

Leumi | Consolidated Financial Statements 2025

This report does not constitute a periodic report pursuant to the Securities Regulations (Period and Immediate Reports),1970.
The periodic report (which includes all the details regarding directors and senior officers required pursuant to the Bank of Israel) report on the risks and actuarial assessment of the employee benefits are 0 Management Report and description of the main features of issued regulatory capital instruments appear on the Bank's website at: www.leumi.co.il About › Financial information › Disclosure under Pillar 3 of the Basel Accord and Additional information on risks

BANK LEUMI LE-ISRAEL B.M. AND ITS INVESTEE COMPANIES
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Chairman of the Board's Statement

2025 had been characterized by many challenges due to the prolongation of the geopolitical, economic, social and security uncertainty – both in Israel as well as worldwide. At the same time, in recent months we have witnessed positive developments, including the announcement of a ceasefire in the south, the return of all the hostages home – both the living and the deceased, and a substantial recovery of the economy's activity had been felt. In February 2026, after the reporting period, Operation "Lion's Roar" began in Iran. To the extent that the results of the operation lead to a reduction in the threat posed to Israel, this is expected to have a positive impact on the growth potential of the economy. Therefore, we are looking forward with cautious optimism towards a strong growth of the economy in 2026.

Against the backdrop of these developments, during this year Bank Leumi served a central role as a vital body in the economy. This is since we were required not only to continue operating, but rather also constitute an anchor of stability, durability and public responsibility, during a period where these were required more than ever. Our deep commitment to the public is further reinforced by the fact that Leumi is a bank with no controlling core, whose shares are held by the public.

Against the backdrop of the continuing war, the Bank has acted determinately for wider support of its customers, of all sectors. Within tis framework, the Bank has initiated a range of unique benefits for reserve duty soldiers, active-duty soldiers, customers whose homes or property had been damaged and were evacuated from their homes, self-employed business owners, and others. These initiatives constitute a continuation of the Bank's policy under which, since the outbreak of the War, the Bank has expanded the relief framework introduced by the Bank of Israel and has published, in several phases, a comprehensive relief framework of its own for retail and business customers nationwide, in order to enable them to cope with the challenging economic environment.

Leumi also served this year as a source of resilience at the social level. During Operation "Am K'Lavie" in Iran, the Bank joined the national effort to assist Israelis stranded abroad, dispatching a rescue vessel to Cyprus that brough back more than 1,600 Israelis to Israel. This, alongside substantial donations to support residents of the conflict zone communities, IDF soldiers, in both regular and reserve service, hospitals and aid and rescue organizations – all reflecting the Bank's deep commitment to the Israeli society, including during the most challenging times.

from a business perspective, the Bank impressively met this year the targets it set under its multi-yeat plan. The impressive financial results and the exceptional efficiency ratio, among the lowest in the world, reflect the prudent and responsible management on the part of the Bank's CEO, Hanan Friedman, and the members of the management alongside him, as well as the professional and dedicated efforts by the Bank's other managers and employees. By a long-term perspective and proven execution capability, including during periods of uncertainty, we have succeeded year after year in meeting our targets and even exceeded them.

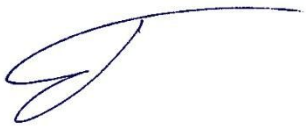
In this context, Leumi continued this year to further advance its technological transformation – demonstrating excellence in digital services and maintaining ongoing investment in capabilities that will enable the Bank to meet the challenges of tomorrow. The Bank has recently established an advanced and innovative AI Center, aimed at supporting the Bank's business lines through AI-based models and tools that will enable managers and employers to make decisions more accurately and efficiently. I am confident that the continued progress of this transformation will further strengthen the Bank's leadership in the service revolution it has driven in recent years, ensuring that our customers receive the best service in Israel.

Investor confidence – both domestic and international – was clearly reflected this year: Leumi's market capitalization suppressed the 100-billion-shekel threshold for the first time, making the Bank the first company on the Tel Aviv Stock Exchange to reach this milestone. This achievement is a clear expression of the public's confidence in the Bank's stability, its financial strength, and the strategy led by the Bank's management, guided and supported by the Board of Directors.

The year 2026 is expected to be challenging as well, yet we are entering it from a stronger starting point than last year. Our role at Leumi is to continue standing by our customers and to drive the Israeli economy forward – including in the period following the War.

Finally, I would like to express my gratitude and appreciation to Leumi's employees, who not only delivered impressive results for the Bank, but also demonstrated admirable dedication during the difficult days of the War, serving as a stable anchor for our customers and for the Israeli economy; and of course, to our shareholders and business partners. Thanks to you, Leumi is Israel's leading financial institution and continues to serve as a pillar of stability for the Israeli economy.

Sincerely,



Uri Alon
Chairman of the Board

March 2, 2026

A. Overview, Goals and Strategy

Report of the Board of Directors and Management
Description of the Leumi Group's Business

The Bank is a "Banking Corporation" in accordance with the Banking Law (Licensing), 1981. The Bank is governed by laws, ordinances and regulations, as well as by rules, guidance and positions issued by regulators.

Leumi's Vision

"To be the best financial institution in the Israeli market and to lead proactive, innovative an responsible banking for our customers"

In the spirit of Leumi's vision, Bank Leumi shall be the financial home that provides the most suitable, straightforward, swift and smart solution for target customers.

Underlying this vision – which combines both business leadership and convenience – is the aim to provide the best possible solution for the financial needs of our customers in a dynamic business environment, based on the values of transparency, responsibility and fairness. These values are implemented by nurturing our human capital and by integrating innovation and creativity, while maintaining the Bank's stability and achieving adequate profitability.

As Israel's leading financial group, with significant impact on the entire public, Leumi evaluates the trends and changes in the business environment in which it operates and implements strategies that address these changes. In addition, and out of understanding of the Group's or impact on the business and public space, Leumi also regards its commitment to the community as a social and ethical anchor it will continue to cultivate.

Objectives and Business Strategy

In late 2024, the Bank's management and Board of Directors had approved a multi-year strategic plan for the years 2025 through 2027. The strategic plan supports continued responsible growth in selected central segments, and this alongside continued work in respect of the segments that had been identified as the focus in the previous strategic plan.

The multi-year strategic plan defines the strategic layers and main points that are required for achieving the strategic goals that had been set. As part of the process an examination was conducted of the trends worldwide and expected changes in the local business environment, changes in consumer expectations and practices, the competitive environment, regulation, etc.

As a derivative of the strategic plan, three-year goals had been defined, in light of which all the Bank's divions' work plans are set. Initiatives and strategic projects had also been set in several center points:

1. Continued responsible growth in the segments at the center – continued leading and responsible growth, while balancing the business lines and focusing on areas with high return on equity, including leveraging the capabilities the Bank has developed in the field of infrastructure financing and complex projects.

2. Focusing on the customer – leading in service and the provision of exceptional digital and human service, has been defined as a central and essential strategic value. The Bank aims to be the primary bank for our customers. In so, over the past year the Bank is in the midst of a transformation process in the service provided to its customers, alongside a focus on laying the necessary foundations for the rapid implementation of Data and AI tools that will enable another significant leap forward. The Bank aims to leverage these advanced capabilities to expand its product offering to our customers, while tailoring solutions and enabling hyper-personalization. The Bank promotes banking based on advanced data and models that are used in underwriting and pricing processes, in service models and in the personalization of value propositions for the customer, while adhering to our customer privacy policy and complying with regulations.

3. **Technology and efficiency** – Continuing to strengthen the Bank's technological leadership and its operational efficiency. Technology, along with the accelerated adoption of digital and AI capabilities, constitutes a significant pillar at the core of the Bank's strategy. AI technologies, and in particular Agentic AI, present the potential for a new banking reality in terms of processes, corporate effectiveness, models, customer experience, and service. Leumi is working toward broad and responsible implementation of these capabilities and has even established a dedicated unit to accelerate the advancement of this domain within the organization.

4. **Innovation and collaboration with FinTech companies** - accelerating adopting innovation at the Bank, inter alia by way of continued collaboration with FinTech companies and leveraging these collaborations for promoting product and service innovation on or outside of the Bank's platforms. In addition, the Bank promotes synergistic collaborations with startups in the FinTech, cyber (Fin-Sec), data and AI domains through its investment in a venture capital fund - Garage Ventures - opening its doors to the companies in which the fund is invested.

5. **ESG** - As part of the Group's strategy, the Bank promotes decisive implementation of environmental and social initiatives and their integration into business activity, while embedding processes and measurement and reporting mechanisms in accordance with international standards.
   The Bank's ESG vision and strategy are derived from the Bank's vision and strategy, and at their core is leadership in the ESG field through three main anchors: establishing strategic goals, standardization according to best practices, and collaboration with international and local entities.

For further information please see the chapter entitled "Principal Trends in the Operating Environment".

In March 2026, an update to the strategic targets for 2026 and 2027 was approved, in accordance with developments in macroeconomic assumptions and in the business activity of the Bank Group.

Strategic Plan Targets

The following are the updated targets within the Bank's strategic metrics:

Metric	2026-2027 (in each year)
Return on equity	14.5%-16%
Annual Net profit	NIS 10-12 billion
Growth in credit to the public	8%-10% Average annual rate*
Profit distribution	50%-65% of the net profit**

* The credit-growth target reflects the operating environment and the scope of infrastructure projects known as of the reporting date. A substantial expansion of national infrastructure investments beyond current estimates may support higher growth than the present target.

** Subject to Bank of Israel guidelines.

The targets detailed above constitute forward-looking information, as defined in the Securities Law, and are based on plans formulated by the Bank's management as of the date of this publication, taking into account the information available to it and its assessments. These targets rely on estimates, evaluations, and assumptions, the realization of which is uncertain and not necessarily within the Bank's control.

The macroeconomic assumptions include, inter alia, an average Bank of Israel interest rate of 3.2%-3.7% and an average annual inflation rate of 1.8%-2%. The annual dividend payout ratio target is subject, inter alia, to the removal of distribution restrictions by the Bank of Israel and to the Bank of Israel's guidelines.

The targets are based on regulatory requirements in effect as of the date of publication of this report (including assumptions that in 2026 and 2027 the impact on the Bank's results from the special tax and the benefit framework will be similar to that of the past two years). Should new regulatory requirements be issued, or should changes occur in existing requirements – including changes in taxation, capital requirements, sectoral limitations, or other regulatory guidelines – this may have a material impact on the Bank's operations and results. Multi-year planning is inherently subject to uncertainty. The targets may not be realized, in whole or in part, and the Bank's business results may differ, potentially materially, including if the assumptions described above do not materialize or materialize differently than expected above, or if changes occur in the economic or regulatory environment, or in the geopolitical or security situation, technological developments, competitive

dynamics, consumer behavior, customer expectations, or if any of the risk factors listed in the Risk Review section below materialize. The Bank will not be obligated to update the information relating to the targets described above, subject to applicable law.

How the strategy is implemented

In order to support the implementation of the Bank's strategy, the Bank operates four main business lines, which specialize in providing banking and financial services to certain customer segments:

1. Retail banking – focuses on providing banking services, mainly to households, high-net-worth customers (Private Banking), and micro- and small business customers. The retail banking offers personal service to its customers in various channels, such as: in the app, website, face-to-face meeting at a branch nationwide, by phone and in a chat on the Bank's app, banking centers, service centers, information machines and ATMs.
2. Mortgages – This line of activity constitutes a strategic focus for growth and leveraging the value offered to the Bank's target audiences.
3. Corporate Banking – focuses on providing services to Israeli and international corporations with varying scopes of activities and in a wide range of sectors. Corporate banking is constantly promoting adjustments in products and services with the aim of optimally matching the value proposition to the varied needs of its customers.
4. Capital Markets and Financial Management – focuses on the management of the Bank's own (Nostro) funds, assets and liabilities management (ALM) as well as the operation of the Bank's trading rooms, aiming to provide services to customers involved in capital market activities, including institutional customers.

In addition to the Bank's business lines, which are managed directly by the Bank, the Leumi Group operates through its Israeli and foreign subsidiaries:

Activity of the subsidiaries in Israel – non-financial investments, underwriting and investment banking activities, carried out mainly by subsidiary Leumi Partners. Another operation is subsidiary Leumi Capital Markets, which is Israel's leading provider of development and operating provident and advanced education funds services.

Leumi UK Group (LUK) engages in providing credit primarily in the fields of real estate, hotels and ABL, only to commercial customers in the UK and Europe, including Israeli customers active in these geographic areas, including investments and development of residential real estate and financing for commercial real estate.

For further information, please see the chapter "Major Investee Companies".

It should be noted that strategic planning involves a considerable degree of uncertainty; the implementation of long-term strategic plans depends on several variables, including the performance of markets in Israel and abroad, the security situation, and the effects of ongoing regulatory changes whose scope and foci in the long-term cannot be predicted with a high degree of certainty.

The information in this section constitutes forward-looking information. For the meaning of the term, please see the chapter "Forward-Looking Information".

Principal Trends in the Operating Environment

The abovementioned strategy adopted by Leumi is based on, and takes into account, inter alia, the following trends:

A. Macro/geopolitics

1. The global growth rate over the upcoming years is expected to remain slightly lower than the potential, and this notwithstanding the fact that decreases in interest worldwide are expected to continue. It is expected that geopolitical and changes in leadership in a number of leading countries, will affect the rate of growth. Other than the affect of prolongation of military conflicts worldwide, as well as additional ones, the world may arrive at a situation of "trade/currency wars", and this led by the USA and China, and while other blocs join this.

2. The War, which broke out following the surprise attack by Hamas on October 7, 2023, has consequences for the population and the economy in Israel and thus, for households and businesses. Due to the War, the Bank has prepared to provide reliefs, deferrals and payment cancellations in accordance with Bank of Israel guidelines and even went beyond the regulatory outline. In addition, the Bank has taken steps to ensure business continuity and to provide continuous service to its customers with greater sensitivity to the needs of the customers and the difficulties they face.

3. The economic activity in the local economy continued to recover. the overall growth rate in 2025 as a whole was 3.1%, reflecting an acceleration in the pace of growth compared with 2024 (a growth of 1.0%), although still below the economy's growth potential. The main sectors that were significantly affected and whose activity has not yet returned to pre-war levels are outbound tourism and construction. Looking forward, the economic activities are expected to continue to recover in 2026, as the rate of expansion will depend, among other things, on security-related events, their intensity, and their scope. During the second half of 2025, inflation returned to within the government's price stability target range (1%-3%), among other things, due to the significant appreciation of the shekel, particularly against the US dollar. This, against the backdrop of an improvement in Israel's risk premium in the financial markets during the second half of 2025, weakening of the US dollar globally and rising prices in the US financial markets. against this background, the Bank of Israel reduced the interest rate in two consecutive decisions - the last financial decision in 2025 and the first of 2026 - from 4.50% to 4.00%. According to the Bank of Israel Research Department, the interest rate is expected to be 3.50 percent in the fourth quarter of 2026. An improvement in the macro-economic environment, which includes acceleration of growth, continued inflation convergence, the continued process of decrease of interest, improvement in the financial markets, and a strong shekel, may positively affect the banks' profits. On the other hand, the decrease of interest has an adverse impact on the banks, for example: a decrease in income from interest.

4. On February 28, 2026, Operation Lion's Roar began with a joint Israeli-American strike against Iran. In response, a significant barrage of rockets was fired from Iran toward the Israeli home front and toward American targets across the Persian Gulf and the Middle East, as well as attacks on civilian sites in several Gulf states, including the United Arab Emirates, Qatar, and Saudi Arabia. In the short term, the expected economic impact on Israel depends on the intensity, scope, and especially the duration of the events. However, in the longer term, to the extent that the operation results in a substantial reduction of the threat posed to Israel by Iran and its proxies, this may have positive implications for the growth potential of the Israeli economy.

5. Global regulation - The trend of legislation for the encouragement of competition in the credit market continues, with an emphasis on retail credit and payments. The field of digital currencies is also in at the focus of regulatory attention in the United States and in the European Union, including advanced dialog concerning the main banks' digital coins (CBDC).

   The climate crisis continues to be a topic receiving attention from various regulators in Israel and worldwide. This includes a regulatory focus on incorporating climate-related aspects into risk

management across the areas of activities. In Israel, Proper Conduct of Banking Business Directive No. 345 on climate risk management is expected to take effect in June 2026.

B. Competition/consumer environment

1. The competitive environment continues to expand on the part of FinTechs, neo banks and other technological entities that offer personal, advanced customer experience. This is alongside a trend of collaborations and implementation of advanced solutions as part of the Bank's value proposition to its customers in order to provide a solution for the varying consumer expectations.

2. In retail banking, the adoption of digital banking and the rate of use of digital continue to grow. At the same time, it is clear that there is no substitute for human-facing, professional service in complex matters, where the customer's preference is for a human representative. Hence, service leadership requires providing a full and convenient digital experience from end to end, available 24/7, providing human and personal customer service as needed.

Additional information on competition:

Local banks

- The competition between the local banks is apparent in all the business activity sectors: from domestic and small and medium businesses, acceleration of the competition in the mortgage market, and up to large businesses sectors. All the banks advertise and launch value propositions to customers, based on improved service, technological and digital innovation, and diverse product offerings.

Non-banking competitors

- Loans provided by institutional entities – in recent years, we have witnessed a trend of increase in loans extended to the business and commercial sector by institutional entities, including funding for infrastructure projects and income-generating assets as well as funding the construction of residential projects. These entities are gradually entering the retail credit domain as well. On the investment side, these entities are also launching products which compete with traditional banking products, such as investment provident funds or savings policies.

- Furthermore, as a result of regulatory changes in recent years, which have encouraged such non-banking financial entities to extend consumer and commercial loans, the activity of non-bank entities has expanded consistently, including loans to households.

- Deposits and current account offered by non-bank entities - over the past year a trend has been evident whereby non-bank entities (primarily credit card companies and payment applications), offer accounts similar to current accounts, however are not banks, some of which also offer interest on the balance.

- Fintech and BigTech solutions which compete with specific banking areas of activity - in recent years, with the growing use of advanced technology, the supply and quality of innovative initiatives and high-tech financial services have grown significantly. These initiatives accelerate innovation also in the traditional financial industry; while most do not compete head-to-head with the banks, they threaten to reduce the banks' market share in certain areas of activity.

Open Banking

Open Banking is a regulatory initiative that encourages use of innovative and secured technologies, and allows customers of the banks and credit card companies to share their financial information with third parties, so they can receive competing value propositions from additional parties.

Leumi is working to maximize the potential benefits of the Open Banking initiative for its customers, including by making the advanced products and services accessible to them.

The AI revolution

The evolution of AI, particularly agentic AI, presents a potential for a new banking reality in terms of processes, organizational effectiveness, models, customer experience, service and the like. The consumer adoption of the existing solutions is significantly accelerated compared with the pace of adoption observed in the past in other

technologies. The AI field is becoming a strategic and business focus for financial institutions, including the establishment of dedicated teams for the subject.

Leumi acts to maximize the potential inherent in the AI revolution for its customers, and has also established a dedicated center to accelerate advancement of the field within the organization.

Environmental, social and governance (ESG) aspects

- The subject of sustainability is of importance among the public, investors and regulators both in Israel and around the world. This is forward-looking information, the materialization of which is uncertain and not under the Bank's sole control, taking into account that this is an "evolving" domain.
- As part of Leumi's effort to boost its work and contribution to ESG aspects, the Bank developed an environmental management strategy, which was approved by management and the Board of Directors. While approving the strategy, Leumi decided to incorporate and boost ESG aspects in the Bank's business activity, inter alia, by increasing financing and investment in projects advancing a "greener" environment and development of environmentally-friendly financial products.
- The Bank actively identifies and promotes business opportunities that advance the implementation of the strategy and works to develop products for the financing of green activity.
  These opportunities include mainly:
  1. Providing business credit for "green" ventures and companies
  2. Investing in "green" through the Nostro account
  3. Investing in "green" companies and projects by subsidiary Leumi Partners
- Coping with the climate crisis requires cooperation and an effective effort that includes governments, regulators, financial institutions and businesses. In view of the above, the Bank has defined the collaborations with local and global entities in the ESG domains as one of the key layers in the implementation of the Bank's ESG strategy.
  - One of the world's central and leading entities in this area is the European Investment Bank (EIB), which focuses on climate and the environment issues, the development of infrastructures and support for small-sized and mid-market businesses.

In addition, the Bank has set targets to reduce its own emissions (reducing its carbon footprint, transitioning to hybrid and electric transportation).

Some of the above information constitutes "forward-looking information". For the meaning of the term, please see the chapter "Forward-Looking Information".

Changes in the regulatory environment

- As aforementioned, the banking system in Israel operates in a complex, multi-dimensional and dynamic environment. The frequent changes and varied restrictive regulatory issues limit the sources of income,

lead to increased expenses for regulatory compliance and require suitable preparation of the Bank's activity, as well constant improvement of work processes, as well as the Bank's technological and digital means.

- In recent years, numerous regulatory initiatives have been advanced in Israel on banking and financial matters, including initiatives aimed at increasing competition in the banking system. In 2025, there had been a significant acceleration of moves to increase competition, some of which are expected to mature and take effect during 2026. For example, a tiered banking licensing outline is being promoted, intended to facilitate the entry of new players into the market (such as credit card companies and domestic and foreign non-bank financial institutions) including, among other things, expansion of the list of activities permitted to a small bank, the possibility of ownership of small banks by institutional entities, and the establishment of tailored regulatory and supervisory mechanisms, while providing regulatory relief. At the same time, various additional initiatives are being advanced, including a proposed reform of the remuneration model in the securities market, intended to increase transparency and the customers' ability to compare the costs associated with their securities activity. Recommendations have been published to reduce existing regulatory gaps in short and mid term savings instruments; a reform has been advanced regarding fees charged to households and small businesses for account management services, payments and debit cards; as various legislative bills have been submitted concerning direct legislative intervention in interest rates on deposits and current accounts. Measures have also been advanced in the payments field so that also non-bank players will be able to provide payment services an operate directly in payment and clearing systems.
- In addition to stricter regulation, the Bank is also subject to stringent compliance requirements, as well as risk management requirements.
- In addition, the regulatory environment does not apply uniformly to the various entities operating in the financial services sector. Thus, while more stringent regulatory initiatives applicable to the banking system continue to be advanced and intensify, there has not been a similar development regarding the regulation applicable to non-bank entities, and even with respect to certain financial services, even additional easing initiatives are being advanced for these entities, intended to encourage them to compete with the banking system. This leads to a material difference and significant gaps between the various players.
- On January 19, 2026, the Economic Plan Bill (Legislative Amendments) (Implementation of the Economic Policy for the 2026 Budget Year) has been published, including, among other things, a temporary order for the years 2026-2030 regarding the statutory tax rate imposed on banks, establishing an additional special tax at the statutory rate of 15% on the Banks' profits should they exceed the Bank's average profits during 2018-2022, indexed to the rate of change in the gross domestic product, plus an additional 50% of the said amount.
- Thus, regulation has an immediate effect on a series of business and strategic decisions of the Bank, including with regard to the Bank's various areas of activity.

