

Bank Hapoalim Announces 2026 First Quarter Results

- ◆ **Net profit** in the first quarter totaled NIS 2,124 million; **ROE** 13.0%.
 - ◆ The annual impact of the special tax payment in 2026 is NIS 950 million, or 1.3%-1.4% in ROE terms. 1Q26 ROE excluding the special tax payment is above 14%.
- ◆ **Credit growth** was strong and diversified across most segments of operation, at 14.0% YoY and 3.3% QoQ.
- ◆ Credit quality metrics continue to improve. The **NPL ratio** decreased to 0.44% and the **NPL coverage ratio** is more than triple the allowance, at 330%.
- ◆ **Income from regular financing activity** increased by 2.0% QoQ.
- ◆ Total expenses decreased 10.3% vs. 4Q25; cost-income ratio 36.6%.
- ◆ The board of directors declared a distribution at an overall rate of **50%** of net profit, of which a **cash dividend** of NIS 850 million (NIS 0.65 per share) and the rest through the exercise of the third tranche of the **share buyback** plan (NIS 212 million).
- ◆ **CET-1 capital ratio** stood at 11.71%, vs. the 10.23% minimum regulatory requirement and 11.0% minimum internal target.

Tel Aviv, Israel – May 14, 2026 – Bank Hapoalim (TASE: POLI) today announced its financial results for the first quarter of 2026.

Income statement

- ◆ **Net profit** for 1Q26 totaled NIS 2,124 million, compared with NIS 2,078 million in the previous quarter and NIS 2,424 million in the same quarter last year. The main driver of the increase in net profit versus the fourth quarter is a decrease in credit loss expenses and in total operating and other expenses. **ROE** for 1Q26 stood at 13.0% (excluding the impact of the special tax payment ROE would have been over 14%), vs. 13.0% in 4Q25 and 16.4% in 1Q25.
- ◆ **Total income** in the first quarter of 2026 decreased by 3.7% compared to 4Q25, despite growth in our core income, i.e. income from regular financing activity and fees. The decrease resulted from a decline in income from non-regular financing activity.
- ◆ **Income from regular financing activity** in the first quarter totaled NIS 4,492 million, an increase of 2.0% vs. 4Q25, despite two BOI rate cuts since last November. The main drivers of the increase were the growth in credit, and a less negative impact of the CPI (NIS -33 million vs. NIS -198 million in 4Q25). In **income from non-regular financing activity**, a loss of NIS 101 million was recorded. The reduction versus the previous quarter is mainly due to mark-to-market of shares and fair value adjustments on derivatives.

The **financial margin from regular financing activity** increased to 2.44% in the first quarter (vs. 2.42% in 4Q25 and 2.65% in the corresponding quarter last year), mainly due to the aforementioned CPI factor.
- ◆ **Fee income** totaled NIS 1,115 million in 1Q26, an increase of 0.5% compared to 4Q25 and 5.3% vs. 1Q25. The increase is mainly attributed to growth in securities and credit-handling fees.
- ◆ **Operating and other expenses** dropped by 10.3% compared to the previous quarter, as in the fourth quarter the bank recorded a NIS 200 million expense in relation to the labor dispute. Excluding this expense, total expenses decreased by 1.6%. The **cost-income ratio** is 36.6%, compared to 39.3% in the preceding quarter and 35.0% in the corresponding quarter last year.
- ◆ **Provision for credit losses** in the first quarter of 2026 amounted to NIS 35 million (a credit-loss ratio of 0.03%). The provision was lower than in previous quarters, due to a decrease in the collective provision as a result of stability and improvements across certain risk indicators. In addition, the decrease is attributed to income recorded in respect of the individual allowance, as a result of recoveries from a small number of borrowers.

