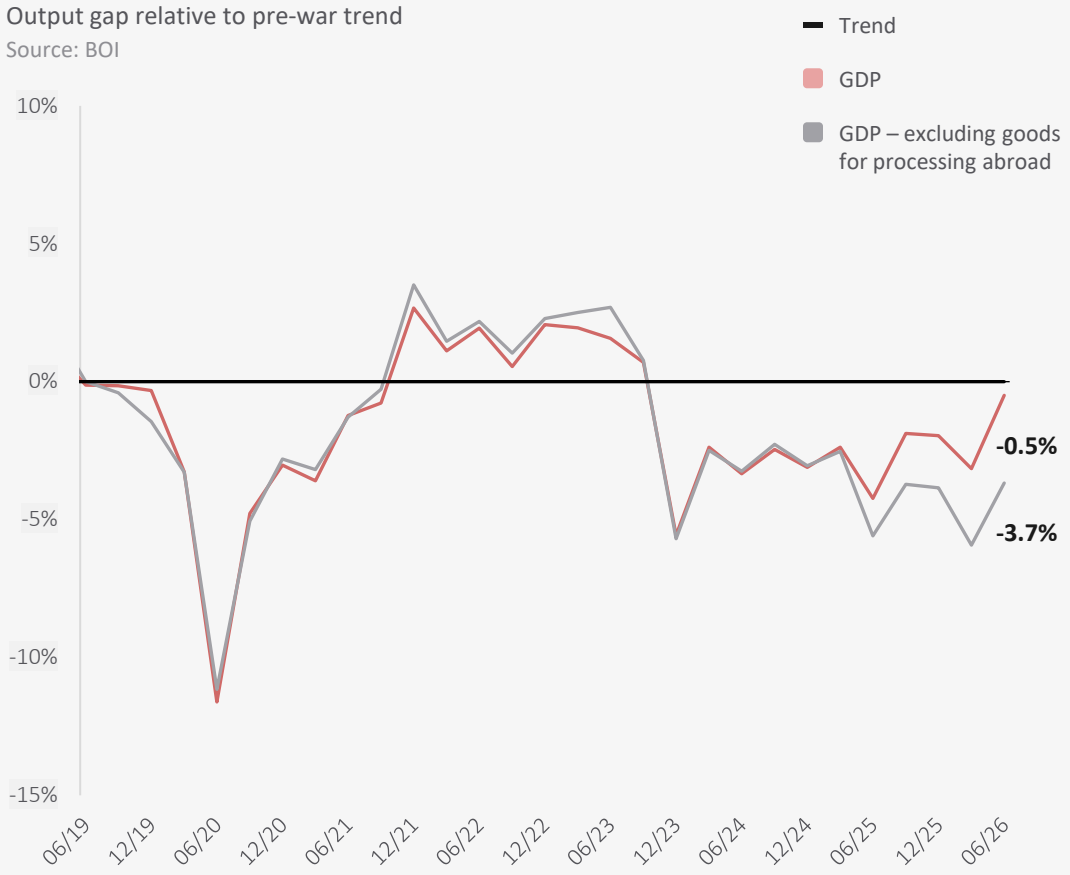
2027
NIS 40 m

* Market implied.