For further information regarding the regulatory environment and the regulatory initiatives being promoted, please see the chapter entitled "Legislation and Regulation Regarding the Banking System".

Condensed Financial Information and Key Performance Indicators*

Following are the key performance indicators (in %)

	For the year ended December 31				
	2025	2024	2023	2022[i]	2021
Return on net income attributable to the Bank's shareholders	**15.8**[m]	16.9[K]	13.7[h][l]	17.0[g]	15.0
Return on net income attributable to the Bank's shareholders for average assets[D]	**1.3**	1.3	1.0	1.2	1.0
Ratio of income[b] to average assets[d]	**2.80**	3.08	3.02	2.72	2.70
Efficiency ratio	**29.3**	29.9	32.6	37.5	46.8
Ratio of net interest income to average assets[d]	**2.08**	2.20	2.28	1.97	1.76
Ratio of fees and commissions to average assets[d]	**0.50**	0.51	0.53	0.53	0.60
Rate of tax provision from profit, before taxes	**36.4**[j]	35.0[j]	33.5	32.7	35.4
Net interest income, to average balance of interest bearing assets (NIM)	**2.31**	2.44	2.57	2.21	1.95
Total income to total average assets under management by the Group[b][c]	**0.88**	1.04	1.06	0.89	0.83
Total operating and other expenses to average total assets under management by the Group[c])	**0.26**	0.31	0.34	0.33	0.39

	As at December 31				
	2025	2024	2023	2022	2021
Common Equity Tier 1 ratio[a][f]	**12.05**	12.17	11.66	11.46	11.50
Ratio of total capital to risk-weighted assets[a][f]	**14.08**	14.83	14.72	14.29	14.21
Leverage ratio[e]	**6.82**	6.94	6.65	6.36	6.06
Liquidity coverage ratio[e]	**127**	123	124	131	124
Net stable funding ratio (NSFR)	**115**	118	118	128	131
Equity attributable to the Bank's shareholders to total assets	**7.8**	7.8	7.5	7.1	6.3

Following are the key credit quality indicators (in %)

	For the year ended December 31				
	2025	2024	2023	2022[i]	2021
Percentage of expense (income) due to credit losses from the average outstanding balance of loans to the public	**0.09**	0.16	0.58	0.13	(0.25)
Percentage of collective loan loss expense (income) out of the average outstanding loans to the public	**0.14**	0.23	0.50	0.25	(0.10)
Percentage of balance of the loan loss provision for loans to the public out of outstanding loans to the public	**1.30**	1.49	1.58	1.28	1.30
Percentage of non-performing loans to the public in arrears of 90 days or more out of outstanding loans to the public	**0.44**	0.53	0.88	0.52	1.02
Percentage of net charge-offs out of average loans to the public	**0.08**	0.10	0.13	0.07	(0.03)

Please see comments on the next page.

Comments:

a) After influence of various deductions and adjustments.
b) Total income – net interest income and noninterest income.
c) Including off-balance-sheet operations.
d) Average assets are the total assets – income-generating and others. For further information, please see Appendix 1 – Income and Expenditure Rates and Analysis of Changes in Interest Income and Expenses.
e) For further information regarding the leverage ratio, please see the chapter titled "Structure and Development of Assets and Liabilities, Equity and Capital Adequacy", under the section titled "Leverage Ratio.". And for further information regarding the liquidity coverage ratio, please see chapter entitled "Risk Exposure and Management Thereof".
f) For further details, including anticipated regulatory changes regarding the measurement of capital adequacy, please see the chapter entitled "Equity and Capital Adequacy".
g) The return on net income attributable to the Bank's shareholders for 2022, net of the profit from the merger transaction with Valley is 15.6 percent.
h) The return on net income attributable to the Bank's shareholders to equity had been affected during the second half of 2023 by a substantial increase in expenses for the credit losses resulting from the estimated expected effect of the War, see the Chapter titled Material Developments in Income, Expenses and Other Comprehensive Income, Expenses Due to Credit Losses.
i) Includes the results of Bank Leumi USA, which as from April 1, 2022 is not consolidated in the Bank's consolidated financial statements due to the merger transaction with Valley. For further information, please see Note 15.A to the financial statements as of December 31, 2022.
j) For further information, please see Note 8.L.
k) The net return on profit attributable to the Bank's shareholders to equity, net of the depreciation due to investment in an associate company, Valley, which was executed in the second quarter of 2024 is approximately 17.9%.
l) The net return on profit attributable to the Bank's shareholders to equity, net of the depreciation due to investment in an associate company, Valley, which was executed in the first quarter of 2023 is approximately 15.9%
m) Return on net income attributable to the Bank's shareholders, in the normalization of Tier 1 capital requirement to the Bank's internal Tier 1 equity target for the year ended December 31, 2025 is 17.9%.

* The financial statements were prepared in accordance with the Reporting to the Public Directives of the Banking Supervision Department, which mainly adopt the United States Generally Accepted Accounting Principles (US GAAP), as specified in Note 1 to the financial statements.

Main Environmental, Social and Governance (ESG) Indices

	2025	2024	The 2030 target
Green financing and investments[A]	Approx. NIS 54.2 billion	Approx. NIS 27.2 billion	NIS 70 billion
Reduction of operational carbon footprint[B]	A reduction of 30%	A reduction of 24%	A reduction of 50%
Gender equality[C]	Women constitute approximately 53 % of the senior management	Women constitute approximately 53% of the senior management	Gender diversity, including maintaining at least 50% women
Women on the Board of Directors[D]	40%	40%	50%

a) Including off-balance sheet credit instruments. The main change between 2025 and 2024 stems from an increase in the categories of renewable energy financing, clean transportation, and green construction (approximately NIS 15 billion of the green construction balances reflects the inclusion of green construction credit during the construction phase, in accordance with international reporting standards), and Sustainability-Linked Loans were included for reporting purposes. Accordingly, the Bank updated its green financing and investment target (in balance-sheet terms) for 2030, from NIS 40 billion to NIS 70 billion.
b) Compared to the base year 2021.
c) Senior management is the main level of the layouts and directors of the divisions at the Bank (solo) (as a rule, a level of management subordinate to the Vice Presidents).
d) In 2024, the board of directors adopted a decision on ensuring a minimum of 40% representation from each gender in the board's composition and to strive to achieve a 50% representation by the end of 2030.

Following are the main income statement data for the reporting year

	2025	2024	2023	2022	2021
	In NIS million				
Net income attributable to the Bank's shareholders	**10,262**	9,798	7,027	7,709	6,028
Interest income, net	**16,852**	16,509	15,997	13,211	10,346
Loan loss expenses (income)	**450**	713	2,383	498	(812)
Noninterest income	**5,828**	6,599[(b)]	5,181	5,018	5,511
Of which: fees and commissions	**4,084**[(A)]	3,823	3,737	3,535	3,506
Total operating and other expenses	**6,648**	6,904	6,894	6,835	7,428
Of which: Salaries and related expenses	**3,580**	3,796	3,484	3,935	4,242
Net earnings per share attributable to the Bank's shareholders (in NIS):					
Basic and diluted net earnings	**6.86**	6.46	4.58	5.14	4.15

a) Including benefits to customers as part of the Bank of Israel's outline in the sum of approximately NIS 148 million . For further details see the chapter titled "Main Changes in the Year Gone By".
b) Including capital gains from the sale of the main office buildings in Tel Aviv in the sum of approximately NIS 830 million. For more information please see Note 35.C to the financial statements as at December 31, 2024.

Following are the main balance sheet data as at the end of the reporting year

	2025	2024	2023	2022	2021
	In NIS million				
Total assets	**872,971**	785,551	731,497	699,166	656,454
Of which: Cash and deposits with banks	**154,647**	155,828	105,476	186,569	197,402
Securities	**148,120**	124,101	160,048	82,950	86,927
Loans to the public, net	**519,950**	455,519	419,486	384,782	342,879
Total liabilities	**804,836**	723,888	676,995	649,723	614,402
Of which: deposits by the public	**686,887**	618,301	567,824	557,084	537,269
Deposits by banks	**13,123**	18,043	20,776	22,306	25,370
Bonds, promissory notes and subordinated notes	**44,207**	31,969	32,114	27,805	15,428
Equity attributable to the Bank's shareholders	**68,130**	61,658	54,497	49,438	41,610
Additional data:					
Price per share (in NIS)	**70.2**	43.4	29.5	29.3	33.5
Dividend per share (in agorot)(A)(B)(C)	**301.78**[(d)]	192.55	114.33	116.24	177.96
Average number of jobs	**7,610**	7,865	7,962	8,173	8,664

a) Dividend for the relevant period.
b) Cumulative figure for the period.
c) For further information see Note 24A.b. – The Bank's Share Buyback Plan
d) The final dividend amount per share will be adjusted to changes due to a share buyback and the exercise of the Bank's convertible securities, and will be published two days prior to the effective date.

Forward-Looking Information in the Report of the Board of Directors and Management

The Report of the Board of Directors and Management includes, in addition to data relating to the past, information and forecasts relating to the future, defined in the Securities Law, 1968 (hereinafter: the "Law") as "Forward-Looking Information". Forward-looking information relates to a future event or matter, the materialization of which is uncertain and not under the Bank's exclusive control.

Forward-looking information is generally worded using the following words or phrases: "the Bank believes", "the Bank foresees", "the Bank expects", "the Bank intends", "the Bank plans", "the Bank estimates", "the Bank's policy", "the Bank's plans", "the Bank's forecast", "expected", "strategy", "targets", "likely to impact", "estimate", "scenarios", "likely", "may", "can", "will be", "optimistic", "pessimistic" and additional phrases indicating that the matter in question is a forecast of the future rather than past facts.

Forward-looking information included in the Report of the Board of Directors and Management is based, inter alia, on forecasts of various matters related to economic developments in Israel and abroad, especially the currency markets and capital markets, legislation, regulators' directives, competitors' behavior, technological developments, the geopolitical and security situation in Israel, and human resources issues.

As a result of the inability to foresee with certainty that these forecasts will be realized, and the fact that, in reality, events may differ from those forecasted, users should treat information defined as "forward-looking" with caution, since reliance on such information involves risks and uncertainty and the future financial and business results of the Leumi Group may be materially different.

The Bank does not undertake to publish updates on forward-looking information included in its reports. This does not derogate from the Bank's reporting obligations in accordance with any law.

Main Risks inherent in the Operations of the Bank

Credit risk is the Bank's risk of loss as a result of the possibility that a counterparty fails to meet its agreed commitments towards the banking corporation.
This risk is embodied in the Group's core business and is reflected in its activities with corporate, commercial and retail customers, as well as in the Group's own portfolio activity. The Bank applies a comprehensive risk management policy in line with the requirements of Proper Conduct of Banking Business Directive No. 311, Proper Conduct of Banking Business Directive 311A, "Management of Consumer Credit" and Proper Conduct of Banking Business Directive No. 314, "Sound Credit Risk Assessment and Valuation for Debts", including the accountability of management and the Board of Directors. In addition, the Bank is meticulous about managing risk in compliance with further guidelines and requirements included in the Banking Supervision Department's directives.

For further information regarding the Bank's credit risk and management thereof, please see the chapter entitled "Credit Risks".

Market risks and liquidity risk – Market risk is the risk of a loss arising from a change in the value of assets and liabilities due to changes in the price level in markets, interest rates, exchange rates, inflation rate and stock prices. Liquidity risk is the risk arising from uncertainty regarding the possibility of raising sources and/or disposing of assets, unexpectedly and within a very short time, without incurring a substantial loss. Ongoing market risk management plays a supporting role in the achievement of the Bank's business objectives and assesses the expected profit against the damages and losses that may result from exposure to these risks. Management of market risk exposures is carried out on a dynamic basis in compliance with a set of restrictions prescribed by the Board of Directors and Risk Committees, in order to contain the effects of market exposures on fair value, accounting profit, capital reserves and liquidity position.

For further information regarding the market risk and management thereof, please see the chapter entitled "Credit Risks". For further information regarding the liquidity risk and management thereof, please see the chapter "Liquidity Risk and Financing".

The Bank's function as a financial intermediary involves operational risks, including, inter alia, information security and cyber risks, IT risks, embezzlement and fraud risks, business continuity risks, legal and compliance risks.

Operational risk is the risk of loss as a result of inadequate, or failure of, internal processes, system failures, embezzlement, or as result of external events, including fraud.

Cyber risks – potential for material damage arising from a cyber event, which may result in information theft, in theft of financial assets and/or disruption to the operational continuity (by disrupting information and/or compromising availability).

The Bank applies a comprehensive risk management policy in line with the requirements of Proper Conduct of Banking Business Directive No. 350 and while applying risk identification and risk management processes, as well as control, monitoring and reporting mechanisms.

For further information regarding the operational risk and management thereof, please see the chapter entitled Operational Risk".

In addition, the Bank's activity involves other risks that include, among others, macroeconomic risk, regulatory risk, strategic risk, model risk, conduct risk, climate and environmental risk and reputational risk.

B. Explanation and Analysis of the Financial Performance and Business Position

Trends, Phenomena, Developments and Material Changes Main Developments in the Israeli Economy[1]

General Background and the Severity of the Risk Factors in the Israeli Economy

After the substantial impairment of the economic activities at the beginning of the War, during the year 2024 and the first months of 2025 (until Operation Am K'Lavie) there had been a gradual recovery, so that in the first quarter of the year 2025 the product level had been slightly higher than the level immediately prior to the War (the product level in the third quarter of the year 2023). During the war with Iran in June 2025, there was a sharp decrease in the economic activity, inter alia against the backdrop of restrictions imposed by the Home Front Command, which had a significant impact on the growth in the second quarter of the year, which recorded a negative growth (for the first time since the outbreak of the War) in an annual rate of approximately 4.3%. However, following the end of the war with Iran, a relatively high recovery in the economic activity occurred, generating a high growth rate in the third quarter of the year (approximately 12.7% on an annualized basis). The recovery in the economic activity continued in the fourth quarter, during which GDP grew by approx. 4.0% (annualized), and the overall growth rate in 2025 as a whole stood at 3.1%, reflecting an acceleration in the growth rate compared with 2024 (growth of 1.0%), however still below the economy's growth potential. The main areas of activity that were significantly impaired, and activity of which has not yet returned to their level prior to the War are foreign tourism and construction.

Looking forward, the economic activity is expected to continue recovering in 2026, as the rate of expansion will depend, among other things, on the developments of various parameters, including developments related to the tension against Iran and their impact on Israel. In this context, it should be noted that on February 28, 2026, Operation Lion's Roar began with a joint Israel–American strike against Iran. In response, a significant barrage of rockets was fired from Iran toward the Israeli home front and toward American targets across the Persian Gulf and the Middle East, as well as attacks on civilian sites in several Gulf states, including the United Arab Emirates, Qatar, and Saudi Arabia. In the short term, the expected economic impact on Israel depends on the intensity, scope, and, especially the duration of the events. However, in the longer terms, to the extent that the operation results in a substantial reduction of the threat posed to Israel by Iran and its proxies, this may have positive implications for the growth potential of the Israeli economy. As well, we should note that during October 2025, the Trump Outline, which is a multi-stage outline, had been published, as the first stage includes an immediate ceasefire between Israel and Hamas and returning the hostages, followed by the possibility of comprehensive regional regulation, with the direct involvement of the Western World Powers and most countries in the region. The first stage of the agreement had been completed. In response, an improvement of Israel's risk indicators has been recorded in the financial markets, including the strengthening of the shekel, alongside increases in the currency exchange rate in the local stock exchange.

The ceasefire also led to positive developments in Israel's credit rating after downgrades to the rating and rating outlook at the end of the year 2023 and during the year 2024. On November 7, 2025 the rating firm S&P published an announcement regarding raising Israel's credit rating outlook to "stable" from "negative". According to which the ceasefire agreement between Israel and Hamas reduced Israel's immediate security risk. On January 30 2026, also Moody's raised Israel's credit rating outlook to "stable" from "negative", and this, according to it, in light of a decrease in Israel's geopolitical risk, and given the resilience the Israeli economy showed against the geopolitical developments.

[1] Data sources: publications by the Israel Central Bureau of Statistics, Bank of Israel, Ministry of Finance, Tel Aviv Stock Exchange, the IMF.

As long as the ceasefire continues, and agreements will be arrived at in respect of the next stages of Trump Outline, which has far-reaching regional significant meaning, it is expected that this would have positive significance for economic stability, while improving Israel's international relations.

Israel's Credit Rating as of the Date of Approval of the Report

Credit rating firm	Credit Rating	Rating outlook	Last rating update
Moody's	Baa1	Stable	January 30, 2026 Confirmation of the rating, together with an upgrade of the rating outlook to Stable
S&P	A	Stable	November 7, 2025 Confirmation of the rating, together with an upgrade of the rating outlook to Stable
Fitch	A	Negative	August 12, 2024 Lowering the rating while leaving a negative outlook

For further information regarding the credit rating and rating outlook of the State of Israel and the Bank, please see the chapter "Credit Rating in a Corporate Governance Report".

The Global Economy

On January 19, 2026, the International Monetary Fund (IMF) revised its economic activity estimates for 2025 and its forecasts for 2026. Relative to the previous estimate of October 2025, the estimates of global growth for 2025 were revised slightly upward. According to the current estimate, the gross world product expanded by approximately 3.3 percent in 2025, after a growth in a similar rate in 2023-2024. The Monetary Fund's growth forecast for 2026 was also revised upwards (+0.2% compared to the previous forecast) and stands at approximately 3.3% due to a relatively broad revision upwards of the growth forecast for a number of economies, led by the USA. It should be noted that these are lower growth rates than the historical average (2000-2019) which stands at 3.7%.

The updated forecast had been crystalized against the backdrop of the negative impacts of the American government's customs plan, which are expected to be partially offset by an increase in investments in the technological sectors, emphasizing investments related to the AI field. This, alongside expansion of the fiscal support worldwide (mainly the developed) and the global move of monetary relief, which is close to exhaustion. Against the backdrop of the aforementioned, the Monetary Fund forecasts that the USA economy will grow by 2.4% in 2026, and a growth of 1.3% is expected in the Eurozone, as Germany is expected to continue gradually recovering, and the economies of Spain and Ireland stand out positively. As for the developing markets, the growth rate is expected to be a bit above 4%, led by the developing economies in the Asian continent. As for China, the forecast had been revised a bit upwards to the level of 4.5% in 2026, due to government supports and temporary easing of trade tensions with the United States. However, China's economy is coping with significant challenges in the real estate and demographic fields, uncertainty related to the local trade and debt, weak local demands, and more.

At the same time, the global inflation rate is indeed expected to remain relatively high, however in a moderating trend compared to the high level that was recorded in 2024 (5.8%). The global inflation rate is expected to moderate from the rate of 4.1% in 2025 to 3.8% in 2026, and continue declining to 3.4% in 2027, as the assumption in this scenario is slow return to the inflation rate target in the United States, this unlike a speedier convergence to the inflation rate targets in other central economies. The main factors standing in the background of the forecast are mainly moderating global demands and decline of energy prices.

The Monetary Fund forecasts that the risks to the forecast are titled to the downside, similar to previous updates. Geopolitical uncertainty might burden the consumption and investments, trigger further supply shocks, dampen global trade even more, and generate renewed inflationary pressures. A renewed increase in uncertainty regarding U.S. trade policy, alongside a further worsening of the trade barriers may weigh on investments, disrupt the global chains of supply and weigh on the prices of goods. Significant fiscal expansions and high public debt in many countries might lead to higher long-term yields and a more inflationary environment. Additionally, there are risks stemming from climate changes, as well as from the real estate sector crisis in China, which could impair the private consumption of Chinese consumers, and lead to negative impacts worldwide, given China's great weight in global trade. Additionally, the Monetary Fund notes in the current update the concern of a scenario in which it will be found that the technological impact, particularly AI, on productivity is lower than expected, which may lead to a decline in investments and a correction in the financial markets, which may expand from AI companies to additional segments, in a manner that may also adversely affect household wealth levels.

Global growth forecast/real change rate
Source: IMF – World economic outlook/January 2026

	2026	2025
World	**3.3%**	3.3%
USA	**2.4%**	2.1%
Eurozone	**1.3%**	1.4%
Japan	**0.7%**	1.1%
UK	**1.3%**	1.4%
China	**4.5%**	5.0%

The Israeli Economy

Growth in the Israeli Economy

The Israeli economy grew by a real rate of approx. 3.1 percent in 2025, after growth of approx. 1.0 percent in 2024. This figure reflects a 1.7% increase in GDP per capita, following two consecutive years of negative/zero growth. Against the backdrop of the economy's recovery from the effect of the War, the GDP components that stood out positively in 2025 are goods and services exports and investments. This follows two consecutive years of contraction in activity (2023-2024), during which these components were significantly affected by the War. In contrast, a slowdown was recorded in the growth rate of consumption components (both private and public) in 2025.