Balance sheet

- ◆ **Net credit to the public** in the first quarter of 2026 totaled NIS 519.3 billion, compared with NIS 455.6 billion in the first quarter of 2025 and NIS 502.9 million at the end of the preceding quarter, an increase of 14.0% and 3.3%, respectively. **Corporate credit** increased by 27.7% in comparison to 1Q25, and by 5.0% in comparison to the previous quarter; **commercial credit** increased by 12.6% YoY and 4.6% QoQ. In the retail banking division, the **housing loan** portfolio grew by 6.1% YoY and 1.4% QoQ, **small business** credit increased by 8.6% YoY and 0.6% QoQ, and **consumer credit** grew by 5.5% YoY and decreased 0.2% QoQ.
- ◆ **Total deposits** reached NIS 602.8 billion, an increase of 6.5% vs. last year and an increase of 1.7% vs. the fourth quarter of 2025. **Retail deposits** decreased by 1.4% YoY and decreased by 0.2% QoQ, reaching NIS 319.5 billion, constituting 53% of total deposits. The **share of non-interest bearing deposits** of total deposits remained roughly stable in the last few quarters, and currently stands at 25%, vs. 26% in 1Q25.
- ◆ **LCR** and **NSFR** are at 128% and 113% respectively, vs. the minimum regulatory requirements of 100%.
- ◆ The **allowance for credit losses** stood at NIS 8.9 billion as at March 31, 2026, of which NIS 8.6 billion attributed to the collective allowance. Even after moderating the pace of the provisioning this quarter, the bank continues to maintain the highest **allowance ratio** in the sector, at 1.68%.
- ◆ Credit quality indicators continue to improve; the **NPL ratio** dropped to 0.44% and the **NPL coverage ratio** (balance sheet allowance for credit losses/NPL) increased to a level of 330%.
- ◆ **Shareholders' equity** grew by 8.8% in the last year, to NIS 65.5 billion, due to our strong organic capital generation. The **CET-1 capital ratio** as at March 31, 2026, stood at 11.71%, vs. the 10.23% minimum regulatory requirement and 11.0% minimum internal target. The **total capital ratio** as at March 31, 2026, stood at 14.72%, vs. a 13.5% minimum regulatory requirement.

Recent developments

- ◆ Special tax on banks:

On March 30, 2026, the Knesset passed legislation on a special tax payment on banks' profits 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 special payment is expected to be 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.

In light of the aforesaid legislation, without updates of the other assumptions based on which the targets were set, the net profit target for 2026 is reduced to a range of NIS 8.5–9.5 billion, and the return on equity target for 2026 is in the range of 13%–14%.

The estimated effect of the special payment on return on equity in 2026 is in the range of 1.3%–1.4%.

- ◆ bit application:

bit, our industry-leading payment app, currently has 3.5 million active users, of which approximately two-thirds are customers who operate mainly with other banks. The average volume of money transfers between users (P2P) on the app totaled approximately NIS 2.6 billion per month in the first quarter of 2026.

bit allows users to perform payments, including services for money transfers between users (P2P), the most popular service among its users; management of balances in a payment account; online purchases on shopping websites and in various apps; payment of bills; orders of foreign currency received at the airport; and services for receiving credits from various entities (such as insurance companies).

Beginning in November 2025, the bit app offers customers the option of depositing money in savings "pockets" that accrue income on targeted deposits.

Further to the amendment to the Banking Rules (Service to Customers) (Fees), 2024, which allows fees to be collected from customers who use a payment app, the bank notified its customers that beginning January 1, 2025, a fee at a fixed rate of 0.6% applies to users who receive payments through the app in a total cumulative amount of more than NIS 25,000 per calendar year. As of May 1, 2026, the fee has been increased to 0.8% for money transfers within the aforementioned volume.

◆ **Management appointment:**

On January 18, 2026, Yael Almog, Deputy CEO and Chief Legal Advisor, gave notice of her intention to leave the bank after approximately nine years of service as a member of the board of management. On April 19, 2026, the board of directors, at the recommendation of the CEO of the bank, approved the appointment of Mor Fingerer as Deputy CEO and Chief Legal Advisor of the bank. The approval of the Supervisor of Banks for the appointment was received on May 5, 2026, and the appointment took effect on May 6, 2026.

◆ **ESG report:**

In April 2026, the bank released its Environment, Social, and Governance (ESG) Report for 2025. This was the nineteenth annual report, and was written in accordance with the GRI and SASB standards. The report also included the Climate Report (TCFD) for 2025, which describes the bank's preparations for climate change, in light of the derived risks and opportunities.