Robust growth in an environment of political uncertainty

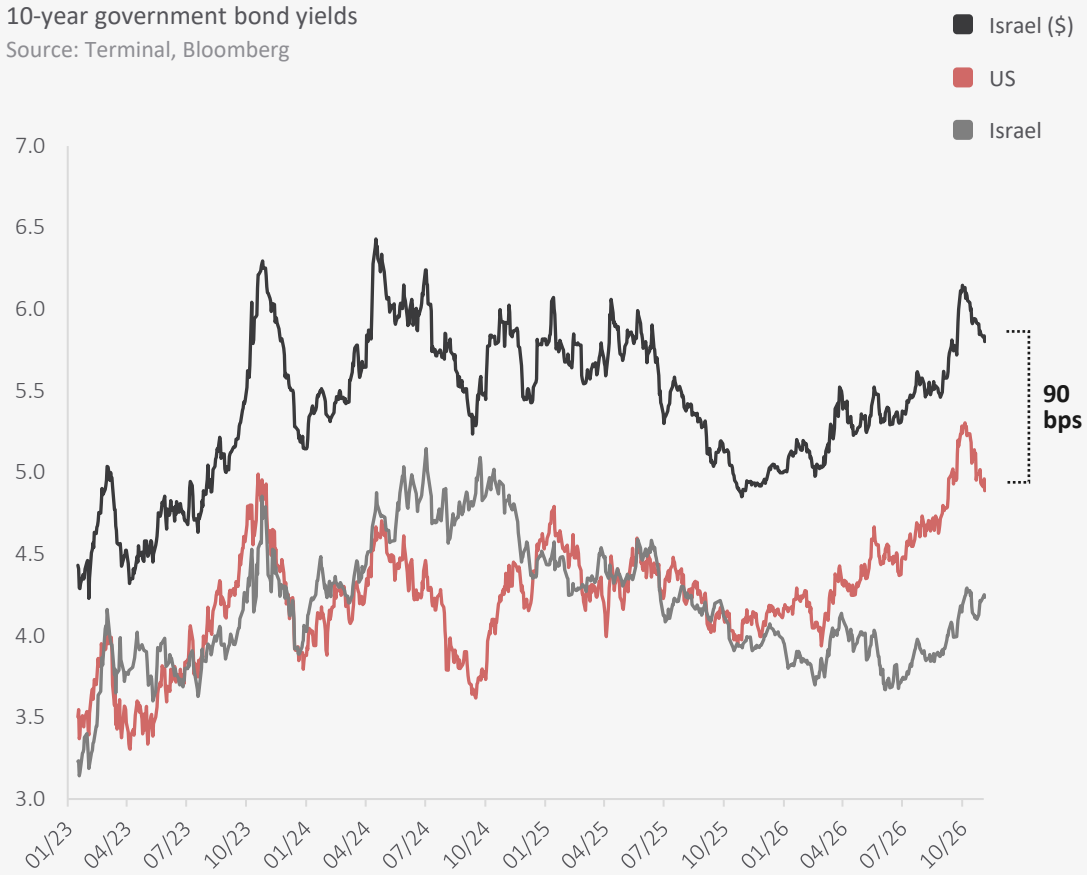
GDP is close to its pre-war trend

Output gap relative to pre-war trend
Source: BOI



The risk premium in the fixed-income market has remained moderate

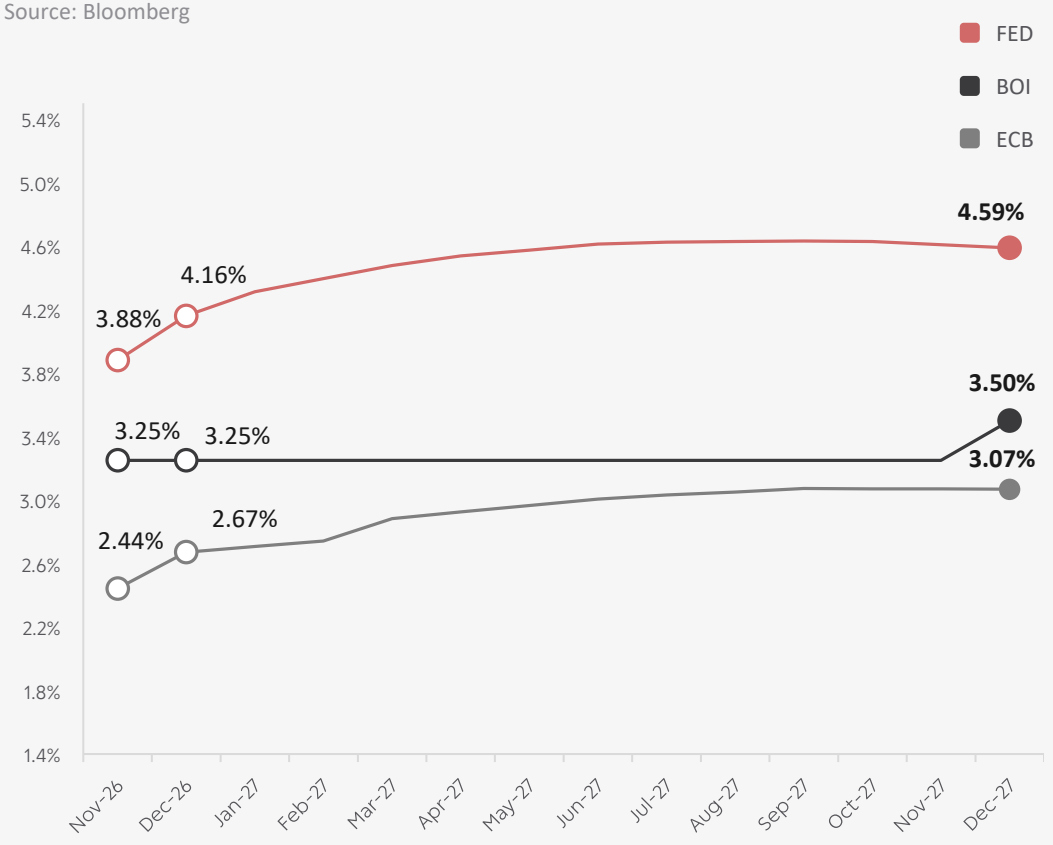
10-year government bond yields
Source: Terminal, Bloomberg