According to the forecast of the Bank of Israel Research Department (from January 2026), the GDP is expected to grow by a rate of 5.2 percent in 2026 and by 4.3 percent in 2027. This is a revision of 0.5% upward in the growth forecast for 2026, compared to the forecast from the end of September 2025. This forecast weights for the first time the consequences of signing the Trump Outline for ending the war against Gaza, led by the relief in the supply restrictions and reducing the geopolitical uncertainty. The forecast assumes that the relative easing across the various fronts will continue and the decline in the demand restrictions will be gradual. Additionally, it has been noted that the level of uncertainty concerning the forecast has reduced following the ceasefire, however the geopolitical risks remained two-way: while returning to intense combat constitutes a central threat to the price stability, a political breakthrough and expansion of the "Abraham Accords" may constitute a positive factor.

The labor market continues to be tight, however a bit less compared to the end of 2024. In December 2025, the unemployment rate in its ordinary definition (unemployed persons only) stood at 3.1% compared with 2.7% in December 2024 (original data) and the unemployment rate in its broad definition (which also includes, in addition to the unemployed persons, who are included in the ordinary definition, also workers who are temporarily absent from work for economic reasons, workers who do not participate in the workforce who were let go in the last two years and who have given up looking for work; however not including workers who have been absent for non-economic reasons, such as: reserve duty, care of children in the absence of child care solutions, and more) stood at 4.0% in December this year, compared with 4.3% in December last year (original data).

The State Budget and its Funding

2025 ended with a deficit of approx. NIS 98.6 billion (approx. 4.7% of the GDP, based on the estimate of the Ministry of Finance) in the state budget, lower than the deficit target that was set by the Ministry of Finance for that year (5.2% GDP, the revised target from September) and lower than the deficit in 2024, which totaled at approximately NIS 135.6 billion (approximately 6.8% GDP). The improvement in execution of the budget compared to the previous year is due to a significant increase in the government's income, this against the backdrop of legislative amendments in the taxation field (raising the VAT rate, the Undistributed Profits Law, and more), which took effect in early 2025, recovery of the economic activities and a significant increase in the value of household financial assets, this alongside moderation of the expenses due to the War. According to the Bank of Israel's Research Department, the deficit is expected to continue moderating in 2026, which is expected to end with a budgetary deficit at the rate of 3.9% GDP, this according to the deficit target set by the Treasury for this year.

Foreign trade and service exports data

Israel's trade deficit amounted to approx. USD 38.6 billion in 2025, compared to a trade deficit of approx. USD 34.4 billion in 2024. The increase of the deficit stems from reduction of export, which had decreased by approximately USD 0.4 billion in terms of nominal dollars, and increase of import, which recorded an increase of approximately USD 3.9 billion. Increases were recorded in import of the main commodity groups: raw materials, investment products and consumer products. This is in light of the improvement of the security situation, and due to the increase in demand for consumption and investments.

During the first eleven months of the year 2025, Israel's service export amounted to approximately USD 82 billion, this compare with approximately USD 73.5 billion during the corresponding period in the year 2024. The increase in service export reflects an increase in export of business services and high-tech industry services, alongside a recovery in export of tourism services and transport services (travel fees) from the impacts of the War, although their level is still low compared to the prewar situation.

Exchange Rate and Foreign Exchange Reserves

During 2025, a significant fluctuation in the shekel exchange rate had been recorded, however in conclusion of the year the shekel appreciated compared to its level in 2024. This, against the background the global developments, emphasizing the American government's customs tax plan; and the local, warfare in the Gaza Strip and Operation Am K'Lavie, and the political-social risks in the local economy. During the report period the shekel appreciated significantly against the dollar at a rate of approximately 12.5%, against the currency basket, a significant appreciation at the rate of approximately 8.4% has also been recorded, and against the euro the shekel appreciated in a more moderate rate of approximately 1.3%. This, amid substantial variance between the first quarter of the year, during which the shekel depreciated against the dollar, the euro, and the currency basket, and the three following quarters, during which there was appreciation in the rate of the shekel against the dollar, the euro, and the currency basket. The shekel depreciation trend was halted beginning the second quarter, on the backdrop of the price increases in the stock exchanges around the world, with an emphasis on the USA and Europe, due to the lull in the intensity of the trade war. The shekel significantly appreciated toward the end of Operation Am K'Lavie, at the end of June, which caused an improvement in the risk perception of Israel among the financial markets. During October, the signing of the Trump Outline for ending the war in Gaza and returning the hostages led to a further strengthening of the shekel which continued strengthening since and at the same time of an improvement in the security situation. This trend has halted in Fenruary 2026, against the backdrop of rising tensions between the United States and Iran and the anticipated involvement of Israel in a potential confrontation, should one occur. The fluctuation in the currency markets may continue as long as the degree of uncertainty in the financial markets remains relatively high.

At the end of December 2025, the Bank of Israel's foreign exchange reserves stood at approximately USD 229.5 billion compared to approximately USD 214.6 billion as at the end of December 2024. The increase in balances is mainly explained by the effects of the government's actions in foreign currency and in revaluation. During the reporting period, Bank of Israel sold foreign currency at USD 273 million (in June, during which Operation Am K'Lavie took place).

Inflation and Monetary Policy

The "in lieu" consumer price index (CPI) had increased in 2025 by 2.6%, which constitutes the lowest inflation rate (calendar) since 2020, this compared to 3.2% in 2024. In so, the inflation rate returned into the range of the price stability target (1%-3%), this after three years consecutively during which the inflation rate stood at the top limit (2023) of the target and above it (in 2022, 2024). The CPI, net of energy prices, was up 2.7%. In summary, in 2025 a moderation in the pace of price increases was recorded in six of the main components of the CPI. The slowdown was especially prominent in the sections that are relatively sensitive to appreciation of the shekel exchange rate, and somewhat also to departures of Israelis abroad, these being: clothing and footwear, furniture and household equipment. Additionally, the food and housing components also stood out.

Looking forward, the inflation rate is expected to stay around the price stability target (2%) throughout the year, due to appreciation of the shekel and a certain weaking of the supply restrictions in the labor market. According to the forecast of the Bank of Israel Research Department, in 2026 (the average of the last quarter of the year compared with the corresponding quarter last year) the inflation is expected to amount to the rate of 1.7%. It should be noted that following the publication of the Consumer Price Index for January 2026, inflation declined to 1.8%.

In 2025, the "known" CPI was up 2.4 percent.

In 2025, the Bank of Israel interest rate was reduced by 0.25 percent and it stood at 4.25 percent at the end of the year.

In the January 5, 2026 interest rate decision, the Monetary Committee decided to reduce the interest rate by 0.25%, this is the second decision consecutively to the level of 4.00%. The interest rate remained at 4.00% following the decision made on February 23notice accompanying the decision, it was emphasized that geopolitical uncertainty has risen again in recent days against the backdrop of a potential confrontation with Iran, and Israel's risk premium has increased slightly. There had not been any changes in the format of future

intent nor in the list of risks of renewed acceleration of the inflation rate compared to the previous interest rate decision, these being: the geopolitical developments and their impact on the activities in the economy, an increase in demand alongside the limitations of supply and the fiscal developments It was further noted that the development of annual inflation is consistent with previous assessments, and that forecasters expect annual inflation to remain slightly below the midpoint of the target range over the course of the year. I the announcement, it had been emphasized that the monetary committee's policy focuses on price stability, supported the economic activity and market stability, and the interest rate outline will be determined according to the developments of inflation, the economy's activity, the geopolitical uncertainty and the fiscal developments. According to the Bank of Israel Research Department (dated January 5, 2026), the interest rate is expected to stand at 3.50% in average in the fourth quarter of 2026.

The Israeli Capital Market

The shares and convertible securities index in Israel increased in 2025 at a sharp rate of approximately 47% after a rapid increase of approximately 30.7% in 2024. This, against the backdrop of improvement in the degree of severity of the local, security, and political risk factors, inter alia, due to signing the Trump Outline for ending the War and notwithstanding the Operation against Iran. During the reporting period, the financial markets in Israel and worldwide were characterized by fluctuation, inter alia due to significant uncertainty regarding the U.S. administration's policy and the implementation of the tariff plan, and developments in this area. It should be noted that the degree of uncertainty remained relatively high, and it may be reflected in continued volatility in the financial markets, albeit at a lesser degree of intensity, depending on developments in the global economy, and the degree of severity of the local risks.

The average daily trade turnover of shares and convertible securities amounted to approximately NIS 3.437 billion in 2025, an increase of approximately 56.4% compared to its average level in 2024.

The CPI-Linked Government Bond Index was up approximately 4.7 percent over the year gone by and the non-linked Government Bond Index was up by approximately 6.9 percent. The CPI-linked non-government bond index (corporate bonds) rose in 2025 by approx. 6.7 percent.

Major and Emerging Risks in the Operating Environment

In recent years, major emerging risks arise from the Bank's operating environment, which has been highly affected by risks related to regulation and legislation, a volatile macroeconomic environment, social and consumer trends, changes taking place in the business model. Due to the changes in the competitive environment, consumer environment, regulatory environment and technological environment, non-financial risks have been on the rise.

Following are the most material leading and emerging risks:

- Macroeconomic Risk
- Information security and cyber risk
- Strategic Risk
- Technology risk
- AI Risk
- Construction and real estate industry risk
- Regulatory Risk
- Climate and Environmental Risk

For details regarding these risks, please see the chapter "Risk Exposure and Management Thereof". For more information, please see the section entitled Legal Risks dated December 31, 2025 of Annual Risk Management Report..

Main Changes in the Year Gone BY

The War

In the second half of 2025, following the war against Iran in June, economic activity experienced a relatively rapid recovery. The economic activity is expected to continue recovering in 2026, as the rate of expansion will depend, among other things, on the developments of various parameters, including developments related to the tension between the United States and Iran and their impact on Israel – from the backdrop to the escalation of the current confrontation.

In October 2025, the Trump Outline, which is a multi-stage outline, had been published, as the first stage includes an immediate ceasefire and returning the hostages, followed by the possibility of comprehensive regional regulation, with the direct involvement of the Western World Powers and most countries in the region. The first stage of the agreement began, upon the release of all the living and dead hostages. In response, an improvement of Israel's risk indicators has been recorded in the financial markets, including the strengthening of the shekel, alongside increases in the currency exchange rate in the local stock exchange.

The ceasefire also led to positive developments in Israel's credit rating after downgrades to the rating and rating outlook at the end of 2023 and during 2024.

For further information see the chapter titled "Key Developments in the Economy – General Background and Severity of Risk Factors" as well as the chapter titled "Credit Rating in a Corporate Governance Report".

In the credit risk aspect, there is still uncertainty, although to a lesser extent than at the outbreak of/during the course of the War, and therefore it is not possible to accurately assess the intensity of the potential adverse effect on the Bank's credit portfolio. Leumi's loan portfolio showed strength during this period, proving its stability, notwithstanding the aforementioned uncertainty.

These potential consequences, as well as reference to sectors exposed to the effects of the War, are expressed in the calculation of the collective provision for loan losses.

For additional information, please see the chapter entitled "Credit Risks".

In the aspect of market risks the War and the related challenges establish uncertainty in the financial markets and the fluctuations in them may continue.

The Bank's assessments regarding the long-term implications of the War, including the severity of all risk factors – future profitability of the Bank, capital and liquidity ratios are uncertain and may change in accordance with the geopolitical developments and their and impact on the economy and the Bank's business.

For further information, please see the chapter titled "Liquidity Risk" and the chapter titled "Capital and Capital Adequacy".

Against the backdrop of the War, the Bank of Israel issued directives and supervisory emphases for the banking system.

For detailed information on the Bank of Israel's relevant publications see the chapter titled "Legislation and Regulations Concerning the Banking System in a Corporate Governance Report".

The Iron Swords outline – reliefs and assistance to customers following the impacts of the War

On December 3, 2024 the Bank of Israel announced a last extension of the outline for the quarter between January 1, 2025 through March 31, 2025. The Bank had adopted the Iron Sword outline and implemented additional reliefs for its customers, as specified in the Section Major Changes in the Year Gone By in the financial statements as of December 31, 2024.

Relief baskets and assistance to customers of the banking system in accordance with the Bank of Israel's outline

On April 1, 2025 an outline of reliefs and assistance to the banking system's customers took effect, as part of which the banking system will allocate a cumulative sum of NIS 3 billion that would be comprised of NIS 1.5 billion each year, commencing the second quarter of 2025 up to the first quarter of 2027, unless it will be decided on termination of the outline prior to this.

Bank Leumi adopted this outline, and established significant relief baskets for all its customers, particularly customers who are victims of the War. The outline will be spread over two years. During the outline period, the reliefs will be reviewed every quarter anew, and the Bank may make changes in them.

(1) Reliefs for the populations who were adversely affected by the War – voluntary extension to the second quarter of 2025

Bank Leumi had extended the Iron Swords outline, which ended on March 31, 2025 for three additional months commencing April 1, 2025 through June 30, 2025, as part of the relief baskets it adopted, and granted reliefs within the mortgages domain, loan payments to private and business customers, and an exemption from mandatory interest, and an exemption from commissions to eligible customers pursuant to the Bank of Israel's Iron Swords outline as specified in the Section "Major Changes in the Year Gone By" in the financial statements as of December 31, 2024. This relief was not extended to the following quarters.

(2) Interest on credit balances in checking accounts

Commencing May 1, 2025, eligible customers were paid interest on credit balances in checking accounts at an annual rate of 2%. The interest is up to a credit ceiling of NIS 10,000 in the checking account. The credit interest is automatically credited to the shekel checking account of the eligible customers, with no need for the customer to initiate an inquiry. The date of crediting the interest is quarterly, and it will be credited to the account on the first business day of each calendar quarter month for the quarter gone by.

This benefit is designated to private customers (individuals) who transfer wages or pension payments aggregately (transfer by the employer directly to the customer's account via an interbank clearinghouse), and in whose accounts there are at least one of the following products: Leumi mortgage charges or having a securities deposits with Leumi or a minimum monthly charge of NIS 7,000 by a credit card issued by Bank Leumi. This relief was extended as part of the relief baskets in the third and fourth quarters of 2025 and also up to January 31, 2026.

Commencing February 1, 2026, the interest rate on credit balances in shekel current accounts stands at 1%, up to a ceiling of NIS 10,000 for eligible customers who cumulatively meet the updated qualifying criteria as follows: for retail customers (individuals) transferring a salary or integrated pension benefits to the account, (in a single individual account one salary transfer, and in a jointly owned account at least two salary transfers), and whose account includes at least one of the following products: a Leumi mortgage debit, securities holdings with Leumi, or a minimum monthly charge of NIS 7,000 on a credit card issued by Leumi.

(3) Daily deposit via automatic deposit

The Bank had offers a product named "automatic deposit", as part of which customers will be able to define a minimal balance in the checking account (above NIS 15,000), as any sum over it will be automatically deposited in a one-year deposit with daily liquidity up to a fixed amount. The product has been launched to available to all customers commencing the third quarter of 2025.

(4) Reduction of the interest rate on overdraft in a checking account

Interest on a debit balance in a checking account (overdraft) in respect of the second quarter of 2025 was decreased by 1% both in the first tier as well as the second tier, to all customers among households with an approved credit line, who have a debit balance as of the effective date published quarterly. The credit is granted according to the identification of the account in the Bank's systems, with no need for the customer to initiate an inquiry, at the beginning of the quarter following the entitling period. This relief was extended as part of the relief baskets in the third and fourth quarters of 2025 and up to January 31, 2026. Commencing February 1, 2026, interest is charged according to the terms and benefits that apply to each account.

(5) Deferral of loan payments

During the period commencing April 1, 2025 through June 30, 2025, private customers eligible according to the Bank's terms were given the possibility to ask for a deferral, free of interest and free of commissions, of loan payments the balance of which stands at NIS 100,000 cumulatively for a period of three months. The deferral was enabled in respect of loans managed in an orderly manner, with no overdue payments, and excluding loans under special terms and housing loans, and per the Bank's discretion. This relief was not extended to the following quarters.

(6) One-time Benefit

The Bank granted a onetime benefit of NIS 500 to its customers. The benefit was awarded to private customers, pursuant to the qualifying terms, whose accounts were charged a cumulative amount of at least NIS 7,000 during September 2025 for Leumi credit card transactions, in addition to receiving a salary deposit into the same account.

(7) Relief for soldiers in regular (mandatory) service

Exemption from overdraft interest of up to NIS 10,000 for the third quarter of 2025. An account of soldiers on mandatory service will be deemed the account of a customer who, from the beginning of 2025, received a deposit/credit for his regular mandatory service. The relief (0% interest) was granted for a debit balance of the current account (overdraft) for a period of three months up to NIS 10,000, (which is part of the line approved by the Bank) and whose account, as of June 16, 2025, was in debit balance. The account is credited at the end of the quarter on October 1, 2025, in accordance with the account identification and qualifying terms. This relief was not extended to the forth quarter of 2025.

(8) A 0.25% interest rate reduction on mortgages and consumer credit in the Prime rate track.

On August 28 the Bank announced that commencing September 1, 2025 a benefit at the rate of 0.25% of the interest collected on consumer loans and mortgages in the prime track will be given, and will remain in force until the Bank of Israel changes the interest rate or until a notice is published on the Bank's website, the earlier of the two. The benefit was granted automatically, according to the qualifying conditions of private customers, households (individuals) holding an active account throughout the qualifying month to which a salary/income of at least one of the borrowers is transferred, in consumer loans/mortgages in a prime track and the interest paid for it after the refund would not be less than 0%. For a mortgage loan one of the borrowers has to be one of the owners of the pledged asset in favor of the mortgage, in addition to him being one of the owners of the account to which the income is transferred. The aforesaid does not apply to customers involved in legal proceedings or to customers who are in arrears on a loan or mortgage payments for 90 days or more as of the date of publication of the relief;

Upon the announcement of the Governor of the Bank of Israel on the change of the prime interest rate on November 24, 2025, the Bank announced that the benefit that commenced on September 1, 2025 to all Leumi customers who met the qualifying conditions, has ended according to its terms on November 30, 2025.

The Bank decided on granting a new benefit of reducing the interest charged in consumer loans and mortgages in the prime track commencing December 1, 2025 through December 31, 2025, subject to the revised qualifying conditions, as follows: private customers, households (individuals), transferring a salary to Leumi, holding a mortgage with a prime component and/or an existing loan based on the prime interest, as also during October 2025 their account was charged by a cumulative sum of NIS 7,000 and above in respect of Leumi credit card charges. This relief ended according to its terms on December 31, 2025.

(9) One-time Bonus to PEPPER customers

A one-time credit in the sum of NIS 500 to PEPPER customers (individuals), whose account received a salary in a sum above NIS 1,000 during September, and their account was charged due to use of a card issued by PEPPER during September in a sum above NIS 7,000.

As well as a one-time credit in the sum of NIS 250 to PEPPER customers (individuals), whose account received a salary in a sum above NIS 1,000 during September, and their account was charged due to use of a card issued by PEPPER during September in a sum above NIS 1,000.

Operation Am K'Lavie - reliefs and assistance to customers following the impacts of the Operation

Against the backdrop of the impact of the Operation Am K'Lavie on the Israeli economy, and the shutdown of large areas across the country in accordance with Home Front Command directives, the Bank of Israel formulated an assistance outline for populations that had directly incurred damages due to the fighting, including small and micro business owners, households that were damaged or whose home had been damaged by missile attacks and had to evacuate their homes, as well as reserve soldiers who were called to duty. The outline was defined for the period between July 1, 2025 and July 31, 2025. The Bank adopted the Bank of Israel Operation Am K'Lavie Outline as follows:

(1) Reliefs to business owners affected by the Operation and all business customers meeting the qualifying criteria

Interest free deferral of loan payments for three months for business customers whose income was affected. The relief was given to business owners with physical property damage due to the Operation, subject to presentation of a certificate from the local authority or another competent official on evacuation from the place of business. Businesses not operating during Operation Am K'Lavie were identified through the submission of an accountant/tax advisor certification/an attorney-certified affidavit, attesting to the cessation of business activity during Operation Am K'Lavie, which began on June 13, 2025. Additionally, all business customers were given the option to defer loan payments for two months, paying the agreed interest payment.

The deferral for business credit up to a cumulative amount of NIS 2 million had been made by adding the payments at the end of the loan period. The relief was given to small and micro businesses (including corporations) with activity turnover of up to NIS 25 million, excluding commercial collaboration loans with third parties. The aforesaid does not apply to customers involved in legal proceedings. Customers in arrears as at the outline publication date (June 17, 2025) were allowed a deferral up to a period not exceeding 180 days from commencement of the arrears. The exemption was in effect until July 31, 2025.

In addition, business owners who are also active reservists – Exemption from overdraft interest of up to NIS 30,000 for two months.

The relief (0% interest) was granted for a debit balance of the current account (overdraft) for a period of two months up to NIS 30,000 (which is part of the line approved by the Bank), provided that immediately prior to the public announcement regarding the updated outline (June 16, 2025), their current account was in debit balance. The relief was given to reservist business owners who performed reserve duty between April 1, 2025 until July 31, 2025 or part thereof and received a deposit/credit to the account for the reserve duty service. Inasmuch as no automatic identification had been possible, the benefit was given in accordance with a reference to be received from the business owner/reservist. The exemption was in effect until July 31, 2025.

(2) Deferral of loan repayments for private customers who were evacuated or affected due to the Operation, for three months with no interest and fee

The relief was given to private customers (households) with cumulative Leumi consumer credit of NIS 100,000. Deferral of principal and interest payment is free of interest for the deferral amount. The aforesaid does not apply to customers involved in legal proceedings. The relief was given to customers submitting one of the following certificates: (1) Certification from the local authority or another competent official confirming evacuation from the home/business; (2) Certification from a competent authority confirming hospitalization due to an injury caused by the Operation. The aforesaid does not apply to customers involved in legal proceedings, and the deferral had been made possible for customers in arrears as at the outline publication date up to a period not exceeding 180 days from commencement of arrears. The exemption was in effect until July 31, 2025.