Conference call/webinar information

Bank Hapoalim will host a conference call/webinar today to discuss the results. The call will take place at 5:00 p.m. Israel time / 3:00 p.m. UK time / 10:00 a.m. Eastern time.

Participation in the call/webinar is available via the following link: [BankHapoalimQ1.2026](#)

(pre-registration is also available via the link).

No password or access code is required. The review will be conducted in listen-only mode, followed by a Q&A session.

The webinar will be accompanied by a presentation, which will be published on the day of the Financial Statements release on the distribution website of the Israel Securities Authority (MAGNA) website, the Tel Aviv Stock Exchange website, and on the bank's Investor Relations page (Financial Information) at: <https://www.bankhapoalim.com>.

A recording of the conference call/webinar will be available one business day following the event, on the bank's Investor Relations page at the above-mentioned address.

Please note: The conference call does not replace the need to peruse the immediate reports and the financial statements of the bank, including all the forward-looking information included therein in accordance with Section 32A of the Israeli Securities Law, 1968.

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Please note: This press release was prepared for convenience only. In case of any discrepancy, the bank's reported financial statements in Hebrew will prevail.

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Table 1-1: Condensed financial information and principal performance indicators of the Bank Hapoalim Group over time

NIS millions	2026		2025		
	Q1	Q4	Q3	Q2	Q1
Main profit and loss data – quarterly development					
Net interest income	4,235	4,203	4,829	4,796	4,275
Non-interest financing income	156	385	311	497	325
Net financing profit	4,391	4,588	5,140	5,293	4,600
Provision for credit losses	35	388	347	302	262
Fees and other income ¹	1,119	1,132	1,561	1,152	1,090
Operating and other expenses	2,018	2,250	2,052	2,113	1,989
Profit before taxes	3,457	3,082	4,302	4,030	3,439
Net profit attributed to shareholders of the Bank	2,124	2,078	2,758	2,542	2,424
Return of net profit	13.0%	13.0%	17.6%	16.7%	16.4%
Net profit attributed to shareholders of the Bank excluding items ²	2,124	2,078	2,378	2,542	2,424
Return of net profit excluding items ²	13.0%	13.0%	15.2%	16.7%	16.4%
Financing margin from regular activity ³	2.44%	2.42%	2.79%	2.85%	2.65%

(1) In the third quarter of 2025, includes income in the amount of approximately NIS 432 million due to amounts received from insurers and officers in connection with the settlement of a derivative claim concerning the United States tax investigation. For further details, see Note 25.C.c.1 to the Annual Financial Statements for 2025.

(2) In the third quarter of 2025, excludes profit in the amount of approximately NIS 380 million, net, after tax, due to amounts received from insurers and officers in connection with the settlement of a derivative claim concerning the United States tax investigation, as noted above.

(3) Financing profit from regular activity (see the section “Material developments in income, expenses, and other comprehensive income,” below) divided by total financial assets after allowance for credit losses, net of non-interest bearing balances of debtors in respect of credit-card activity.

Table 1-1: Condensed financial information and principal performance indicators of the Bank Hapoalim Group over time (continued)

Key performance indicators	For the three months ended		For the year ended
	March 31, 2026	March 31, 2025	December 31, 2025
Return of net profit attributed to shareholders of the Bank on equity ¹	13.0%	16.4%	15.9%
Return of net profit on equity attributed to shareholders of the Bank excluding items ^{1, 2}	13.0%	16.4%	15.3%
Return of net profit on average assets ¹	1.11%	1.38%	1.33%
Return of net profit excluding items ² on average assets ¹	1.11%	1.38%	1.28%
Ratio of income to average assets ¹	2.88%	3.24%	3.33%
Ratio of income excluding items ³ to average assets ¹	2.88%	3.24%	3.28%
Ratio of net interest income to average assets ¹	2.21%	2.44%	2.46%
Ratio of fees to average assets ¹	0.58%	0.60%	0.60%
Efficiency ratio – cost-income ratio	36.6%	35.0%	34.2%
Efficiency ratio excluding items – cost-income ratio ³	36.6%	35.0%	34.8%
Financing margin from regular activity ^{1, 4}	2.44%	2.65%	2.68%
Liquidity coverage ratio ⁵ (LCR)	128%	128%	130%
Net stable financing ratio ⁶ (NSFR)	113%	119%	116%
	As at		
	March 31, 2026	March 31, 2025	December 31, 2025
Ratio of common equity Tier 1 capital to risk components ⁷	11.71%	11.74%	11.98%
Ratio of total capital to risk components ⁷	14.72%	14.65%	15.27%
Leverage ratio ⁷	7.38%	7.46%	7.52%