The ILS has weakened over the past six months, while markets now imply a stable BOI rate

Markets imply a stable BOI rate

Implied interest rates
Source: Bloomberg



The ILS has weakened over the last six months

Daily exchange rates, USD/NIS
Source: BOI



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3Q26 key takeaways

Strong third quarter & 9 month

with high profitability and continued business momentum

Quarterly and 9M ROE of 14.0%

in line with the upper range of the Bank's financial targets

Significant credit growth momentum: 15.4% in the last year, 3.2% in 3Q;

growth was achieved while NPL ratio is 0.49%

Financing income and margins stayed at a high level

albeit Q3 impacted by less supportive macro and capital market environment. Over time, growth in activity offsets the impact of lower interest rates

Impressive cost reduction

cost-income ratio of 32.2% in the quarter, 32.9% in the 9-month period

Payout ratio of 50% of net profit,

via cash dividend and share buyback

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Appendix

Key balance sheet items

NIS million

	3Q25	2Q26	3Q26
Cash and deposits with banks	88,231	60,917	**75,050**
Securities	151,034	155,090	**149,931**
Net credit to the public	479,316	536,175	**553,237**
Deposits from the public	590,624	618,116	**637,179**
Deposits from banks	11,666	11,094	**8,972**
Bonds and subordinated notes	33,139	40,299	**46,956**
Shareholders' equity	63,745	67,144	**67,530**
◆ **Total balance sheet**	**768,062**	**809,471**	**842,006**

Note: For a full balance sheet analysis, please refer to the bank's financial statements for 3Q26.

Key profit and loss items

NIS million

	3Q25	2Q26	3Q26
Total net financing profit	5,140	5,434	**4,847**
Fees and other income	1,561	1,169	**1,312**
◆ **Total income**	**6,701**	**6,603**	**6,159**
Salaries and related expenses	(1,124)	(1,080)	**(1,101)**
Maintenance and depreciation of buildings and equipment	(355)	(376)	**(338)**
Other expenses	(573)	(563)	**(543)**
◆ **Total operating and other expenses**	**(2,052)**	**(2,019)**	**(1,982)**
Provision for credit losses	(347)	(298)	**(167)**
Profit before taxes	4,302	4,286	**4,010**
Provision for taxes on profit	(1,597)	(1,812)	**(1,673)**
◆ **Net profit**	**2,758**	**2,488**	**2,364**
◆ **ROE**	**17.6%**	**15.0%**	**14.0%**
◆ **Adjusted net profit**	**2,378***	**2,488**	**2,364**
◆ **Adjusted ROE**	**15.2%***	**15.0%**	**14.0%**

Note: For a full profit and loss analysis, please refer to the bank's financial statements for 3Q26. * Excluding NIS 380 million profit, net, after tax, from insurance reimbursement.

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Israel's leading

financial institution