(3) Deferral of loan repayments for private customers who were evacuated or affected due to the Operation, for three months with no interest and fee

The relief was given to customers with active mortgage in Leumi, relating to mortgages for a first home or for home upgraders (not for investment property) submitting one of the following certificates: (1)

Certification from the local authority or another competent official confirming evacuation from the home/business; (2) Certification from a competent authority confirming hospitalization due to an injury caused by the Operation. For customers with mortgage provided under the Housing Loans Law 5752, freezing is subject to the criteria of the Ministry of Construction and Housing. The aforesaid does not apply to customers involved in legal proceedings. Customers in arrears as at the outline publication date may obtain deferral up to a period not exceeding 180 days from the arrears commencement. Applications for mortgage payment freeze was enabled until September 30, 2025.

The Bank granted additional reliefs to its customers, included as part of the "relief baskets" outline, as detailed below:

(1) Reservists

One-time monetary refund:

A one-time refund of up to NIS 3,000 to customers who are reservists with a mortgage or a loan and receive their salary into their Leumi account. Identifying the customer account as a reservist account - Customers who, in May and/or June and/or July 2025, received a deposit/credit in their account following reserve military service. Inasmuch as the customers who performed reserve duty in the said period and did not receive a deposit/credit into the account, he would have been required to submit a reference to the Bank regarding such reserve duty service. In addition, Leumi customers called up for reserve duty under Emergency Order 8, with a Leumi active mortgage/loan as at June 2025, who are the owners of the property pledged as collateral for the mortgage. The relief was given to private customers (individuals) whose salary/pension is transferred via integration (the salary is transferred directly by the employer to the customer's account using an interbank clearing system), who are among all borrowers (e.g., a couple), into their Leumi account, holding an active mortgage/loan with Leumi as at June 2025, and are the owners of the property pledged as collateral for the mortgage. The aforesaid does not apply to customers involved in legal proceedings.

Interest free freeze of mortgage payments for three months:

Identifying the customer account as a reservist account - Customers who, in May until September 2025, received a deposit/credit in their account following reserve duty service. Inasmuch as the customer performed reserve duty in the said period and did not receive a deposit/credit into the account, they must submit a reference to the Bank regarding such reserve duty service. The relief was given to customers with active mortgage in Leumi as at July 1, 2025, relating to mortgages for a first home or for home upgraders (not for investment property) Freezing of mortgage payments for up to three months (Deferral of principal and interest payment is free of interest for the deferral amount). Customers who implemented actual freezing of up to nine months will be entitled to a freezing of additional three months, subject to submission of another application to defer payments so that the total maximal freeze months commencing October 23 will be twelve months cumulatively. For customers with mortgage provided under the Housing Loans Law 5752, freezing is subject to the criteria of the Ministry of Construction and Housing. The aforesaid does not apply to customers involved in legal proceedings. Customers in arrears as at the outline publication date may obtain deferral up to a period not exceeding 180 days from the arrears commencement. Application for mortgage payment freezing under the outline was enabled until September 30, 2025.

Exemption from selected fees and commissions:

For the period between July 1, 2025 through December 31, 2025 for selected fees and commissions as specified in the Bank's tariff for individuals and small businesses in the following issues: Current account, information, messages and alerts, credit, foreign currency, foreign trade, future inter-currency and other transactions, as well as an exemption from special services excluding fees for cash withdrawals from a remote device that is not required using a card that had not been issued by the Bank, as well as an exemption from credit card fees only (excluding UNITED, FLYCARD, FIRST cards). The relief was given through granting an exemption or a refund into the account at the end of every month or quarter, for the full amount collected for the fee listed in the Selected Fees List. Identifying the customer account as a reservist account - Customers who, in during July - December 2025, at least, received a deposit/credit in

their account following reserve duty service. Inasmuch as the customers who performed reserve duty in the said period and did not receive a deposit/credit into the account, he would have been required to submit a reference to the Bank regarding such reserve duty service.

(2) Option for loans under favorable terms for private customers evacuated or affected due to Operation Am K'Lavie

Loan of up to NIS 100 thousand up to 36 installments with a repayment option after half a year, of which: (1) interest free loan of up to NIS 30 thousand; (2) and loan of up to NIS 70 thousand with Prime interest rate of 0%+. The relief was given to Leumi customers with salary account and new activity transferring customers, private or business, who were injured, whose home or property was damaged, or who were evacuated from their home/business, in accordance with submission of the appropriate certification. Applications may be submitted between June 25, 2025 and July 31, 2025. Evaluation of the loan and its terms is subject to the Bank's discretion. Deferral of loan payment date involves more costs.

Option for a loan to purchase first-hand car up to an amount of NIS 400 thousand with a Prime interest rate of 0.2%+ for five years with an option to defer 50% of the total loan. Evaluation of the loan and its terms is subject to the Bank's discretion. Deferral of loan payment date involves more costs.

Option for a loan to purchase second-hand car, with a road age of up to five years, valued up to NIS 200 thousand with a Prime interest rate of 1%+ for three years with an option to defer 30% of the total loan. Evaluation of the loan and its terms is subject to the Bank's discretion. Deferral of loan payment date involves more costs. The exemption was in effect until July 31, 2025.

(3) Increasing bank credit card facilities

For Leumi credit card holders who stayed abroad until rescued, aiming to allow them to carry out transactions with the card until they return to Israel, subject to the bank's discretion.

In addition to the relief baskets the Bank established, a new trust plan had been launched for its "Leumi Bonus" customers. As part of the plan those holding Bank Leumi credit cards and those holding debit cards will be grated benefits and discounts, pursuant to the plan's terms as may vary from time to time, in a variety of areas: vacations, shows and sport events in Israel and abroad, restaurants, family attractions, marketing chains and more, and will be able to save up to thousands of shekel annually.

Donations and bonuses

The Bank continues its extensive activities for the benefit of the Israeli society during this quarter as well, maintaining a deep connection to needs arising from the field- particularly against the backdrop of the War. Leumi continued to lead and finance initiatives aimed at rehabilitating communities and regions impaired in the south and north, supported reserve-duty soldiers and regular soldiers, continued assisting Kibbutz Be'eri and its residents in the rehabilitation process, during Operation Am K'Lavie the Bank took part in the national effort to bring Israelis back to Israel and leased a marine vessel, which rescued Israelis who were abroad.

In addition to these selected initiatives, Bank Leumi donated, inter alia, also to medical centers throughout the country, which, among other things, act for rehabilitation of war casualties.

For information regarding the issue please see the Chapter "Major Changes in the Year Gone By in the financial statements as of December 31, 2024

Benefits awarded to the public as part of Bank of Israel's outline from 2025 and in respect of the War*

	For the three months ended December 31, 2025					For the year ended December 31, 2025	for 2024
	Housing	Individuals – Other	Micro- and small-businesses	Medium and large-sized businesses	Total	Total	Total
	In NIS million						
A. Benefits awarded to the public							
A.1. Benefit amounts carried to the income statement during the reporting period							
Interest rate benefits via changes to credit terms[a]	14	16	1	–	31	136	70
Other interest rate benefits on credit[b]	–	–	–	–	–	1	27
Interest rate benefits on demand deposits	–	9	–	–	9	31	–
Interest rate benefits on other deposits	–	–	–	–	–	–	2
Waiver of fees and commissions[c]	–	17	1	–	18	157	71
Donations and other income[d]	–	–	–	–	–	30	64
Total	14	42	2	–	58	355	234
Of which: As part of Bank of Israel's outline from 2025							
Interest rate benefits via changes to credit terms[a]	14	16	1	–	31	112	–
Other interest rate benefits on credit[b]	–	–	–	–	–	1	–
Interest rate benefits on demand deposits	–	9	–	–	9	31	–
Waiver of fees and commissions[c]	–	17	1	–	18	148	–
Total	14	42	2	–	58	292	–
A.2. Estimate of benefit amounts not yet carried to the income statement, as at the reporting date[d]						618	156

	For the three months ended December 31, 2025						For the year ended December 31, 2025	for 2024
	Housing	Individuals – Other	Micro- and small-businesses	Mid-market businesses	Corporations	Total	Total	Total
	In NIS million							
B. Additional information on activities for the benefit of borrowers as part of dealing with the War								
B.1.a. Total credit that underwent a change in terms and conditions, during the reporting period[e]:								
Change in terms and conditions for borrowers who are struggling financially (see Note 29.b.2b.)[g]	–	–	–	–	–	–	292	533
Change in terms and conditions for borrowers who are not struggling financially	–	–	–	–	–	–	8,344	21,296
Total credit	–	–	–	–	–	–	8,636	21,829

	As at December 31, 2025						As of September 30, 2025	As of December 31, 2024
	Housing	Individuals – Other	Micro- and small-businesses	Mid-market businesses	Corporations	Total	Total	Total
	In NIS million							
B.1.b. Total credit that underwent a change in terms								
Change in terms and conditions for borrowers who are	**148**	**474**	**331**	**157**	**143**	**1,253**	1,401	1,587
Change in terms and conditions for borrowers who are								
Credit with waiver of interest	**275**	**–**	**–**	**–**	**–**	**275**	275	254
Credit with a deferral of payments and/or period extension, for which the deferral period has not yet ended[f]	**975**	**–**	**3**	**76**	**5**	**1,059**	4,752	4,791
Average deferral of payments in months[f]	**10**	**3**	**4**	**5**	**2**	**9**	9	8
Credit with another change in terms and conditions	**919**	**–**	**–**	**–**	**–**	**919**	953	991
Total	**2,317**	**474**	**334**	**233**	**148**	**3,505**	7,381	7,623
Additional information regarding changes in terms and								
Balance of credit for which the deferral of payments has ended	**12,637**	**1,143**	**3,466**	**1,361**	**1,147**	**19,754**	19,118	20,933
Of which: Debt that defaulted after undergoing a change	**452**	**85**	**156**	**22**	**–**	**715**	752	558
B.2. Outstanding Balance on the reporting date of Zero-Interest or Reduced Interest Rates Loans Extended[h]								
Outstanding loan balance	**42**	**2,453**	**1,791**	**249**	**48**	**4,583**	4,859	3,401

Special payment to the State for the War

For reference to expenses that were listed in the Section titled "Taxes on Income due to the "Special Payment for Achieving the Budgetary Targets Law (Temporary Order – Iron Swords)", 5784-2024, please see Note 8.I.

* This appendix includes the impact of benefits awarded by the Bank to the public as part of Bank of Israel's outline from 2025, as well as benefits that the Bank awarded to the public due to the War, including as part of previous outlines. The benefits awarded as part of Bank of Israel's outline from 2025 commences on April 1, 2025.

Please see comments on the next page.

Comments:

a) Including through waive of interest for accounts receivable, through deferral of loan payments and through provision of grants for credit.
b) Including through zero interest or reduced interest rates loans
c) Including provision of benefits/refunds for fees and commissions.
d) Estimate of benefit amounts not yet attributed to the income statement as at the reporting date reflects the amounts expected by the Bank to be attributed in the future for adopting the voluntary outlines, should such continue over a period of two years, until the first quarter of 2027.
e) Credit that underwent a change in terms and conditions during the reporting period also includes credit for which an additional payment deferral was given during the reporting period.
f) Including a deferral of payments without interest in the deferral period. If an additional deferral of payments is given for a debt, the total duration of the deferral is presented. The deferral of payments does not include a deferral to which the borrower is eligible under any law.
g) For activity in Israel, neutralizing changes in terms and conditions for borrowers who are struggling financially that were applied to customers in subsidiaries.
h) Including loans granted as part of state-backed funds and/or financed by Bank of Israel.

The estimate and the above forecast and quantitative effects on the Bank's financial results in respect of the above reliefs is considered forward-looking information, within its meaning in the Securities Law, based on significant judgments, assumptions and forecasts that were applied, characterized by substantial uncertainty in view of the economic and security situation, its continuity and immediate and cumulative effect on the economy as a whole and on the Bank's customers in particular. Therefore, the above information and data may not fully materialize or may materialize in part, depending on the actual materialization of the above assumptions and forecasts and/or changes in the reliefs that may occur in the future.

The Special Payment for Achieving the Budgetary Targets (Temporary Order - Iron Swords), 5784-2024.

The tax rate for 2025 stands at 34.19%, plus a special tax. It is noted that due to the influence of the aforementioned law, with respect to the reporting period, the Bank recorded tax expenses of approx. NIS 419 million.

For further information, please see Note 8.k. and 8.l.

Sectoral agreement with the Tax Authority

On July 8, 2025 the Bank signed a new sectoral memorandum of understanding with the Tax Authority regarding the manner in which taxes on credit losses would be recognized (hereinafter: the "Agreement"). The Bank believes that no material effect on the Bank's financial statements resulting from implementation of the Agreement is expected.

For further information, please see Note 8.h.

Proposed legislation amendment regarding the tax rate subsequent to the balance sheet date

On January 19, 2026, the Economic Plan Bill (Legislative Amendments) (Implementation of the Economic Policy for the 2026 Budget Year) has been published, including, among other things, a temporary order for the years 2026-2030 regarding the statutory tax rate imposed on banks, establishing an additional special tax at the statutory rate of 15% on the Banks' profits should they exceed the Bank's average profits during 2018-2022, indexed to the rate of change in the gross domestic product, plus an additional 50% of the said amount.

Material Changes in Financial Statement Line Items

The War

For further information concerning the impacts of the War see the chapter titled "Key Changes During the Year Gone By".

Below is an analysis of the results for 2025:

The net profit attributable to the shareholders (hereinafter – the "Net Profit") had amounted to the sum of approximately NIS 10,262 million in 2025, compared with the sum of approximately NIS 9,798 million in 2024, an increase of approximately 4.7%. The profit in 2024 includes capital gains due to the sale of the headquarters buildings in Tel Aviv in the sum of approximately NIS 0.6 billion after tax, as well an expense in an identical sum due to the depreciation of the value of the investment in Valley.

During 2025, the economic activity in the local economy continued to grow. The GDP grew at a relatively good annual rate, led by investments in construction, exports and current private consumption of households. Looking forward, the economic activities are expected to continue recovering, as the rate of expansion will depend, among other things, on the security and geo-political developments.

During October 2025 the Trump Outline for returning the hostages immediately and ceasefire had been published, including the possibility of comprehensive regional regulation, with the direct involvement of the Western World Powers and countries in the region. In response, an improvement of Israel's risk indicators has been recorded in the financial markets, including the strengthening of the shekel, alongside increases in the currency exchange rate. As long as the ceasefire continues, and agreements will be arrived at in respect of the next stages of Trump Outline, which has far-reaching regional significant meaning, it is expected that this would have positive significance for economic stability, while improving Israel's international relations.

The ceasefire led to positive developments in Israel's credit rating, and Israel's credit outlook changed to "Stable" from "Negative".

Despite the improvement in the economic situation, the estimate of the loan loss collective provision still reflects the security and economic uncertainty, as well as conservatism in macroeconomic indicators and the parameters used for the assumptions underlying the model for predicting customers' future default rates.

The return on equity in 2025 stood at the rate of approximately 15.8% compared to approximately 16.9% in 2024. The decrease in the return on equity stems from a significant increase in the Bank's equity, which was partially offset by the increase in profit in the sum of approximately NIS 460 million.

The return on equity in the fourth quarter of the year stood at the rate of approximately 15.1% compared with the rate of approximately 16.2% in the fourth quarter last year. The decrease in the return on equity between the periods stems mainly from a significant increase in the Bank's equity.

The net interest income in 2025 totaled to the sum of approximately NIS 16,852 million compared with approximately NIS 16,509 in 2024, an increase of approximately 2.1%. The increase in the interest income stems from the increase in the Bank's credit portfolio. This effect was partly offset against the decrease of the impact of the index and the erosion of the credit spreads and deposits.

In 2025, the CPI was positive, and stood at the rate of approximately 2.4%, compared with a positive CPI at the rate of approximately 3.4% in 2024.

The expenses due to credit losses in 2025 reflect an expense at the rate of approx. 0.09% of the average outstanding loans to the public compared with an expense rate of approximately 0.16% in 2024. The decrease in the expense rate is mainly due to the expenses of the collective provision. The collective expense rate for credit losses in 2025 stood at 0.14%, compared with the rate of 0.23% in 2024. The decrease is mainly attributed to a decline in the rate of problematic debts and an improvement in macro-economic coefficient. The individual income rate due to loan losses in 2025 stood at 0.05% similar to the income rate of 0.07% in 2024. The rate of outstanding loan loss provision from the outstanding loans to the public as of December 31, 2025 stood at approximately 1.30%.

Noninterest financing income totaled approximately NIS 1,637 million in 2025, compared with the sum of approximately NIS 1,820 million in 2024. The decrease stems mainly from a decrease in income from currency exchange rate differences and derivatives.

The operational and other commissions in 2025 totaled the sum of approximately NIS 4,084 million compared with the sum of approximately NIS 3,823 million in 2024. The growth is mainly due to fees from activity in securities as well as an increase in income from commissions on financing businesses resulting from the growth in the business activities, which were partially offset by the benefits granted to the customers.

The operational and other expenses in 2025 totaled the sum of approximately NIS 6,648 million compared with the sum of approximately NIS 6,904 million in 2024. The decrease in the expenses stems mainly from salary expenses due to a decrease in return-based bonuses.

The Bank's share in associates' profits/losses, after tax in 2025 totaled to a profit of approx. to NIS 350 million compared with a loss of approximately NIS 271 million in the year 2024. The loss in 2024 stems mainly from recording a loss due to impairment of the value of the investment in Valley in the sum of approximately NIS 0.6 billion.

The efficiency ratio in 2025 stands by approximately 29.3% compared to 29.9 % in 2024.

The basic net profit per share attributable to the shareholders in 2025 totaled to the profit of approximately NIS 6.86 compared to a profit of approximately NIS 6.46 in 2024.

The CET1 capital to risk components ratio as at December 31, 2025 stood at 12.05% compared with approximately 12.17 % as at December 31, 2024.

The total capital ratio as of December 31, 2025 stood at the rate of 14.08% compared with 14.83% as of December 31, 2024

For further details, including anticipated regulatory changes regarding the measurement of capital adequacy, please see the chapter entitled "Equity and Capital Adequacy".

On March 2, 2026, the Board of Directors approved a distribution of profits at a rate of 65% of the net profit for the fourth quarter of 2025, of which approx. 50% of the net profit as cash dividend in the amount of approx. NIS 1,275 million, and the balance by means of a share buyback in the amount of approximately NIS 382 million.

For further information, please see **the Chapter titled** "Equity and Capital Adequacy".

Regarding quarterly results, please see the appendix "Consolidated Income Statement - Multi-Quarter Information".

For details regarding the Special Payment for Achieving the Budgetary Targets (Temporary Order – Iron Swords), 5784-2024, see Note 8.L.

Material Developments in Income, Expenses and Other Comprehensive Income

Interest Income, Net

	For the year ended December 31			
	2025		2024	
	Income (Expenses) Interest rate	% Income (Expense)	Income (Expenses) Interest rate	% Income (Expense)
	In NIS million	In %	In NIS million	In %
Interest income	**39,091**	**5.36**	37,462	5.54
Interest expenses	**(22,239)**	**(3.98)**	(20,953)	(4.17)
Interest income, net	**16,852**	**1.38**	16,509	1.37
Net yield on interest-bearing assets (NIM)		**2.31**		2.44

Additional information:		
Credit spread[(a)(x)]	**8,569**	8,346
Deposit spread[(a)]	**6,804**	7,740
Other[(b)]	**1,479**	423

a) The spread from credit granting to the public activity is the difference between the interest received from credit and the cost of raising the sources used for granting the credit (hereinafter – "transfer prices"). These transfer prices are subject to the period, currency and type of interest in the transaction. Transfer prices are the Bank's internal pricing tool and are based on internal models and the Bank's judgment. The spread from obtaining deposits activity is the difference between the transfer prices and the interest paid to customers for those deposits. The credit spread and deposits, on the table above, are affected both by the quantity as well as the price.

b) "Other" is attributed to the financial management segment and includes the segment's interest income and expenses transferred to the Bank's divisions in respect of the sources.

The net interest income in 2025 totaled to the sum of approximately NIS 16,852 million compared with approximately NIS 16,509 million in 2024, an increase of approximately 2.1%. The increase in the interest income stems primarily from growth in the Bank's credit portfolio. This effect was partly offset against the impact of the index and the erosion of the credit spreads and deposits.

The net interest income in the fourth quarter of the year totaled approx. NIS 3,824 million, similar to the corresponding quarter last year. The CPI in the fourth quarter of the year stood at a negative rate of 0.6%, and in the corresponding quarter last year, stood at a negative rate of 0.1%. The impact of the decrease in the CPI had been offset as a result of the growth of the Bank's credit portfolio.

The prime interest rate in 2025 stood at the average rate of approximately 5.98% compared to 6.0% in 2024.

The deposit spread is affected, inter alia, by the mix of interest bearing and non- interest bearing deposits, and therefore – as long as the trend for the transfer to interest bearing deposits continues, an erosion in the deposit spread is expected.

The net interest incomes during 2025 had been positively affected by the linkage to the index of the contractual principal and interest in the sum of approximately NIS 1,100 million, and in 2024 they well positively affected by the linkage to the index of the contractual principal and interest in the sum of approximately NIS 1,465 million.

The income rate decreased by 0.18% mainly as a result of a decrease in the foreign currency interest, narrowing of credit spreads and the impact of the index.

The expense rate decreased by 0.19%, mainly as a result of a decrease in the foreign currency interest rate and the impact of the index.

The decrease in the net interest margin (NIM) on interest-bearing assets in 2025 stems mainly from the impact of the CPI, which was lower in 2025 compared with 2024, and erosion of the deposit spreads, which were partially offset against the growth in the credit portfolio.

The total interest spread in 2025 is approximately 1.38%, compared.

The following table presents interest spread information from activity in Israel by linkage segment in the year with the spread of1.37% in 2024.

2025:

In the non-linked NIS segment, the interest rate spread in 2025 was 1.67 percent, compared with 1.73 percent in 2024. In the CPI segment, the interest rate spread in 2025 was 1.23%, compared with 1.67% in 2024. In the non-linked NIS segment, the interest rate spread in 2025 was 0.28 percent, compared with (0.10 percent) in 2024.