(1) Calculated on an annualized basis.

(2) In 2025, excluding profit in the amount of approximately NIS 380 million, net, after tax, due to amounts received from insurers and officers in connection with the settlement of a derivative claim concerning the United States tax investigation. For further details, see Note 25.C.c.1 to the Annual Financial Statements for 2025.

(3) Total income – net interest income and non-interest income. In 2025, excluding income in the amount of approximately NIS 432 million, due to amounts received from insurers and officers in connection with the settlement of a derivative claim concerning the United States tax investigation, as noted above.

(4) Financing profit from regular activity (see the section "Material developments in income, expenses, and other comprehensive income," below) divided by total financial assets after allowance for credit losses, net of non-interest bearing balances of debtors in respect of credit-card activity.

(5) Based on the daily average in the three months ended on the report date.

(6) For additional information, see the section "Liquidity and refinancing risk," below.

(7) For additional information, see the section "Capital, capital adequacy, and leverage," below.

Table 1-1: Condensed financial information and principal performance indicators of the Bank Hapoalim Group over time (continued)

	For the three months ended		For the year ended
	March 31, 2026	March 31, 2025	December 31, 2025
Key credit quality indicators			
Total allowance for credit losses* as a percentage of credit to the public	1.68%	1.75%	1.72%
Allowance for credit losses in respect of credit to the public as a percentage of credit to the public	1.47%	1.52%	1.49%
Credit to the public, non-accruing or past due by 90 days or more, as a percentage of credit to the public	0.48%	0.55%	0.52%
Net charge-offs as a percentage of average credit to the public	(0.03%)	0.07%	0.08%
Provision for credit losses as a percentage of average credit to the public**	0.03%	0.23%	0.27%
NIS millions			
Key profit and loss data			
Net profit attributed to shareholders of the Bank	2,124	2,424	9,802
Net profit attributed to shareholders of the Bank excluding items ¹	2,124	2,424	9,422
Net interest income	4,235	4,275	18,103
Net financing profit ²	4,391	4,600	19,621
Non-interest income	1,275	1,415	6,453
Non-interest income excluding items ³	1,275	1,415	6,021
Of which: fees	1,115	1,059	4,431
Total income	5,510	5,690	24,556
Total income excluding items ³	5,510	5,690	24,124
Provision for credit losses	35	262	1,299
Operating and other expenses	2,018	1,989	8,404
Of which: salaries and related expenses	1,119	1,115	4,671
Additional data			
Net profit per share attributed to shareholders of the Bank – basic (in NIS)	1.62	1.83	7.43
Total dividend per share (in NIS) ⁴	0.65	0.55	3.10

* Including the allowance in respect of off-balance sheet balances.

** Including provisions in respect of banks and governments.

(1) In 2025, excluding profit in the amount of approximately NIS 380 million, net, after tax, due to amounts received from insurers and officers in connection with the settlement of a derivative claim concerning the United States tax investigation. For further details, see Note 25.C.c.1 to the Annual Financial Statements for 2025.

(2) Net financing profit includes net interest income and non-interest financing income (expenses).

(3) In 2025, excluding income in the amount of approximately NIS 432 million, due to amounts received from insurers and officers in connection with the settlement of a derivative claim concerning the United States tax investigation, as noted above.

(4) Dividends in respect of the relevant period (excluding buyback of shares, as detailed in the section "Capital, capital adequacy, and leverage" below).

Table 1-1: Condensed financial information and principal performance indicators of the Bank Hapoalim Group over time (continued)

NIS millions	As at		
	March 31, 2026	March 31, 2025	December 31, 2025
Key balance sheet data			
Total assets	797,234	720,197	766,665
Of which: Cash and deposits with banks	81,501	90,552	71,892
Securities	145,315	133,277	144,245
Net credit to the public	519,267	455,594	502,881
Net problematic credit risk	6,943	7,699	7,159
Credit to the public not accruing interest income (NPL)	2,344	2,405	2,448
Total liabilities	731,687	659,973	701,988
Of which: Deposits from the public	602,807	565,886	592,676
Deposits from banks	10,455	7,016	10,367
Bonds and subordinated notes	43,027	24,708	35,896
Shareholders' equity	65,547	60,224	64,677
Additional data			
Share price at end of period (in NIS)	73.3	50.1	72.1

Table 2-5: Composition of net financing profit

	For the three months ended		Change
	March 31, 2026	March 31, 2025	
NIS millions			
Interest income	8,540	8,698	(1.8%)
Interest expenses	(4,305)	(4,423)	(2.7%)
Net interest income	4,235	4,275	(0.9%)
Non-interest financing income	156	325	(52.0%)
Total reported financing profit	4,391	4,600	(4.5%)
Excluding effects not from regular activity:			
Gain (loss) from realizations of bonds available for sale	8	69	(88.4%)
Profit from investments in shares	56	60	(6.7%)
Adjustments to fair value of derivative instruments ¹	(33)	(16)	106.3%
Others ²	(132)	10	
Total effects not from regular activity	(101)	123	
Total income from regular financing activity*	4,492	4,477	0.3%
* Of which: in respect of changes in the CPI	(33)	111	

(1) The effect of the measurement of profit and loss in derivative instruments constituting part of the Bank's asset and liability management strategy on a fair-value basis, versus measurement on an accrual basis.

(2) Including financing costs in respect of benefits granted by the Bank to its customers within the outline of reliefs of the Bank of Israel of 2025, and in respect of the events related to the security situation, in the amount of approximately NIS 89 million in the three-month period ended March 31, 2026 (in the three-month period ended March 31, 2025: NIS 6 million), and the effects of hedging of currency exposures of non-monetary items.

Table 2-5: Composition of net financing profit (continued)

NIS millions	2026		2025		
	Q1	Q4	Q3	Q2	Q1
Interest income	8,540	8,638	9,887	9,565	8,698
Interest expenses	(4,305)	(4,435)	(5,058)	(4,769)	(4,423)
Net interest income	4,235	4,203	4,829	4,796	4,275
Non-interest financing income	156	385	311	497	325
Total reported financing profit	4,391	4,588	5,140	5,293	4,600
Excluding effects not from regular activity:					
Gain (loss) from realizations of bonds available for sale	8	10	66	49	69
Profit from investments in shares	56	211	129	142	60
Adjustments to fair value of derivative instruments ¹	(33)	85	49	68	(16)
Others ²	(132)	(122)	(130)	12	10
Total effects not from regular activity	(101)	184	114	271	123
Total income from regular financing activity*	4,492	4,404	5,026	5,022	4,477
* Of which: in respect of changes in the CPI	(33)	(194)	468	496	111

(1) The effect of the measurement of profit and loss in derivative instruments constituting part of the Bank's asset and liability management strategy on a fair-value basis, versus measurement on an accrual basis.

(2) Includes financing costs in respect of benefits granted by the Bank to its customers within the outline of reliefs of the Bank of Israel of 2025 and in respect of the events related to the security situation, in the amount of approximately NIS 89 million for the three-month period ended March 31, 2026 (in the fourth quarter of 2025: NIS 144 million; in the third quarter of 2025: NIS 122 million; in the second quarter of 2025: NIS 73 million; in the first quarter of 2025: NIS 6 million), and the effect of hedging of currency exposures of non-monetary items.