The following are data regarding net interest income, by quarter

	2025							
	Quarter Q4		Quarter Q3		Quarter Q2		Quarter Q1	
	Interest income (expenses)	% of income (expense)	Interest income (expenses)	% of income (expense)	Interest income (expenses)	% of income (expense)	Interest income (expenses)	% of income (expense)
	In NIS million	In %	In NIS million	In %	In NIS million	In %	In NIS million	In %
Interest income	**9,197**	**4.83**	**10,630**	**5.64**	**10,211**	**5.69**	**9,053**	**5.29**
Interest expenses	**(5,373)**	**(3.62)**	**(6,159)**	**(4.24)**	**(5,671)**	**(4.14)**	**(5,036)**	**(3.92)**
Interest income, net	**3,824**	**1.21**	**4,471**	**1.40**	**4,540**	**1.55**	**4,017**	**1.37**
Net yield on interest-bearing assets (NIM)		**2.01**		**2.37**		**2.53**		**2.35**
Additional information:								
Credit spread	**2,189**		**2,141**		**2,121**		**2,118**	
Deposit spread	**1,656**		**1,694**		**1,726**		**1,728**	
Other	**(21)**		**636**		**693**		**171**	

	2024							
	in the quarter Q4		Quarter Q3		Quarter Q2		Quarter Q1	
	Interest income (expenses)	% of income (expense)	Interest income (expenses)	% of income (expense)	Interest income (expenses)	% of income (expense)	Interest income (expenses)	% of income (expense)
	In NIS million	In %	In NIS million	In %	In NIS million	In %	In NIS million	In %
Interest income	8,877	5.14	9,966	6.00	9,792	5.83	8,827	5.20
Interest expenses	(5,058)	(3.90)	(5,421)	(4.41)	(5,414)	(4.37)	(5,060)	(4.02)
Interest income, net	3,819	1.24	4,545	1.59	4,378	1.46	3,767	1.18
Net yield on interest-bearing assets (NIM)		**2.21**		2.73		2.61		2.22
Additional information:								
Credit spread	2,120		2,109		2,144		1,973	

	2024							
	in the quarter Q4		Quarter Q3		Quarter Q2		Quarter Q1	
	Interest income (expenses)	% of income (expense)	Interest income (expenses)	% of income (expense)	Interest income (expenses)	% of income (expense)	Interest income (expenses)	% of income (expense)
	In NIS million	In %	In NIS million	In %	In NIS million	In %	In NIS million	In %
Deposit spread	1,878[a]		1,994		1,989		1,879	
Other	(179)[a]		442		245		(85)	

a) Reclassified.

For more information regarding interest income and expenses, see Appendix 1 – Interest Income and Expense Rates and Analysis of Changes in Interest Income and Expenses.

For more information regarding credit spreads and deposit spreads according to activity segments, please see **"Main changes in the operating results** of the regulatory segments" under "Regulatory operating segments".

For details regarding exposure to interest rate risk, please see the section entitled "Market Risks" below.

Loan loss expenses

	For the year ended December 31			
	2025	2024	Change	
	In NIS million			In %
Specific loan loss income	**(257)**	(328)	71	(21.6)
Collective expenses due to credit losses	**707**	1,041	(334)	(32.1)
Total loan loss expenses	**450**	713	(263)	(36.9)
Of which:				
Loan loss expenses in respect of commercial credit risk	**100**	250	(150)	(60.0)
Loan loss expenses for credit risk in respect of housing loans	**30**	36	(6)	(16.7)
Loan loss expenses for other credit risk for private individuals	**280**	397	(117)	(29.5)
Loan loss expenses for credit risk for banks, governments and bonds	**40**	30	10	33.3
Total loan loss expense	**450**	713	(263)	(36.9)
Ratios (in %):				
Percentage of the specific loan loss income out of the average outstanding loans to the public	**(0.05)**	(0.07)		
Percentage of collective loan loss expense out of the average outstanding loans to the public	**0.14**	0.23		
Percentage of loan loss expenses out of average outstanding loans to the public	**0.09**	0.16		
Percentage of net write-offs for loans to the public out of the average outstanding loans to the public	**0.08**	0.10		
Percentage of net write-offs for loans to the public out of the outstanding loan loss provisions for loans to the public	**5.43**	6.42		

The expenses for loan losses in the in 2025 amounted to NIS 450 million, compared to expenses in the sum of NIS 713 million in 2024. The decrease in loan loss expenses stems mainly from a decrease in the collective expenses.

The expenses due to credit losses in 2025 reflect an expense at the rate of approx. 0.09% of the average outstanding loans to the public compared with an expense rate of approximately 0.16% in 2024. The decrease in the expense rate in 2025 is mainly due to a decrease in the rate of the collective expense. The individual income rate due to loan losses in 2025 stood at 0.05% similar to the income rate of 0.07% in 2024. The collective expense rate for credit losses in 2025 stood at approximately 0.14%, compared with the expense rate of 0.23% in 2024. The decrease in the collective expense is mainly attributed to a decline in the rate of problematic debts and an improvement in the economic and geopolitical situation.

The estimated provision for credit losses, as stated, reflects the continued uncertainty in light of the ongoing security and economic challenges.

The trends descried above are expressed by the rate of the balance of the provision for credit losses compared to the credit to the public as at December 31 2025, which amounted to 1.30%, compared to the rate of 1.49% as of the end of 2024 and 1.58% at the end of 2023.

For further information concerning credit risks and their impact on the provision for credit losses, please see the chapter entitled "Credit Risks", Note 13 and Note 29.

Noninterest income

	For the year ended December 31			
	2025	2024	Change	
	In NIS million			In %
Noninterest Finance Income	**1,637**	1,820	(183)	(10.1)
Fees and Commissions	**4,084**[A]	3,823	261	6.8
Other income	**107**	956[b]	(849)	(88.8)
Total	**5,828**	6,599	(771)	(11.7)

a) Including benefits to customers as part of the Bank of Israel's outline in the sum of approximately NIS 148 million. For further details see the chapter titled "Main Changes in the Year Gone By".

b) Including capital gains from the sale of the main office buildings in Tel Aviv in the sum of approximately NIS 830 million. For more information, please see Note 35.C to the financial statements as at December 31, 2024.

The weight of noninterest income out of total income (i.e., net interest income and noninterest income) in 2025 was at a rate of 25.7 percent, compared to 28.6 percent in 2024. The decline in income had been mainly affected by capital gains from the sale of the main office buildings in Tel Aviv, which were recorded in 2024, and by a decrease in differentials and currency exchange rates, partially offset by an increase in fees and commissions due to growth in activity.

Breakdown of noninterest finance income

	For the year ended December 31			
	2025	2024	Change	
	In NIS million			In %
Net income for derivatives and net exchange rate differentials for non-trading activities	**663**	1,047	(384)	(36.7)
Losses on sale of available-for-sale bonds, net	**(301)**	(465)	164	35.3
Realized and unrealized gains, net[a] and dividend from equity securities not held for trading	**498**	658	(160)	(24.3)
Gain on sale of investees' equity	**100**[b]	–	100	–
Net revenues from derivative instruments for trading activities for trading	**599**	599	–	–
Realized and unrealized gains (losses) from fair value adjustments of held-for-trading bonds and equity securities, net[a] and dividend from held-for-trading equity securities	**78**	(19)	97	
Total	**1,637**	1,820	(183)	(10.1)

a) Realized and unrealized gains from fair value adjustments of held-for-trading and not held for-trading bonds and equity securities, net also include the effect of exchange rate differentials and impairments.

b) Including a gain of approximately NIS 94 million from the merger of Leumi Partners Underwrites Ltd. and Barak Capital Underwriting Ltd. For further details see the chapter titled "Major Investee Companies".

Breakdown of fees and commissions

	For the year ended December 31			
	2025	2024	Change	
	In NIS million			In %
Account management	**592**	582	10	1.7
Activity in securities and certain derivatives	**782**	654	128	19.6
Credit cards	**300**[a]	422	(122)	(28.9)
Credit handling	**258**	255	3	1.2
Fees and commissions for financial product distribution	**277**	241	36	14.9
Exchange rate differentials	**521**	498	23	4.6
Financing fees and commissions	**983**	803	180	22.4
Other fees and commissions	**371**	368	3	0.8
Total fees and commissions	**4,084**	3,823	261	6.8

a) Including benefits as part of Bank of Israel's outline. For further details see the chapter "Main Changes in the Year Gone By.

The increase in income from fees and commissions at the rate of 6.8% compared with 2024, originates mainly from fees and commissions on activities in securities and financing businesses resulting from the increase in the business activities.

Breakdown of other income

	For the year ended December 31			
	2025	2024	Change	
	In NIS million			In %
Gains on central severance pay fund	**3**	7	(4)	(57.1)
Other income, including on sale of buildings and equipment, net	**104**	949[a]	(845)	(89.0)
Total	**107**	956	(849)	(88.8)

a) Stems mainly from the sale of the main office buildings in Tel Aviv in the sum of approximately NIS 830 million. For more information please see Note 35.C to the financial statements as at December 31, 2024.

Operating and other expenses

	For the year ended December 31			
	2025	2024	Change	
	In NIS million			In %
Salaries and related expenses	**3,580**	3,796	(216)	(5.7)
Depreciation and amortization	**548**	613	(65)	(10.6)
Maintenance expenses for buildings and equipment	**907**	907	–	–
Other Expenses	**1,613**	1,588	25	1.6
Total operating and other expenses	**6,648**	6,904	(256)	(3.7)

In 2025 there had been a decrease in the sum of 265 million in operating and other expenses compared to 2024. The decrease stems mainly from a decrease in salary expenses, resulting from a decrease in return-based bonuses and depreciation expenses.

The efficiency ratio in 2025 stands by approximately 29.3% compared to 29.9 % in 2024. The decrease in the efficiency ratio stems from a decrease in operating expenses.

The total operating and other expenses constitute approximately 0.76% of the total balance sheet, compared with approximately 0.88% in 2024.

Salary expenses

	For the year ended December 31			
	2025	2024	Change	
	In NIS million			In %
Salaries and related expenses excluding pension	**3,224**	3,439	(215)	(6.3)
Pension, severance and retirement expenses	**356**	357	(1)	(0.3)
Total salaries and related expenses	**3,580**	3,796	(216)	(5.7)

The total salaries and related expenses constitute approximately 53.9% of the total operating and other expenses in 2025, compared with approximately 55.0% in 2024.

The decrease in salary expenses is mainly due to the decrease in return-based bonus expenses.

Expenses and Investments Relating to the IT Function

Set forth below is a breakdown of expenses and investments relating to the IT function

	For the year ended December 31, 2025			
	Software	Hardware[a]	Other	Total
	In NIS million			
Expenses for the IT function, as included Income and Losses Statement				
Expenses for salaries and related expenses	**413**	**118**	**–**	**531**
Expenses for acquisition or usage licenses not capitalized to assets	**320**	**33**	**–**	**353**
Outsourcing expenses	**35**	**–**	**2**	**37**
Depreciation expenses	**398**	**69**	**9**	**476**
Other Expenses	**43**	**6**	**36**	**85**
Total expenses	**1,209**	**226**	**47**	**1,482**
Additions to assets in respect of the IT function which were not recorded as an expense:				
Costs of salaries and related expenses	**531**	**–**	**–**	**531**
Outsourcing costs	**183**	**–**	**–**	**183**
Costs of acquisition or usage licenses[b][c]	**114**	**44**	**–**	**158**
Costs of equipment, buildings and land	**–**	**–**	**4**	**4**
Total costs	**828**	**44**	**4**	**876**
Balances of assets for the IT function				
Total amortized cost	**1,495**	**127**	**345**	**1,967**

	For the year ended December 31, 2024			
	Software	Hardware[a]	Other	Total
	In NIS million			
Expenses for the IT function, as included Income and Losses Statement				
Expenses for salaries and related expenses	522	116	–	638
Expenses for acquisition or usage licenses not capitalized to assets	297	34	–	331
Outsourcing expenses	39	–	3	42
Depreciation expenses	472	70	9	551
Other Expenses	40	6	34	80
Total expenses	1,370	226	46	1,642
Additions to assets in respect of the IT function which were not recorded as an expense:				
Costs of salaries and related expenses	408	–	–	408
Outsourcing costs	163	–	–	163
Costs of acquisition or usage licenses[b][c]	41	42	–	83
Costs of equipment, buildings and land	–	–	14	14
Total costs	612	42	14	668
Balances of assets for the IT function				
Total amortized cost	1,071	154	392	1,617

a) Including communications infrastructures.
b) Including costs of acquisition or usage licenses for the IT function, which were not classified as property, plant and equipment (costs of equipment, buildings and land) in the financial statements, but rather as a prepaid expense.
c) Including purchases of software and hardware and licenses to use them for all banking corporation's divisions.

Condensed comprehensive income statement

Comprehensive income in 2025 totaled NIS 11,612 million compared to NIS 10,409 million in 2024.

Positive adjustments had been recorded during the reporting period in the year 2025 due to securities available for sale in the sum of NIS 1,819 million before tax. These adjustments were added to positive adjustments of liabilities for employee benefits in the sum of NIS 438 million before tax that originate primarily from the impact of the program's assets and from reductions of the capital reserve. These adjustments were stated directly in other comprehensive income.

It should be noted that the change in the value of the bonds is immediately recorded in regulatory capital. Regarding the manner of measuring the pension liabilities and assets designated for hedging for regulatory capital purposes, as of July 1, 2022, see the section entitled Capital and Capital Adequacy.

For the year ended December 31

	2025	2024
	In NIS million	
Net income attributable to the Bank's shareholders	**10,262**	9,798
Changes in other comprehensive income attributable to the Bank's shareholders:		
Adjustments in respect of presentation of available-for-sale bonds at fair value, net	**1,819**	298
Adjustments of liabilities for employee benefits	**438**	606
Other adjustments[(a)]	**(58)**	29
Related tax effect	**(849)**	(322)
Other comprehensive income before attribution to non-controlling interests, after taxes	**1,350**	611
Less comprehensive other profit attributable to non-controlling rights owners[(b)]	**–**	–
Other comprehensive income attributable to the Bank's shareholders, after taxes	**1,350**	611
Comprehensive income attributable to the Bank's shareholders	**11,612**	10,409

(א) For the composition of the other adjustments, please see Note 10.
(ב) Sums lower than NIS 1 million.

Structure and Development of Assets and Liabilities, Equity and Capital Adequacy

The balance of the Leumi Group amounted to NIS 873.0 billion on December 31, 2025, compared to NIS 785.6 billion as of the end of 2024, an increase of 11.1%. The balance of the Bank amounted to NIS 874.1 million on December 31, 2025, compared with NIS 786.6 at the end of 2024, an increase of 11.1%.

The value of the financial assets denominated in, and linked to, foreign currency out of the Group's total balance sheet as at December 31, 2025 is approximately NIS 156.1 billion, approximately 17.9% of the total assets. In 2025, the shekel appreciated against the US dollar by 12.5% appreciated against the euro by 1.3%, and appreciated against the pound sterling by 6.2%. The change in the shekel's exchange rate against all foreign currencies contributed to an approximately 1.7% decrease in the Group's consolidated balance sheet.

Following are the changes in the main balance sheet line items

	December 31			
	2025	2024	Change	
	In NIS million			In %
Total assets	**872,971**	785,551	87,420	11.1
Cash and deposits with banks	**154,647**	155,828	(1,181)	(0.8)
Securities	**148,120**	124,101	24,019	19.4
Loans to the public, net	**519,950**	455,519	64,431	14.1
Buildings and equipment	**3,153**	2,822	331	11.7
Deposits by the public	**686,887**	618,301	68,586	11.1
Deposits by Banks	**13,123**	18,043	(4,920)	(27.3)
Bonds, promissory notes and deferred liability letters[a]	**44,207**	31,969	12,238	38.3
Equity attributable to the Bank's shareholders	**68,130**	61,658	6,472	10.5

a) For further information see the chapter titled "Bonds, Promissory Notes and Deferred Liability Letters.

Changes in the main off-balance-sheet items

	December 31			
	2025	2024	Change	
	In NIS million			In %
Documentary credit, net	**998**	1,176	(178)	(15.1)
Guarantees and other commitments, net	**86,934**	81,202	5,732	7.1
Unutilized credit card credit facilities, net	**16,753**	14,424	2,329	16.1
Unutilized current loan account facilities and other credit facilities in demand accounts, net	**18,478**	17,349	1,129	6.5
Irrevocable loan commitments approved but not yet granted and commitments to issue guarantees, net	**132,530**	106,419	26,111	24.5
Derivative instruments[a][b]	**1,954,498**	1,655,783	298,715	18.0
Options – all types[b]	**420,014**	301,001	119,013	39.5

a) Including forward transactions, financial swap contracts, swaps, futures and credit derivatives.
b) For further information, please see Note 27B.

The loans to the public

Gross loans to the public increased by 13.9% in 2025, compared to the balance at the end of 2024.

Net loans to the public in the Leumi Group as at the end of 2025 totaled NIS 520.0 billion compared with NIS 455.5 billion as at the end of 2024, an increase of approximately 14.1%. Net of the effect of the change in the shekel's exchange rate against all foreign currencies, loans to the public net had increased as at December 31, 2025 at the rate of 15.2 percent compared to the end of 2024.

Total loans to the public, net constitute 59.6% of total assets, compared with 58.0 percent at the end of 2024.

In addition to loans to the public, the Group invests in corporate securities, which totals to NIS 22,483 million at the end of 2025, compared to NIS 26,429 million as at the end of 2024, and which also embody credit risks.

The net non-linked shekel loans to the public constitute as at December 31, 2025 approx. 75.1% of the total loans and approximately 74.5% as at the end of 2024. The linked loans constitute, as at December 31 2025, 13.0% of the total loans, compared with approximately 14.5% as at the end of 2024.

Below is the development of the loans to the public, operating segments

	December 31			
	2025	2024	Change	
	In NIS million			In %
Households – Housing loans	**153,919**	144,387	9,532	6.6
Households – Other	**31,420**	30,670	750	2.4
Private banking	**577**	458	119	26.0
Small- and micro-businesses	**92,945**	75,044	17,901	23.9
Mid-market businesses	**42,154**	39,611	2,543	6.4
Corporations	**187,253**	159,390	27,863	17.5
entities	**8,129**	3,604	4,525	125.6
Activity in Israel – Total	**516,397**	453,164	63,233	14.0
Foreign operations – Total	**10,403**	9,242	1,161	12.6
Total loans to the public, gross	**526,800**	462,406	64,394	13.9
Total loan loss provision	**6,850**	6,887		
Total loans to the public, net	**519,950**	455,519	64,431	14.1

Troubled Credit Risk

Following is the troubled credit risk after specific and collective provisions

	December 31					
	2025			2024		
	On-balance-sheet	Off-balance-sheet	Total	On-balance-sheet	Off-balance-sheet	Total
	In NIS million					
Non-performing credit risk, net	**1,430**	**60**	**1,490**	1,588	90	1,678
Performing credit risk, net	**3,542**	**394**	**3,936**	3,361	416	3,777
Total	**4,972**	**454**	**5,426**	4,949	506	5,455

Following is the troubled credit risk after specific and collective provisions (cont.)

	December 31	
	2025	2024
	In NIS million	
Troubled credit risk – Commercial	**5,363**	5,711
Troubled credit risk – retail	**1,732**	1,631
Total	**7,095**	7,342
Balance of loan loss provision	**1,669**	1,887
Troubled credit risk after loan loss provision	**5,426**	5,455

For additional information regarding troubled credit, please see the chapter titled "Credit Risks" and Note 29.

Securities

Policy for management of investments in securities (own portfolio)

The Group's policy for management of investment in securities (own portfolio) is set out in the Group's annual and multi-year work plan. The policy defines the approved risk appetite for achieving the Group's business targets. The risk appetite includes principles and quantitative limits for the losses which the Group is willing to absorb under scenarios representing different risk levels. The main limits pertain to investment amounts, risk levels (credit rating, average duration, interest, etc.), exposure to the issuing entity, exposure to investment manager/fund manager, geographical exposure, etc. All investments are made using a list of approved investment instruments.

Management of the Group's own portfolios is carried at the Bank and Group level, since the Bank's own (Nostro) portfolios play a crucial role in the management of liquidity and market risks.

Therefore, the Group prefers investments with a partial/low correlation with other activities of the Bank and the Group. Accordingly, the Group takes into account the inherent advantage of its own investments in foreign securities, which contribute to diversifying the risks arising from investment outside Israel.

Risk diversification in the Group's own portfolios is multi-dimensional: By geographic regions, economic sectors, issuing entities, investment managers, investment instruments, etc.

Investments are carried out with a view to obtain on risk-adjusted profitability taking into account the adequate capital requirements.

Avoiding tail risks (leading to significant losses) plays a significant role in the Group's investment management decisions.

The Bank's own activity focuses mainly on key markets, which operate in a developed and effective regulatory environment.

The decision to approve the Bank's use of an investment instrument takes into account various aspects, such as transparency and accessibility to an independent and reliable source for revaluation/pricing of instruments and minimizing the complexity and the operating and legal risks.

As of December 31, 2025, the Group's investments in securities amounted to NIS 148 billion, compared to NIS 124 billion as of the end of 2024, an increase of 19%.

The Group's securities are divided into four classes: held-for-trading securities, not held-for-trading equity securities and mutual funds, available-for-sale bonds and held-to-maturity bonds.

Securities purchased by the Bank are classified, on the date of their purchase, to one of the following portfolios: held-for-trading equity securities, available-for-sale bonds, not held-for-trading equity securities and mutual funds, or held-to-maturity bonds - according to the manner in which the Bank intends to use the securities. Securities purchased for trading purposes (or for the purpose of hedging other components of the held-for-

trading portfolio), for market-making purposes or as part of the trading room activity are classified to the held-for-trading portfolio. Securities purchased as part of managing the Bank's assets and liabilities are classified to the available-for-sale portfolio or as not held-for-trading equity securities. Bonds purchased to be held to maturity are classified to the held-to-maturity portfolio.