Table 2-7: Provision for credit losses in respect of debts and in respect of off-balance sheet credit instruments

NIS millions	For the three months ended	
	March 31, 2026	March 31, 2025
Individual provision for credit losses	87	105
Decrease in individual allowance for credit losses and recovery of charged off debts	(249)	(136)
Net individual income in respect of credit losses	(162)	(31)
Provision in respect of the collective allowance for credit losses and net automatic charge-offs*	197	293
Total provision for credit losses**	35	262
** Of which:		
Net provision (income) for credit losses in respect of commercial credit risk	(62)	37
Net provision (income) for credit losses in respect of housing credit risk	(17)	63
Net provision for credit losses in respect of other private credit risk	115	160
Net provision (income) for credit losses in respect of risk of credit to banks and governments and bonds	(1)	2
Total provision for credit losses	35	262
Provision as a percentage of total credit to the public:***		
Provision for credit losses as a percentage of the average balance of credit to the public ¹	0.03%	0.23%
Gross individual provision for credit losses as a percentage of the average balance of credit to the public	0.07%	0.09%
Gross provision for credit losses as a percentage of the average balance of credit to the public ²	0.22%	0.35%
Net charge-offs in respect of credit to the public as a percentage of the average balance of credit to the public	(0.03%)	0.07%

* Charge-offs in respect of debts past due by 150 days or more not examined individually.

*** The rates below are calculated on an annualized basis.

(1) Including provisions in respect of banks and governments.

(2) The gross provision for credit losses is the total provision for credit losses, excluding the decrease in the individual allowance for credit losses and recovery of charged-off debts.

Table 2-7: Provision for credit losses in respect of debts and in respect of off-balance sheet credit instruments (continued)

NIS millions	2026		2025		
	Q1	Q4	Q3	Q2	Q1
Individual provision for credit losses	87	128	66	34	105
Decrease in individual allowance for credit losses and recovery of charged off debts	(249)	(161)	(65)	(66)	(136)
Net individual provision (income) for credit losses	(162)	(33)	1	(32)	(31)
Net provision in respect of the collective allowance for credit losses and net automatic charge-offs*	197	421	346	334	293
Total provision for credit losses**	35	388	347	302	262
** Of which:					
Net provision (income) for credit losses in respect of commercial credit risk	(62)	226	158	254	37
Net provision (income) for credit losses in respect of housing credit risk	(17)	9	33	(20)	63
Net provision for credit losses in respect of other private credit risk	115	157	147	52	160
Net provision (income) for credit losses in respect of risk of credit to banks and governments and bonds	(1)	(4)	9	16	2
Total provision (income) for credit losses	35	388	347	302	262
In %					
Provision (income) as a percentage of total credit to the public:***					
Provision (income) for credit losses as a percentage of the average balance of credit to the public ¹	0.03%	0.31%	0.29%	0.26%	0.23%
Gross individual provision for credit losses as a percentage of the average balance of credit to the public	0.07%	0.10%	0.05%	0.03%	0.09%
Gross provision for credit losses as a percentage of the average balance of credit to the public ²	0.22%	0.44%	0.34%	0.31%	0.35%
Net charge-offs in respect of credit to the public as a percentage of the average balance of credit to the public	(0.03%)	0.07%	0.12%	0.08%	0.07%

* Charge-offs in respect of debts past due by 150 days or more not examined individually. *** The rates below are calculated on an annualized basis.

(1) Including provisions in respect of banks and governments.

(2) The gross provision for credit losses is the total provision for credit losses, excluding the decrease in the individual allowance for credit losses and recovery of charged-off debts.

Table 2-12: Development of net credit to the public by operating segment according to the management approach

NIS millions	Balance as at		Change
	March 31, 2026	December 31, 2025	
Private customers ¹	41,903	42,002	(0.2%)
Small businesses ¹	38,709	38,480	0.6%
Housing loans	151,062	149,005	1.4%
Commercial	73,044	69,857	4.6%
Corporate	186,598	177,764*	5.0%
International activity ²	21,817	21,685	0.6%
Financial management	6,134	4,088*	50.0%
Total	519,267	502,881	3.3%

* Reclassified.

(1) Includes the receivables balance in respect of credit cards.

(2) Of which: effect of exchange-rate differentials, a decrease of approximately 0.8%.