Held-for-trading securities are stated in the balance sheet at fair value, and the difference between the fair value and the amortized cost is recorded in the income statement. Available-for-sale bonds are stated in the balance sheet at fair value, and the difference between the fair value and the amortized cost is stated under a separate item entitled "Adjustments in respect of presentation of available-for-sale bonds at fair value" less related tax, in other comprehensive income. In any case of an impairment, the difference is recorded to profit and loss. Held-to-maturity bonds are stated in the balance sheet at amortized cost. Not held-for-trading equity securities and mutual finds for which there is an available fair value are presented in the balance sheet according to their fair value and the difference between the fair value and the cost is recognized in the income statement. Not held-for-trading equity securities and mutual finds for which there is no available fair value are presented in the balance sheet at cost, less impairment plus or net of changes in observable prices in orderly transactions in similar or identical investments of the same issuer. Unrealized gains or losses from adjustments to changes in observable prices are stated, as aforesaid, in the income statement.

Starting from January 1, 2022, the Bank applies US GAAP for measuring loan losses arising from financial instruments as outlined in ASC 326, "Financial instruments - Credit Losses". These guidelines apply, among other things, to bonds; for additional information, see Note 1.H.

Fair value calculation method

The fair value of Israeli securities is based mainly on quoted prices on the Tel Aviv Stock Exchange and foreign securities is based on prices received from external sources. Equity securities and mutual funds for which no fair value is available are presented at cost less impairment, adjusted upwards or downwards for observable prices in similar transactions or identical transactions of the same issuer.

Non-marketable Israeli bonds denominated in NIS are revalued using a fair value model, since these bonds do not have an active market.

Following is the classification and analysis of the securities line item in the consolidated balance sheet

	December 31									
	2025									2024
	Held-to-maturity bonds[e]	Held-to-Available-for-sale bonds[a]	Equity securities and mutual funds Not for trading[b]	Held-for-trading for trading[c][f]	Total	Held-to-maturity bonds[e]	Held-to-Available-for-For sale	Shares and funds No for trading[b]	Held-for-trading for trading[c][f]	Total
	In NIS million									
Bonds										
Of the Israeli Government	**11,602**	**72,151**		**5,260**	**89,013**	10,835	47,725		6,825	65,385
Of foreign governments[d]	**-**	**21,193**		**-**	**21,193**	-	17,555		307	17,862
Of Israeli financial institutions	**-**	**222**		**206**	**428**	-	176		61	237
Of foreign banking institutions	**871**	**7,919**		**78**	**8,868**	1,460	8,487		132	10,079
Asset-backed (ABS) Or mortgage-backed (MBS)	**4,576**	**10,785**		**207**	**15,568**	6,235	11,502		12	17,749
Of other Israeli entities	**-**	**930**		**100**	**1,030**	-	1,022		137	1,159
Of other foreign entities	**269**	**3,273**		**75**	**3,617**	337	4,033		71	4,441
Equity securities and mutual funds			**7,030**	**1,373**	**8,403**			7,178	11	7,189
Total securities	**17,318**	**116,473**	**7,030**	**7,299**	**148,120**	18,867	90,500	7,178	7,556	124,101

a) Including unrealized losses, net from fair value adjustments in the amount of NIS (654) million recorded in other comprehensive income (December 31, 2024 – losses, net of NIS (2,695) million).
b) Including unrealized gains, net from fair value adjustments in the amount of NIS 168 million recorded in profit and loss (December 31, 2024 – net gains of NIS 150 million).
c) Including unrealized gains, net from fair value adjustments in the amount of NIS 196 million recorded in profit and loss (December 31, 2024 – net gains of NIS 24 million).
d) From this the US government – NIS 17.1 billion (December 31, 2024 – NIS 15.1 billion).
e) The outstanding balance of held-to-maturity bonds are presented net of a NIS 1 million loan loss provision. (December 31, 2024 – NIS 2 million) As of December 31, 2025, as well as of December 31, 2024 there is no remaining provision for credit losses due to available-for-sale bonds.
f) Of which bonds in the amount of approx. NIS 181 million classified as held-for-trading securities since the Bank chose to measure them according to the fair value alternative, although they were not acquired for trading purposes (as of December 31, 2024 – NIS 1,224 million).

As at September 31, 2025, approximately 78.6% of the Group's own (nostro) portfolio was classified as available-for-sale, approx. 4.9% – as held for trading, approx. 4.8% as not held-for-trading equity securities and mutual funds and approx. 11.7% as held-to-maturity.

For information on the value of securities by method of measurement, please see Note 32A.

Available-for-sale portfolio

1. In 2025, there was an approx. NIS 1,819 million increase (before tax effect) in other comprehensive income in respect of available-for-sale bonds, compared with an increase of NIS 298 million (before tax) in 2024.

2. In 2025, net losses on the sale of available-for-sale bonds, stated in profit and loss, amounted to NIS 301 million (before tax), compared with net losses of NIS 465 million (before tax) in 2024.

The net accumulated balance of fair value adjustments of available-for-sale bonds portfolio as at December 31, 2025 totaled a negative sum of NIS (228) million (after tax) compared with a negative sum of NIS (1,334) million as at the end of 2024. These amounts represent net unrealized losses (after tax) as at the reporting dates.

For information regarding fair value adjustments of available-for-sale securities recognized in equity, please see Note 12.

Held-for-trading portfolio

As of December 31, 2025, approximately NIS 7.3 billion are included in the held-for-trading portfolio, compared to NIS 7.6 billion as of December 31, 2024. As at December 31, 2025, the held-for-trading portfolio constitutes approximately 4.9% of the Group's total Nostro (own) portfolio, compared with 6.1% as at December 31, 2024.
Due to the held-for-trading portfolio, net materialized and non-materialized gains (including dividend) had been recorded in the profit and loss statement in the sum of NIS 78 million, compared to net losses in the sum of NIS 19 million in 2024.

Investments in not held for-trading equity securities and mutual funds

As at December 31, 2025, the investments in equity securities and not held-for-trading mutual funds totaled approx. NIS 7,030 million, of which approx. NIS 2,376 million – marketable and approx. NIS 4,654 million –non-marketable.

Realized and unrealized gains (including dividend) in respect of the not held-for-trading equity securities and mutual funds in the amount of NIS 498 million net were recorded in the profit and loss statement in 2025, compared with gains of NIS 658 million in 2024.

For more information on the portfolio's composition, please see Note 12.

Investments in foreign securities

A. Investments in foreign asset-backed securities

The Group's asset-backed (mortgage and non-mortgage) portfolio, all investment-grade, amounts to approx. NIS 15.6 billion (approx. USD 4.9 billion) as of December 31, 2025, compared to NIS 17.7 billion (approx. USD 4.9 billion) as at the end of 2024. Out of the aforementioned portfolio, as of December 31, 2025, approximately NIS 10.8 billion (approximately USD 3.4 billion) are classified in the available-for-sale portfolio, and the balance in the held-for-trading portfolio and held-to-maturity portfolio.

As of December 31, 2025 the available-for-sale portfolio of asset-backed- bonds investments abroad included an investment in mortgage-backed bonds in the sum of approximately NIS 7.5 billion. 95.7% of the mortgage-backed bonds in the available portfolio were issued by US federal agencies (FNMA, FHLMC, GNMA) and rated, as of the date of the report, AA+.

As of December 31, 2025, the total net cumulative adjustments to fair value attributed to equity from the mortgage-backed bonds amounted to the negative amount of approx. NIS 317 million.

The total mortgage-backed bonds that are not guaranteed by the State (the United States) and are not backed by American federal agencies, amounts to approximately NIS 330 million.

The expected period for maturity of the entire mortgage-backed bond portfolio is approximately 3.89 years on average (average duration). In addition to the mortgage-backed bonds, the Group's available-for-sale portfolio includes also other non-mortgage asset-backed bonds in the sum of approximately NIS 3.3 billion, from which bonds classified as CLO in the sum of approximately NIS 2.0 billion. The expected maturity period of the non-mortgage asset-backed bonds portfolio is approximately 4.4 years on average.

For more information on investments in asset-backed bonds, please see Note 12.

B. Investments in foreign non-asset-backed securities

As of December 31 2025, the Group's securities portfolio includes approximately NIS 52.9 billion (USD 16.6 billion) in non-asset-backed securities that were issued abroad. NIS 42.4 billion (approximately USD 13.3 billion) are classified as available-for-sale bonds and the remainder – as held-for-trading and held-to-maturity. 98% of the total securities are investment grade and include mainly securities of the US government, banks and financial institutions as well as bonds of investment-grade corporations, and the remainder are mainly securities issued by the Israeli government.

For more information regarding exposure to foreign financial institutions, please see the section entitled "Credit Risks".

As at December 31, 2025, the aggregate decrease in the value of the capital reserve for securities which are not backed by assets issued abroad within the available-for sale portfolio amounted to NIS 345 million (NIS 209 million after tax).

As aforesaid, in addition to the available-for-sale portfolio, the held-for-trading portfolio and held-to-maturity portfolio also include non-asset-backed securities. The held-for-trading portfolio mainly includes securities issued by governments, banks and financial institutions. 87.21% of the securities in the held-for-trading portfolio are investment-grade.

As of December 31, 2025, the value of the non-asset-backed held-for-trading portfolio stood at NIS 868 million (USD 272.1 million).

Investments in bonds issued in Israel

As at December 31, 2025, investments in bonds issued in Israel amounted to NIS 75.6 billion, of which NIS 74.2 billion in shekel-denominated bonds issued by the Israeli Government and the remainder – in corporate bonds. Approximately 79.0% of the investments in corporate bonds constituting approximately NIS 1.2 billion were included in the available-for-sale portfolio and the balance in the held-for-trading portfolio.

The available-for-sale portfolio corporate bonds – which total NIS 1.2 billion – include a positive capital reserve of NIS 26 million.

All corporate bonds in the held-for-trading portfolio are listed and traded on the Tel Aviv Stock Exchange.

For more information regarding pledging of securities, please see Note 26.

Deposits by the public

Following are balances of deposits by the public

	December 31		
	2025	2024	Change
	In NIS million		In %
Demand deposits			
Non-interest bearing deposits	**139,258**	142,366	(2.2)
Interest-bearing deposits	**129,064**	142,950	(9.7)
Total demand deposits	**268,322**	285,316	(6.0)
Fixed deposits	**418,565**	332,985	25.7
Total deposits by the public	**686,887**	618,301	11.1

Set forth below is the mix of deposits by the public by type and linkage segments

	December 31			
	2025	2024	Change	
	In NIS million			In %
Non-linked NIS	**504,079**	452,040	52,039	11.5
CPI-linked NIS	**16,638**	11,685	4,953	42.4
Including foreign currency-linked.	**158,729**	149,437	9,292	6.2
Non-monetary	**7,441**	5,139	2,302	44.8
Total	**686,887**	618,301	68,586	11.1

Deposits by the public in non-linked NIS increased by NIS 11.5%, compared to December 31, 2024. The increase stems mainly from an increase in fixed deposits, that was partially offset by a decree case in demand deposits.

Customers' off-balance-sheet financial assets

Following are the changes in customers' balances of off-balance-sheet financial assets in the Leumi Group

	December 31			
	2025	2024	Change	
	In NIS million			In %
Securities portfolios[a]	**1,437,663**	1,160,059	277,604	23.9
Assets for which operating services are provided:[a][b][c]				
Provident funds, pension funds and study funds	**511,714**	454,098	57,616	12.7

a) Including the changes in the market value of securities and the value of (custody) securities of mutual funds and provident funds in respect of which operational and deposit management services are provided.
b) The Group does not manage mutual funds, provident funds or study funds.
c) Assets of customers to which the Group provides operational management services, including provident fund balances of customers who receive consulting services from Leumi.

Deposits by governments

Deposits by governments amounted to approx. NIS 172.0 million at the end of 2025 compared with NIS 172.0 million as at the end of 2024, a NIS 85.0 million increase compared to 2024.

Deposits with Banks and by Banks

Deposits with Banks (Bank of Israel and Commercial Banks)

	December 31			
	2025		2024	
	The Bank Israel	Banks Commercial	The Bank Israel	Banks Commercial
	In NIS million			
NIS:				
Non-linked	**128,678**	**(3,152)**	133,874	3,311
Foreign currency including foreign currency-linked[a]	**134**	**19,591**	213	14,946
Total deposits with banks	**128,812**	**22,743**	134,087	18,257

a) Including non-monetary items.

The total deposits with banks decreased by 0.5%.

On December 31, 2025 the Group's total deposits with the Bank of Israel totaled NIS 129 billion NIS (December 31, 2024 – approximately NIS 134 billion)

The Group's level of liquidity is high and the Group has net deposits with banks amounting to NIS 138.4 billion (as of December 31, 2024 – approximately NIS 134.3 billion).

Deposits by banks (central and commercial)

	December 31			
	2025		2024	
	From the Bank of Israel	From Banks Commercial	From the Bank of Israel	From Banks Commercial
	In NIS million			
NIS:				
Non-linked	**2,281**	**3,107**	5,874	2,876
Foreign currency including foreign currency-linked	**152**	**7,583**	–	9,293
Total deposits by banks	**2,433**	**10,690**	5,874	12,169

For further information, please see Note 26.

The decrease in the balance of deposits from the Bank of Israel is due to the repayment of monetary loans taken as part of COVID and "Iron Swords" loan plans.

Securities Bonds, Commercial Securities, and Deferred Notes

	December 31			
	2025	2024	Change	
	In NIS million			In %
Bonds	**28,771**	19,526	9,245	47.3
Subordinated notes and capital notes	**15,436**	12,443	2,993	24.1
Total	**44,207**	31,969	12,238	38.3

Shelf Prospectus, Issue of bonds, subordinated bonds, and commercial securities

On May 28 2024, the Bank published a shelf prospectus in accordance with a permit granted by the Israel Securities Authority. The shelf prospectus will be in effect for a period of two years from its publication date.

On January 23, 2025, the Bank issued a total of NIS 1,535 million par value Subordinated Notes Series 406.

These subordinated bonds Series 406 are eligible for inclusion in Tier 2 capital as of the issue date.

In addition, on January 23, 2025, the Bank issued a total of approx. NIS 1,346 million p.v. in bonds (Series 185), issued by way of expanding a Series in consideration of approx. NIS 1,387 million, and a total of approx. NIS 1,501 million p.v. in commercial securities (Series 7) issued by way of issuance of a new Series.

On April 8, 2025, the Bank issued a total of approx. NIS 1,748 million nominal value, commercial securities (Series 8), issued by way of issuance of a new Series.

On May 26, 2025, the Bank issued a total of approx. NIS 1,801 million p.v. in bonds (Series 183), issued by way of expansion of a series in consideration of approx. NIS 1,826 million, as well as a total of approx. NIS 835 million p.v. in bonds (Series 184), issued by way of expansion of a series in consideration of approx. NIS 796 million.

On September 8, 2025, the Bank issued a total of approx. NIS 1,869 million p.v. in bonds (Series 187), a total of approx. NIS 1,836 million p.v. in bonds (Series 188), and a total of approx. NIS 1,474 million p.v. in commercial securities (Series 9) issued by way of issuance of a new Series.

Bonds (Series 183–185 and Series 187–188) and commercial securities (Series 7–9) are not recognized for supervised capital purposes.

For more information, regarding the terms of the issuances please see Note 24A and immediate reports dated January 23, 2025, April 8, 2025, May 26, 2025 and September 9, 2025.

The issuance of credit-linked notes

On May 21, 2025 the Bank issued a total of approximately NIS 1,566 million p.v in credit linked notes, Leumi Variable Rate Bonds Series 4.

The proceeds of the issuance of 4 v.r. bonds are recognized as a qualified financial collateral in accordance with Proper Conduct of Banking Business Directive No. 203, as well as collateral deductible in calculating indebtedness of a customer under Proper Conduct of Banking Business Directive No. 313.

For further information regarding the terms of the issuance, please see the Note 24A and the immediate report dated May 21, 2025

Issuance of bonds, subordinated bonds, and commercial securities after the report date

On January 22, 2026, the Bank issued a total of approx. NIS 744 million p.v. in Subordinated Notes Series 406, issued by way of expanding a Series in consideration of approx. NIS 802 million, and a total of approx. NIS 2,521 million p.v. in Bonds (Series 187) issued by way of expanding a Series in consideration of approx. NIS 2,632 million, as well as the sum of NIS 1,489 million p.v. Commercial Bonds (Series 10), which were issued by way of issuance of a new Series.

Commercial Securities (Series 10) are not recognized for regulatory capital purposes.

For more information, regarding the terms of the issuances please see Note 24A and the immediate report dated January 22, 2026.

The issuance of covered bonds to institutional investors outside Israel after the reporting date

On January 22, 2026 the Bank issued covered bonds in the sum of EUR 750 million, which will mature in a single payment on January 22, 2031.

The backed-up bonds were recorded in an institutional sequence system of the Tel Aviv Stock Exchange Ltd.

fFor more information, please see the Note 24.A and the immediate reports dated January 22, 2026.

Early redemption of subordinated notes

On January 29, 2025, the Bank's Board of Directors decided to exercise full early redemption of Deferred Bonds (Series 403), which were issued to the public in January and March 2019. Accordingly, on February 28, 2025, a total of approximately NIS 1,706 million in letters of undertaking were redeemed (including linkage differentials).

For more information, please see the immediate reports dated February 17, 2025, and January 29, 2025.

Early Redemption of Deferred Notes After the Date of the Report

On December 8, 2025, the Bank's Board of Directors decided to exercise full early redemption of Subordinated Bonds (Series 2031), which were issued to the public in January 2020. Accordingly, on January 29, 2026, promissory notes had been redeemed in the total sum of USD 750 billion. The sum that had been redeemed is not recognized in the supervisory capital commencing December 31, 2025.

For more information, please see the immediate report dated December 9, 2025.

Equity and Capital Adequacy

The Equity attributable to the Bank's shareholders totaled NIS 68,130 million on December 31, 2025 compared with NIS 61,658 million as at the end of 2024.

This capital serves as the basis for calculating the regulatory capital which, in turn, is used to calculate the Bank's capital adequacy ratio, with the addition of capital instruments and regulatory adjustments, as set out in the Banking Supervision Department's Proper Conduct of Banking Business Directive No. 202.

The shareholders' equity to total assets ratio as of December 31, 2025 is 7.8 percent.

Capital Adequacy Structure[a]

	December 31	
	2025	2024
	In NIS million	
Capital base for capital ratio purposes		
CET1 capital, after regulatory capital deductions and adjustments[c]	**67,596**	61,255
Tier 2 capital, after deductions	**11,422**	13,372
Total capital – total	**79,018**	74,627
Balance of risk-weighted assets		
Credit risk[d]	**515,111**	460,765
Market Risks	**8,161**	7,332
Operational risk	**37,821**	35,182
Total balance of risk-weighted assets	**561,093**	503,279
Ratio of capital to risk-weighted assets		
Ratio of CET1 capital to risk-weighted assets	**12.05%**	12.17%
Ratio of total capital to risk-weighted assets	**14.08%**	14.83%
Minimum CET1 capital ratio set by the Banking Supervision Department[b]	**10.24%**	10.24%
Minimum total capital ratio set by the Banking Supervision Department[b]	**13.50%**	13.50%

a) For additional information regarding the capital adequacy structure, please see Note 24B ..

b) The minimum Common Equity Tier 1 capital ratio required and the minimum total capital ratio required as of December 31, 2025 are 10 percent and 13.5 percent, respectively. In addition to the Common Equity Tier 1 capital is a capital requirement of 1 percent of the outstanding housing loans.

c) These figures include adjustments due to the initial implementation of accounting rules regarding expected credit losses, which were fully recognized as of January 2025. regarding the adjustments, please see below in this chapter.

d) Credit risk was calculated after implementing the revisions to Proper Conduct of Banking Business Directives 203 and 203A, "Measurement and Capital Adequacy – The Standardized Approach – Credit Risk". Moreover, as of January 1, 2025, Directive 208A on the subject of capital allocation for CVA risk has been implemented, establishing a basic BA-CVA approach that replaced the existing directive. It is based primarily on risk considerations as a function of the economic sector and the credit quality of the counterparty. For further details, please see directives pertaining to the attribution of capital for derivative financial instruments in this chapter.

In 2025, the Common Equity Tier 1 capital was mainly affected by the net profit for the period and from the increase in the capital reserve of the available-for-sale bonds, net of the dividend and buyback, and from the increase in the loan portfolio.

For additional information on additional regulatory changes in the reporting period and anticipated changes regarding the measurement of capital adequacy, please see below in this chapter.

Regulatory capital structure

In May 2013, the Banking Supervision Department published the final directives for the implementation of Basel III in Israel, by amending Proper Conduct of Banking Business Directives Nos. 201-211 (hereinafter in this section

– the "Directives"). The Directives went into effect on January 1, 2014, subject to the transitional provisions included in the Banking Supervision Department's Proper Conduct of Banking Business Directive No. 299.

Pursuant to the Directives, the Group's capital components for the purpose of calculating capital adequacy are attributed to two tiers:

1. Tier 1 capital, which includes Common Equity Tier 1 capital (CET1) and Additional Tier 1 capital.
2. Tier 2 capital.

The sum of these tiers is also known as "capital basis for capital adequacy purposes" or "regulatory capital" or "total capital".

Common Equity Tier 1 capital

Common Equity Tier 1 capital includes the banking corporation's equity attributable to the shareholders of the Bank, less goodwill, other intangible assets, regulatory adjustments and additional deductions.

In addition to these, adjustments to Common Equity Tier 1 capital, which arise from measuring the pension liabilities and assets designated for hedging for regulatory capital purposes, commencing July 1, 2022, as outlined above, as well as the application of various regulatory provisions, as outlined below.

A breakdown of the minimum Common Equity Tier 1 capital regulatory requirement appears in the section entitled "Capital Adequacy".

Tier 1 capital

According to the Banking Supervision Department's directives, Tier 1 capital will include – in addition to CET1 capital – Additional Tier 1 capital, which is comprised of equity instruments complying with the criteria set forth in Proper Conduct of Banking Business Directive No. 202.

To date, Israel has set no regulatory requirement regarding minimum Additional Tier 1 capital ratio, and the Leumi Group has no Additional Tier 1 capital instruments.

Tier 2 capital

Tier 2 capital includes equity instruments and the outstanding balance of the collective loan loss provision, subject to the ceiling prescribed by the directives.

Capital instruments must comply with the criteria set forth in Proper Conduct of Banking Business Directive No. 202 in order to be included in capital. The main criteria the instrument is required to include are: (1) a mechanism for principal loss absorption through conversion into ordinary shares or amortization of the instrument as the banking corporation's Common Equity Tier 1 capital ratio falls below 5%; (2) a clause determining that, upon the occurrence of the defining event for non-viability (as defined in Appendix E to the Proper Conduct of Banking Business Directive No. 202), the instrument shall be immediately converted to ordinary shares or written off.

For a description of the main features of regulatory capital instruments which have been issued, please see the Bank's website: www.leumi.co.il under About us > Financial information > Disclosure under Pillar 3 of the Basel Accord and Additional information on risks.

Capital Adequacy

Capital ratios are calculated as the ratio of capital to risk-weighted assets. The Common Equity Tier 1 capital ratio is calculated as the ratio of Common Equity Tier 1 capital to the risk-weighted assets, and the total capital ratio is calculated as the ratio of total capital to the risk-weighted assets.

The Bank of Israel's capital adequacy targets

Under Proper Conduct of Banking Business Directive No. 201, Capital Measurement and Adequacy – Introduction, Application and Calculation of Requirements, a large banking corporation whose consolidated on-balance sheet assets total at least 24 percent of the Israeli banking system's total assets, is required to meet a Common Equity Tier 1 capital ratio of at least 10 percent and a total capital ratio of at least 13.5 percent. This requirement applies to Bank Leumi.

In addition to the Common Equity Tier 1 capital is a capital requirement of 1 percent of the outstanding housing loans, for the purpose of financing real estate rights. Accordingly, the minimum capital requirements applicable

to the Bank as of December 31, 2025 are 10.24 percent for Common Equity Tier 1 capital ratio (including capital requirement for outstanding housing loans) and 13.50 percent for total capital ratio.

The Bank's capital planning and capital adequacy targets

The Leumi Group's capital planning reflects a forward-looking view of its risk appetite and profile, business strategy and the capital adequacy required as a result. The capital plan is approved by the Bank's management and Board of Directors and takes into account the Group's various P&L centers and other factors that affect the Bank's compliance with the capital requirements, such as: profit forecasts, changes in other comprehensive income, regulatory adjustments, the effect of the transitional provisions and the rate of increase in risk-weighted assets. The capital ratios forecast is also subject to various sensitivity tests and stress scenarios.

The Group's capital policy, which was approved by the Board of Directors on August 6, 2025, is to maintain a capital adequacy level that is higher than the minimum threshold set by the Bank of Israel from time to time and no less than the rate of capital required to cover the risks as assessed using the ICAAP process. In addition, the Group has set capital targets in case of a stress scenario event. For additional information on the ICAAP process and the use of stress tests, please see **the Risk Management Report as at December 31, 2025**.

On November 17, 2025, the Bank's Board of Directors approved an increase in the Bank's internal Tier 1 capital target, setting it at 10.85 percent instead of 10.6 percent.

Dividend Distribution Policy

On March 2, 2026, the Bank's Board of Directors approved a dividend distribution policy, under which the Bank will distribute, each quarter, a total dividend of between 50 and 65 percent of the Bank's net income, of which up to 50% may be distributed in cash from the net profit, in accordance with the Bank's financial statements for the previous quarter. This was subject to, inter alia, the Bank's meeting its capital adequacy targets, even after the dividend distribution. The actual dividend distribution is subject to the specific resolutions being passed by the Board of Directors prior to each distribution, and to the provisions of the law which apply to dividend distribution, including the provisions of the Companies Law and directives of the Bank of Israel.

On March 2, 2026, the Board of Directors approved a dividend consisting of 65 percent of the quarter's net income in respect of Q4 quarter in the year 2025. Of which, a cash dividend of approximately 50 percent of the net income, totaling approximately NIS 1,275 million, and the remaining balance through share buyback in the sum of NIS 382 million, as detailed hereinafter. The sum of the dividend approved for each NIS 1 par value share is approximately 86.05 agorot. The final dividend amount per share will be adjusted to changes due to a share buyback and the exercise of the Bank's convertible securities, and will be published two days prior to the effective date. The Board of Directors designated March 12, 2026 as the record date for purposes of dividend payment and March 19, 2026 as the payment date.

Details of paid cash dividend

Declaration date	Payment date	Dividend per share	Paid cash dividend
		In agorot	In NIS million
March 19, 2024	April 11, 2024	23.97	365
May 28, 2024	June 20, 2024	54.91	835
August 14, 2024	September 5, 2024	44.99	681
November 19, 2024	December 5, 2024	45.63	688
March 4, 2025	March 20, 2025	47.02	706
May 20, 2025	June 10, 2025	48.16	721
August 13, 2025	September 3, 2025	65.52	979
November 18, 2025	December 2, 2025	102.04 [1]	1,518

[1] Further to the immediate supplementary report dated November 23, 2025.

The Bank's share buyback plan 2024

On May 27, 2024, the Bank's Board of Directors approved a share buyback plan in a total not to exceed NIS 1 billion, commencing May 29, 2024 up to May 22, 2025 or until the total buyback amount has been reached, the earlier of the two, hereinafter: the "2024 Buyback Plan".

The 2024 Share Buyback Plan was executed as part of the trading on the Tel Aviv Stock Exchange (TASE) and/or through transactions outside the TASE, in accordance with the safe harbor mechanism published by the Israel Securities Authority in four separate stages, each of which irreversible, in accordance with the safe harbor mechanism.

The 2024 Share Buyback Plan was fully executed, ending on May 14, 2025, as part of which 25,821,601 Bank shares were purchased, amounting to NIS 1 billion.

For more information, please see the immediate report dated May 28, 2024.

The Bank's share buyback plan 2025

On May 19, 2025, the Bank's Board of Directors approved a share buyback plan in a total not to exceed NIS 1.5 billion, commencing May 21, 2025 up to May 7, 2026 or until the total buyback amount has been reached, the earlier of the two.

The share buyback plan will be executed as part of the trading on the Tel Aviv Stock Exchange (TASE), through an external, independent member of the TASE, who will act under an irrevocable power of appointment, in accordance with the safe harbor mechanism published by the Israel Securities Authority. The buyback plan is executed in four separate stages, each of which irreversible, in accordance with the safe harbor mechanism (hereinafter – "Stage A", "Stage B", "Stage C" and "Stage D"). The maximum scope of the buyback at any stage will not exceed 25% of the rate of the total distribution approved for that quarter, and in any event will be as follows:

The implementation of Stage A commenced on May 21, 2025 and ended on July 16, 2025, during which time the Bank purchased (through the independent Stock Exchange member it had engaged with) 4,081,931 Bank shares amounting to NIS 240 million under the said plan.

The implementation of Stage B commenced August 14, 2025 and ended on October 21, 2025, during which time the Bank purchased (through the independent Stock Exchange member it had engaged with) 5,182,183 Bank shares amounting to NIS 326 million under the plan.

The implementation of Stage C began on November 19, 2025 and ended on January 22, 2026, during which time the Bank purchased (through the Stock Exchange Member) 7,057,330 Bank shares totaling NIS 506 million under the plan.

Immediately prior to publishing this report, the Bank decided to proceed to Stage D, granting the Stock Exchange Member an irreversible order to initiate Stage D on March 5, 2026.

Stage D will end on the earlier of: (a) May 7, 2026; or (b) Completion of the Bank's share buyback in an amount not exceeding approx. NIS 382 million.

Approval of the Banking Supervision Department to carry out the buyback plan, as required under Proper Conduct of Banking Business Directive No. 332, was received on May 11, 2025, subject to meeting the restrictions and capital targets, including the condition whereby the plan will be discontinued effective immediately if, during the plan term, the most recent financial statements published by the Bank will not comply with a Common Equity Tier 1 capital ratio of at least 10.9 percent, subject to the determination of the buyback amount in each stage taking into account the geopolitical situation as well as the Bank's actual capital ratios and the capital cushions required in the various scenarios.

As of the report publication date, the Bank owns 134,916,312 treasury shares.

For more information, please see the immediate report dated May 20, 2025.

Adjustments to Common Equity Tier 1 capital and Regulatory Changes in Measuring the Capital Requirements

Measurement of the employee benefits liability and hedging assets

Starting from July 1, 2022, calculation of the pension liabilities for the purpose of regulatory capital is as follows: Each quarter, the Bank calculates the change in the pension liability as a result of changes in the discount rate, net of the change in the value of assets designated in advance for hedging these liabilities. The change in the net pension liability, after tax, is spread in a linear manner over four quarters, beginning in the quarter for which the calculation was made. This method shall be in effect until the earlier of the following: a) the financial statements as at December 31, 2029 (inclusive) or b) the date of the financial statements in which the average pension liability amount for the past four quarters is lower than NIS 10 billion, linked to the CPI (from the known CPI as of July 1, 2022 until the known CPI on the date of the relevant financial statements).

For information regarding the discounting methodology, please see "Critical Accounting Policies and Estimates".

Draft Revising Proper Conduct of Banking Business Directive No. 201, "Introduction to Measurement and Capital Adequacy, Applicability and calculation of requirements.

On February 11, 2025, a draft directive was sent to banking corporations for their comments. The draft proposes replacing Banking Supervision Directive No. 201 with a new directive, aiming to improve the alignment between the regulatory capital requirements applicable to banking corporations in Israel and the recommendations of the Basel Committee, as well as internationally accepted practices.

The draft directive includes references to regulatory capital ratio requirements, according to which the banking corporation would be required to meet minimum capital ratios and maintain capital buffers and adding capital above the minimum capital ratios.

Draft Revising Proper Conduct of Banking Business Directive No. 203, "Measurement and Capital Adequacy" – the Standardized Approach – Credit Risk

On April 6, 2025, the Bank of Israel published a circular stating that to the list exposures weighted at 150% risk, credit provided under a financing agreement for a residential construction project will be added, in cases, where the proportion of apartment sale contracts in which a significant portion of the sale price (40% or more) is deferred to the delivery date (non-linear payment) exceeds 25%. Regarding existing projects in which this rate exceeds 25%, they will only be weighted at 150% when the proportion of contracts increases by more than 5 percent points compared with the rate at the starting date. The refund is valid as at December 31, 2026. Implementation of the new Directive is not expected to have a material effect on the Bank's capital ratios.

Revision of Proper Conduct of Banking Business Directive No. 218 – Leverage Ratio

On July 10, 2025 the Bank of Israel published a circular draft according to which the validity of the relief regarding minimum leverage ratio of 5.5% (rather than 6%) had been extended by a year up to December 31, 2026. A corporation which will utilize the easement until that date will be required to once again meet the required leverage ratio that was in place prior to the relief in two quarters' time, by June 30, 2027.

Developments in the guidance of the Basel Committee on Banking Supervision regarding capital adequacy measurement

In 2017, the Basel Committee on Banking Supervision completed its revision of the overall capital adequacy Basel III framework. As part of the revisions, also known as Basel IV, significant revisions were made in the manner of calculating risk-weighted assets for the purpose of the Tier 1 capital requirements. Implementation of the various standards included in the revision, as determined by the Basel Committee, was adopted by the European Union during 2025. No implementation date has yet been set in Israel.

In accordance with the policy for the adoption of accepted international standards, the Banking Supervision Department is adopting the Basel Committee provisions from 2017 on the calculation of capital requirements in respect of operational risk. On June 19, 2024, the Banking Supervision Department published a circular to update Proper Conduct of Banking Business Directive 206 "Capital easurement and Adequacy – Operational Risk"; the circular established an updated definition of the calculation of the capital allocation in respect of operational risk such that it is based, among other things, on the business indicator components and on the internal loss multiplier based on the average historical losses of the banking corporation. Implementation of

the Directive will become effective on January 1, 2026. However, until December 31, 2028 the internal loss multiplier will be set at one. Implementation of the new directive is not expected to have a material effect on the Bank's capital ratios.

Additionally, on February 11, 2025, the Banking Supervision Department sent a survey to banking corporations to assess the quantitative impact of the reform (QIS) on the calculation of risk-weighted assets under the standardized approach – "Measurement and Capital Adequacy – Calculation of Risk-Weighted Assets for Credit Risk" – in accordance with the updates established by the BaseL Committee, as mentioned above. The survey results were sent to the Bank of Israel in June 2025.

Directives pertaining to the attribution of capital for derivative financial instruments

On December 1, 2021, the Banking Supervision Department published a circular revising directives on capital allocation for derivative financial instruments (application of the provisions of Proper Conduct of Banking Business Directives Nos. 203A and 208A), in an effort to adjust the directives of the Bank of Israel to the revised Basel Committee provisions regarding counterparty credit risk.
As of July 1, 2022, the Bank applies Directive No. 203A, Treating Counterparty Credit Risk.

As of January 1, 2025, Directive 208A on the subject of capital allocation for CVA risk has been implemented, establishing a basic BA-CVA approach that replaced the existing directive. It is based primarily on risk considerations as a function of the economic sector and the credit quality of the counterparty.

The directive's implementation has no material impact on the capital ratio.

Circular entitled "Regulatory Capital – Effect of Implementation of Accounting Principles regarding Current Expected Credit Losses", Proper Conduct of Banking Business Directive No. 299 and circular entitled "Expected Loan Losses from Financial Instruments"

As of January 1, 2022, the Bank applies the transitional provisions published by the Banking Supervision Department – Regulatory Capital – Effect of Application of GAAP, as well as additional adjustments to "Proper Conduct of Banking Business Directives, as a result of the new rules on expected credit losses". Among other things, the Bank is applying Proper Conduct of Banking Business Directive No. 202, "Capital Measurement and Adequacy – Regulatory Capital", and deducts from Common Equity Tier 1 amounts to cover for housing loans classified over time as non-performing.

In accordance with the transitional provisions published by the Banking Supervision Department, the impact of the initial implementation on the Bank's Common Equity Tier 1 (CETI) capital was speread over several years, starting in January 2022 and concluding with full implementation in January 2025.

Sensitivity analysis of the main factors affecting the capital adequacy of the Leumi Group

- Change of the scope of risk assets – as of December 31, 2025 Leumi's risk assets amount to approximately NIS 561.1 billion, an increase of NIS 1 billion in risk assets will reduce the CET1 capital ratio and the total capital ratio by approximately 0.02%.
- A change of CET1 capital – As of December 31, 2025, the CET1 capital amounts to approximately NIS 67.6 billion. An NIS 100 million decrease in the CET1 capital will decrease the CET1 capital ratio by approximately 0.02% and the total capital ratio by approximately 0.01%.
- Change in the foreign exchange rate – a 1 percent depreciation in the shekel's exchange rate against all currencies will decrease the Common Equity Tier 1 capital and total capital ratio by 0.02 percent.
- A 1 percent increase in the risk-free interest rate curve across all currencies for the regulatory capital exposure signifies a decrease of approx. 0.09% in the Common Equity Tier 1 capital ratio and the total capital ratio.

The above information regarding capital adequacy and its management refers to the Bank's future activities and constitutes forward-looking information. For the meaning of the term, please see the chapter "Forward-Looking Information".

Leverage Ratio

Leverage ratio is expressed as a percentage and defined as measured regulatory capital divided by the measured exposure. The regulatory capital for the purpose of leverage ratio measurement is Tier 1 capital, as defined in Proper Conduct of Banking Business Directive No. 202, according to regulatory adjustments regarding the capital calculation. A banking corporation's exposure is the sum of the balance sheet exposures, exposure to derivatives, exposure to securities financing transactions and off-balance-sheet items. The leverage ratio complements the capital ratio and constitutes yet another restriction on the banking sector's leverage level.

	December 31	
	2025	2024
	In NIS million	
Consolidated data		
Tier 1 capital [(c)]	**67,596**	61,255
Total exposures[(b)]	**990,833**	882,958
Leverage Ratio		
Leverage Ratio	**6.82%**	6.94%
Minimum total leverage ratio set by the Banking Supervision Department[(a)]	**5.50%**	5.50%

For more information on capital adequacy and leverage, please see Note 24B.

a) Regarding the relief in minimum leverage ratio requirement, see the Section Adjustments to Common Equity Tier 1 capital and Regulatory Changes in Measuring the Capital Requirements, above.

b) Total exposures was calculated after implementing the revisions to Proper Conduct of Banking Business Directive No. 218, "Leverage Ratio", following the revision of Directives 203 and 203A, "Measurement and Capital Adequacy – the Standardized Approach – Credit Risk". For further details, please see directives pertaining to the attribution of capital for derivative financial instruments above.

c) Calculation of the leverage ratio took into account adjustments in respect of the effect of first-time application of GAAP concerning expected credit losses, which are gradually reduced until January 2025, and adjustments due to implementation of the measuring method in respect of certain actuarial liabilities. For more information, please see Note 24.B.

Operating Segments - Management Approach

An operating segment is a component of the banking corporation engaged in activities from which it may generate income and bear expenses. The operating results of the operating segment are reviewed on an ongoing basis by the Bank's management and Board of Directors in order to make decisions regarding the allocation of resources and the assessment of its performances. Furthermore, separate financial data is available for operating segments.

Operating segments reporting according to management approach presents the Bank's results by business line, in accordance with the Bank's organizational structure.

The Bank's business lines specialize in providing services to customer segments with similar characteristics and needs.

The Bank's activity in Israel is managed as follows:

1. Banking – provision of banking services to retail customers and small businesses. This line of business comprises three departments: Retail Banking, Small Businesses, and Private Banking. The services and products are adapted to all the customer segments differentially, according to the nature of their banking activity, their characteristics and their needs.
2. Mortgages - provision of loans intended to purchase residential apartments or loans pledged by a residential apartment or another asset.
3. Commercial - providing banking and financial services to middle-market companies and interested parties in these companies.
4. Corporate banking - providing banking and financial services to large Israeli corporations and international corporations, supporting their domestic and foreign activities.
5. Real estate – providing banking and financial services to the construction and real estate sector.
6. Capital markets – management of the Bank's own portfolio, management of assets and liabilities and management of investments in financial assets.
7. Other – activities not attributed to the other business lines.

Results of operations are attributed to the line of business in charge of the customer's account.

- Net interest income – interest on loans extended by the business line is credited to the business line, net of the cost of raising the loans (transfer price). Furthermore, the business line is credited with a transfer price in respect of deposits raised net of interest paid to customers.
- Noninterest income (noninterest finance income, fees and commissions and other income) – is allocated to the business lines according to the customer's activity.
- Business line expenses – include the direct expenses of business lines; in addition, expenses of corporate units providing services to those business lines are also charged to the business lines.

The operating results of the business lines, both in terms of on-balance sheet items and in terms of profit and loss items, are assessed on an ongoing basis by the Bank's management and Board of Directors. The results are compared to objectives set in an annual work plan and to the corresponding period in the previous year. Furthermore, the Bank measures a range of other metrics relating to the business lines' activities.

For more information on the main operating segments according to Management Approach, please see under "Main operating segments according to Management Approach" in the Corporate Governance Report.

Set forth below are the condensed financial performance according to management approach

	For the year ended December 31, 2025											
	The Bank									Subsidiaries in Israel	Foreign subsidiaries	Total
	People Private individuals	Small businesses	Total Banking	Mortgages	Commercial	Corporate	Real estate	Capital markets Capital	Other and adjustments			
	In NIS million											
Interest income (expenses) – from external	(3,263)	785	(2,478)	7,686	1,804	3,247	3,907	1,642	76	223	745	16,852
Intersegment interest income (expenses), net	8,338	1,239	9,577	(6,430)	663	(1,817)	(2,578)	918	–	73	(406)	–
Interest income, net	5,075	2,024	7,099	1,256	2,467	1,430	1,329	2,560	76	296	339	16,852
Noninterest income	1,557	490	2,047	6	603	442	439	1,604	229	566	92	5,828
Total income	6,632	2,514	9,146	1,262	3,070	1,872	1,768	4,164	105	862	431	22,680
Loan loss expenses (income)	373	(76)	297	(1)	(16)	(32)	149	(3)	(6)	15	47	450
Total operating and other expenses	2,829	858	3,687	434	730	324	152	513	495	200	113	6,648
Profit (loss) Before tax	3,430	1,732	5,162	829	2,356	1,580	1,467	3,654	(384)	647	271	15,582
Provision for taxes	1,248	630	1,878	302	857	575	534	1,238	23	171	92	5,670
Net income (loss) Attributable to the Bank's shareholders	2,182	1,102	3,284	527	1,499	1,005	933	2,712	(407)	530	179	10,262
Balance as at December 31, 2025												
Loans to the public, net	31,820	29,059	60,879	156,685	69,120	91,759	73,625	48,761	7,287	1,711	10,123	519,950
Deposits by the Public	226,988	63,129	290,117	–	90,107	46,954	14,483	245,222	4	–	–	686,887

Following are the condensed activity results according to the Management's approach (cont.)

	For the year ended December 31, 2024											
	The Bank									Subsidiaries Subsidiaries In Israel	Subsidiaries Subsidiaries Abroad	Total
	People Private individuals	Small businesses	Total Banking	Mortgages	Commercial	Corporate	Real estate	Capital markets Capital	Other and adjustments			
	In NIS million											
Interest income (expenses), net – From external sources	(3,133)	894	(2,239)	7,482	1,482	2,081	4,250	2,457	58	204	734	16,509
Intersegment interest income (expenses), net	8,607	1,206	9,813	(6,144)	1,236	(961)	(2,792)	(809)	(4)	45	(384)	–
Interest income, net	5,474	2,100	7,574	1,338	2,718	1,120	1,458	1,648	54	249	350	16,509
Noninterest income	1,557	483	2,040	9	584	323	426	1,651	963[(b)]	521	82	6,599
Total income	7,031	2,583	9,614	1,347	3,302	1,443	1,884	3,299	1,017	770	432	23,108
Expenses (incomes) due to credit losses cards	470	94	564	62	194	(139)	55	8	(8)	14	(37)	713
Total operating and other expenses	2,922	920	3,842	439	723	304	179	463	629	209	116	6,904
Profit before taxes	3,639	1,569	5,208	846	2,385	1,278	1,650	2,828	396	547	353	15,491
Provision (benefit) for taxes	1,384	597	1,981	322	907	486	627	1,064	(198)	113	120	5,422
Net income Attributable to the Bank's shareholders	2,255	972	3,227	524	1,478	792	1,023	1,441[(A)]	594	486	233	9,798
Balance as at December 31, 2024												
Loans to the public, net	30,579	27,574	58,153	146,630	65,101	66,216	71,054	31,057	6,843	1,256	9,209	455,519
Deposits by the Public	225,833	61,164	286,997	–	86,666	41,773	13,640	189,221	4	–	–	618,301

a) Including the impairment loss due to the investment in Valley shares in the amount of approximately NIS 0.6 billion. For further information please see Note 15.A to the financial statements as at December 31, 2024.

b) Including capital gains from the sale of the main office buildings in Tel Aviv in the sum of approximately NIS 0.8 billion. For more information, please see Note 35.C to the financial statements as at December 31, 2024.

Regulatory Operating Segments

Regulatory operating segments are reported according to the format and classifications prescribed by the Reporting to the Public Directives of the Banking Supervision Department, as follows:

1. Households segment – private individuals excluding Private Banking customers.
2. Private Banking segment – private individuals with a financial portfolio with the Bank whose balance (including monetary deposits, securities portfolios and other financial assets) exceeds NIS 3 million.
3. Micro businesses segment – businesses with a turnover (annual sales turnover or amount of annual revenues) of less than NIS 10 million.
4. Small businesses segment – businesses with a turnover (annual sales turnover or amount of annual revenues) of more than NIS 10 million and less than NIS 50 million.
5. Mid-market segment – businesses whose turnover (annual sales turnover or amount of annual revenues) of more than NIS 50 million and less than NIS 250 million.
6. Corporate segment – businesses whose turnover (or annual income) is equal to or higher than NIS 250 million.
7. Institutional entities segment - includes institutional clients as defined by the Regulation of Investment Advice, Investment Marketing and Investment Portfolio Management Law, 1995, including provident funds, pension funds, study funds, mutual funds, exchange-traded notes (ETNs), insurers, members of the TASE managing customers' money.
8. Financial management segment – includes the following activities:
   A. Trading activities - investment in tradable securities, market-making activity involving securities and derivatives, activity in derivatives not designated as hedges and not used by the Bank in its Asset and Liability Management (ALM) activities, repurchase and lending transactions involving held-for-trading securities, short selling of securities, securities' underwriting services.
   B. Asset and Liability Management (ALM) activities - including investment in available-for-sale bonds and held-to-maturity bonds not allocated to other operating segments (when the borrower has no indebtedness to the Bank, other than securities), hedging derivatives and derivatives used in asset and liability management, deposits with and by domestic and foreign banks, foreign currency hedges of exchange rate differentials in respect of investments in foreign offices, deposits with and by governments.
   C. Non-financial investment activity – investment in not held-for-trading equity securities and investments in associates of businesses.
   D. Other – management, operating, trust and custodial services to banks, advisory services, sale and management of loan portfolios and development of financial products.
9. Other segment – including discontinued operations, profit from reserves and other results related to employee benefits which were not attributed to other operating segments, activities that were not allocated to other segments and adjustments between all items attributed to segments and all items in the consolidated financial statements.

Customer classification

According to the circular, when a banking corporation has no information regarding the total income turnover of a business customer which has no indebtedness towards the banking corporation (including credit line, etc.), the banking corporation may classify them into the relevant regulatory segment according to their total financial assets multiplied by a factor of 10. In addition, when the Bank believes that the total income does not represent the customer's activity volume, the customer should be classified as follows: A customer whose indebtedness is less than NIS 100 million - according to the business's total assets, as

stated in the FAQ file, and a customer whose indebtedness exceeds NIS 100 million – shall be classified to the corporate segment.

During the period, measures were taken to complete missing information, mainly regarding business customers' turnovers. In cases where the information has not yet been completed, customers were classified using estimates and other information in the Bank's possession. The Bank continues to collect additional information and improve the data.

For further information, please see Note 28A.

Summary of activities by regulatory operating segment

	For the year ended December 31, 2025										
	Activity in Israel									Foreign operations	Total Total
	Households										
	Loans For housing	Other	Banking Private	Small businesses small	Small Mid-sized	Small Large	institutional entities	Financial manager Financial	Other		
	In NIS million										
Interest income, net	1,500	4,072	306	3,745	1,795	4,168	705	166	56	339	16,852
Noninterest income	35	926	200	992	363	1,115	235	1,843	27	92	5,828
Total income	1,535	4,998	506	4,737	2,158	5,283	940	2,009	83	431	22,680
Loan loss expenses (income)	30	280	–	(4)	(108)	227	2	(24)	–	47	450
Total operating and other expenses	438	2,239	134	1,610	465	586	233	400	430	113	6,648
Profit (loss) Before tax	1,067	2,479	372	3,131	1,801	4,470	705	1,633	(347)	271	15,582
Provision for taxes	378	899	133	1,136	652	1,598	254	506	22	92	5,670
Net income (loss) Attributable to the Bank's shareholders	689	1,580	239	1,995	1.149	2,872	451	1,477	(369)	179	10,262
Balance as at December 31, 2025											
Loans to the public, gross	153,919	31,420	577[a]	92,945	42,154	187,253	8,129	–	–	10,403	526,800
Deposits by the Public	–	138,793	37,020	113,048	60,006	126,085	211,935	–	–	–	686,887

a) Including outstanding housing loans as at December 31, 2025 in the amount of NIS 315 million.

Following is the summary of activities by regulatory operating segments (cont.)

	For the year ended December 31, 2024										
	Activity in Israel									Foreign operations	Total Total
	Households										
	Loans For housing	Other	Banking Private	Small businesses small	Small Mid-sized	Small Large	institutional entities	Financial management Financial	Other		
	In NIS million										
Interest income (expenses), net	1,602	4,291	366	3,868	1,968	4,053	804	(850)	57	350	16,509
Noninterest income	41	1,002	175	925	343	948	205	2,011	867[c]	82	6,599
Total income	1,643	5,293	541	4,793	2,311	5,001	1,009	1,161	924	432	23,108
Loan loss expenses (income)	36	397	–	168	3	118	3	25	–	(37)	713
Total operating and other expenses	446	2,390	128	1,634	489	575	268	323	535	116	6,904
Profit before taxes	1,161	2,506	413	2,991	1,819	4,308	738	813	389	353	15,491
Provision for taxes	423	908	149	1,084	660	1,564	267	174	73	120	5,422
Net income Attributable to the Bank's shareholders	738	1,598	264	1,907	1,159	2,744	471	368[b]	316	233	9,798
Balance as at December 31, 2024											
Loans to the public, gross	144,387	30,670	458[A]	75,044	39,611	159,390	3,604	–	–	9,242	462,406
Deposits by the Public	–	139,802	35,781	101,224	59,641	109,860	171,993	–	–	–	618,301

a) Including outstanding housing loans as at December 31, 2024 in the amount of NIS 232 million.
b) Including the impairment loss due to the investment in Valley shares in the amount of approximately NIS 0.6 billion. For further information please see Note 15.A to the financial statements as at December 31, 2024.
c) Including capital gains from the sale of the main office buildings in Tel Aviv in the sum of approximately NIS 0.8 billion. For more information, please see Note 35.C to the financial statements as at December 31, 2024.

Following are the main changes in the operating results of the regulatory segments:

Households segment

The net income attributable to shareholders in respect of the households segment in 2025 totaled approximately NIS 2,269 million, compared with 2,336 million in 2024.

The decrease in gain stems mainly from net interest income, which was partially offset against a decrease in credit loss expenses.

Net interest income for 2025 totaled approximately NIS 5,572 million, compared with approximately NIS 5,893 million in 2024 . The decrease in net interest income stemmed mainly from an erosion of the credit spreads and deposits, which was partially offset by a growth in the segment's loan portfolio.

The net non-interest income for 2025 totaled approx. NIS 961 million, compared to NIS 1,043 million in 2024. The main decrease stems from benefits granted to customers in the current period as part of the Bank of Israel's

outline (For details see the chapter titled "Main Changes in the Period Gone By"), this decrease was partially offset by an increase in fees and. commissions for securities.

In 2025, loan loss expenses were recorded in the amount of approx. NIS 310 million, compared to expenses of approx. NIS 433 million in 2024. The decrease stems mainly from the collective provision.

Operating and other expenses in 2025 totaled approximately NIS 2,677 million, compared to NIS 2,836 million in 2024, the decrease is mainly due to a decrease in grants linked to return-based bonuses.

The outstanding credit to the public as of December 31, 2025 amounted to the sum of approximately NIS 185.3 billion compared to NIS 175.1 billion as at the end of 2024.

The balance of public deposits as of December 31, 2025 amounted to NIS 138.8 billion compared to NIS 139.8 billion at the end of 2024.

Private banking segment

The net income attributable to shareholders in respect of the private banking segment for 2025 totaled approximately NIS 239 million, compared with NIS 264 million in 2024. The decrease stems mainly from a decrease in net interest income.

The net interest income for 2025 totaled approximately NIS 306 million, compared with approximately NIS 366 million in 2024. The decrease stems mainly from the erosion of the deposits spread.

The net non-interest income for 2025 totaled approx. NIS 200 million, compared to approximately NIS 175 million in 2024. The increase stems mainly from an increase in securities activities and financial product distribution commissions.

Micro- and small-business segment

The net income attributable to shareholders in respect of the micro and small business segment in 2025 totaled approximately NIS 1,995 million, compared
to NIS 1,907 million in 2024. The increase in gain stemmed mainly from an increase in non-interest income and a decrease in expenses for loan losses.

The net interest income for 2025 totaled approximately NIS 3,745 million, compared with approximately NIS 3,868 million in 2024. The main decrease stems from an erosion of credit and deposit spreads, which was offset by a growth in the segment's loan portfolio.

The net non-interest income for 2025 totaled approx. NIS 992 million, compared to approximately NIS 925 million in 2024. The increase stemmed mainly from fees and commissions from securities activity.

In 2025, income for loan losses was recorded in the amount of approx. NIS (4) million, compared with expenses of approx. NIS 168 million in 2024. The decrease is mainly due to a decrease in collective expense, mainly due to a decrease in the volume of accruing troubled debts.

The operating and other expenses in 2025 totaled approximately NIS 1,610 million, compared to approximately NIS 1,634 million in 2024, the decrease is mainly due to a decrease in grants linked to return-based bonuses.

The outstanding credit to the public as of December 31, 2025 amounted to the sum of approximately NIS 92.9 billion compared to NIS 75 billion as at the end of 2024.

The balance of public deposits as of December 31, 2025 amounted to NIS 113.0 billion compared to NIS 101.2 billion at the end of 2024.

Mid-market segment

The net income attributable to shareholders in respect of the mid-market segment in 2025 totaled approximately 1,149 million, compared
to NIS 1,159 million in 2024 .

The net interest income for 2025 totaled approximately NIS 1,795 million, compared to approximately NIS 1,968 million in 2024. The decrease stems mainly from the erosion of the deposits spread.

The net non-interest income for 2025 totaled approx. NIS 363 million, similar to approximately NIS 343 million in 2024. The increase stems mainly from an increase in fees and commissions from financing business.

In 2025, income for loan losses was recorded in the amount of approx. NIS (108) million, compared to expenses of approx. NIS 3 million in 2024. Most of the decrease stems from a decrease in collective expense.

The operating and other expenses in 2025 totaled approximately NIS 465 million, compared to approximately NIS 489 million in 2024, the decrease is mainly due to a decrease in grants linked to return-based bonuses.

The outstanding credit to the public as of December 31, 2025 amounted to the sum of approximately NIS 42.2 billion compared to NIS 39.6 billion as at the end of 2024.

The balance of public deposits as of December 31, 2025 amounted to NIS 60.0 billion compared to NIS 59.6 billion at the end of 2024.

Corporate segment

The net income attributable to shareholders in respect of the corporations segment in 2025 totaled approximately NIS 2,872 million compared to NIS 2,744 million in 2024. The increase stemmed mainly from an increase in net interest income and non-interest income.

The net interest income for 2025 totaled approximately NIS 4,168 million, compared to approximately NIS 4,053 million in 2024. The increase stems mainly from a growth in the credit portfolio and the deposits portfolio, which was offset against the erosion of credit and deposits spreads.

The non-interest income for 2025 totaled approx. NIS 1,115 million, compared to approximately NIS 948 million in 2024. The increase stemmed mainly from fees and commissions from financing businesses.

In 2025, loan loss expenses were recorded in the amount of approx. NIS 227 million, compared to expenses of approx. NIS 118 million in 2024. The increase stems mainly from an increase in the collective provision due to an increase in loans and extension of the duration.

The operating and other expenses in 2025 totaled approximately NIS 586 million, compared to NIS 575 million in 2024. The increase stems mainly from an increase in activity.

The outstanding credit to the public as of December 31, 2025 amounted to the sum of NIS 187.3 billion compared to NIS 159.4 billion as at the end of 2024.

The balance of public deposits as of December 31, 2025 amounted to NIS 126.1 billion compared to NIS 109.9 billion at the end of 2024.

Financial management segment

The net income of the financial management segment attributed to the shareholders of the Bank in 2025 totaled approximately NIS 1,477 million compared with net profit of approximately NIS 368 million in 2024. The increase in profit stems mainly from an increase in net interest income, and since the profit in the corresponding period last year includes expenses for impairment of the investment in the associate company Valley in the sum of NIS 0.6 billion after tax.

For further information, please see Note 15A.

The total income for 2025 totaled approximately NIS 2,009 million, compared with the income of NIS 1,161 million in 2024. The increase in income stems mainly from an increase in net finance income, mainly due to income recorded in this segment from transfer pricing as a result of the Bank's credit portfolio refinancing, from the investment portfolio, and from a decrease in expenses in this segment following the decline in the SOFR interest rate.

The operating and other expenses in 2025 totaled approximately NIS 400 million, compared with approximately NIS 323 million in 2024, the increase is mainly due to an increase in expenses related to the growth in capital markets activity.

Other segment

The loss attributable to shareholders in respect of "other" segment totaled approximately NIS (369) million in 2025, compared to a gain of approximately NIS 316 million in 2024. The gain in the corresponding period stemmed mostly from the capital gain income from the sale of the main office buildings in Tel Aviv.

The operating and other expenses in 2024 totaled approx. NIS 430 million compared to approx. NIS 535 million in 2024. The decrease is mainly due to a decrease in expenses for pension liabilities in respect of 2024.

Information by Geographic Region[a]

Main figures by Geographic Region

	Total assets			Loans to the public, net			Deposits by the public		
	December 31			December 31			December 31		
	2025	2024	Change	**2025**	2024	Change	**2025**	2024	Change
	In NIS million		In %	In NIS million		In %	In NIS million		In %
Israel	**862,495**	775,995	11.1	**509,827**	446,310	14.2	**686,887**	618,301	11.1
UK	**10,360**	9,524	8.8	**10,123**	9,209	9.9	**–**	–	–
Other foreign operations	**116**	32	262.5	**–**	–	–	**–**	–	–
Total	**872,971**	785,551	11.1	**519,950**	455,519	14.1	**686,887**	618,301	11.1

Following is a breakdown of the net income by geographic region

	Net income			
	For the year ended December 31			
	2025	2024	Change	
	In NIS million			In %
Israel	**9,747**	9,191	556	6.0
UK	**512**	613	(101)	(16.5)
Other foreign operations	**3**	(6)	9	
Total	**10,262**	9,798	464	4.7

a) Classified by office's location.

For more information, please see sections **"Major Investees"**, "Credit Risk" and Note 28 A.b.

Major [1] Investment [1]companies

As of the report publication date, the Leumi Group is mainly active in Israel, through the Bank and subsidiaries which serve as financial services companies. In addition, the Group continues to invest both in financial and non-financial corporations which do not engage in banking.

As of December 31, 2025, the Bank's total investments in associate companies (including investments in capital notes) amounted to approximately NIS 16.3 billion, compared to NIS 15.6 billion as of December 31, 2024. In 2025, the investees' contribution to the Group's net gain totaled approximately NIS 945 million, compared with a gain of approximately NIS 415 million in 2024. 2024 includes a depreciation recorded due to the value of the investment in Valley in the sum of approximately NIS 0.6 billion.

For information regarding the investment and contribution of each major Group company to the Group's profit and for more information regarding the impairment of the investment in Valley, please see Note 15.

Consolidated Companies in Israel

The Bank's total investments (including in capital notes) in its Israeli consolidated companies totaled NIS 9,660 million as of December 31, 2025, compared to NIS 9,108 million as of December 31, 2024. The contribution of the consolidated companies in Israel to the Group's net income in 2025 was NIS 553 million, compared with NIS 524 million in the corresponding period 2024. In 2025, the Group's return on investment in the Israeli consolidated companies was 6.1 percent, similar to 2024.

Leumi Partners Ltd.

Leumi Partners is the Leumi Group's investment and merchant banking arm.

Leumi Partners ended 2025 with a net gain of approx. NIS 467 million, derived mainly from gains from investments and interest income, similar to a gain of approx. NIS 461 million in 2024.

Leumi Partners' equity totaled NIS 5,711 million as of December 31, 2025, compared to NIS 5,316 million as of the end of 2024.

Leumi Partners engages in main activity fields as specified below:

1. Managing the Leumi Group's non-financial investment portfolio

   Leumi Partners initiates, identifies and executes direct and indirect investments in companies, projects and private equity funds.

   The Leumi Group's non-financial investment policy is in line with the Group's risk appetite and the restrictions of the Banking Law (Licensing) and therefore only includes minority interests (up to 20 percent of each means of control, with no controlling interest). The Company focuses on mid-term and long-term investments, according to its policy. The non-financial investment strategy dictates a preference for private companies and high probability of disposal.

   During 2025, Leumi Partners made and committed to make new investments in companies, funds, convertible loans, and mezzanine loans in the scope of approximately NIS 1.9 billion. The balance of the Company's real investments as of December 31, 2025 is approximately NIS 6.8 billion, compared with approximately NIS 5.6 billion as of December 31, 2024. As of December 31, 2025, Leumi Partners has investment commitments totaling approx. NIS 1.2 billion, compared to approx. NIS 1.6 billion as of December 31, 2024.

2. Underwriting, consulting and management of private and public capital raising in Israel

   Up to September 30, 2025 Leumi Partners provided, through a fully owned subsidiary, Leumi Partners Underwriters Ltd. (Leumi Underwriting") a wide range of underwriting and consulting services to companies and interested parties.

   On September 30, 2025 the merger transaction between Leumi Underwriting and Barak Leumi Underwriters Ltd. (at the time of completion of the merger: Barak Capital Underwriting Ltd) ("Barak

[1] For a definition of Major Investees, please see Note 1.B..

Underwriting"), as part of which Leumi Underwriting with and into Barak Underwriting and ceased to exist as an independent legal entity. Mr. Victor Vakart, CEO of Leumi Partners, which is not a controlling shareholder of the merged underwriting company, serves as Chairman of the Company's Board of Directors. Mr. Tzvika Menes, the controlling shareholder of Barak Underwriting, serves as CEO of the company. Upon completion of the transaction, a gain totaling NIS 94 million had been recorded.

3. Consulting for and management of M&As and capital raising

The services are provided to Israeli and foreign companies wishing to expand strategically through mergers and acquisitions or to investors or controlling shareholders wishing to sell or reduce their holdings.

The services offered in this field include: assistance in characterizing the client's strategic needs and objectives; characterizing the optimal investment or investor to meet them; identifying targets and investors globally; assisting in contacting the target company; assisting through the negotiation process; deal structuring so as to meet the client's objectives; and support in accessing financing resources for the transaction.

Leumi Partners cooperates with investment houses and other entities in Israel and abroad.

Consolidated Companies Outside Israel

The Bank's total investments (including investments in capital notes) in its consolidated companies abroad totaled NIS 4,370 million as of December 31, 2025, compared to NIS 4,365 million as of December 31, 2024. In 2025, the foreign offices' contribution to the Group's shekel net income was NIS 96 million, compared with NIS 215 million in 2024. The decline in the income is primarily due to the appreciation of the shekel against the GBP in 2025, as well as erosion of profit in the original currency.

For more information regarding the affiliates' contribution to the Group's profit, please see Note 15.

Leumi UK Group

The Bank's activity through foreign offices is currently carried out only through the Bank's office in the UK.

Leumi UK Group provides credit primarily in the fields of real estate, hotels and ABL, only to commercial customers in the UK and Europe, including Israeli customers active in these geographic areas, including investments and development of residential real estate and financing for commercial real estate.

Leumi UK Group's net income in 2025 totaled approx. NIS 104 million, compared with the amount of approx. NIS 202 million in 2024. (in 2025 totaled approx. GBP 35 million, compared with the amount of approx. GBP 47 million in 2024). The decline in the income is primarily due to the appreciation of the shekel against the GBP in 2025, as well as an erosion of profit in the original currency, mainly due to an increase in group provision.

C. Risk Review

Risk Exposure and Management Thereof

Risk Management at Leumi

The Bank's business activity involves managing financial and non-financial risks. The key financial risks managed by the Bank are as follows: credit risks, which are integral to the Bank's core business, as well as market and liquidity risks. In addition to financial risks, the Bank's activity poses non-financial risks, the management of which is a necessary precondition to meeting the Group's ongoing and long-term goals. These risks include operational risks, such as technological and cyber risks, regulatory risk, compliance risk, legal risk, reputational risk, strategic risk, model risk, environmental risk, conduct risk, and macroeconomic risk.

Leumi's risk strategy management is to maintain the Group's stability and support the achievement of its business objectives. These objectives are achieved while meeting the predefined risk appetite, the policy and the limitations deriving therefrom, which form the boundaries for the Bank's business activity. The risk management framework includes mechanisms for identifying and estimating risks, defining the corporate structure and areas of responsibility for managing risk as well as putting in place adequate control and reporting mechanisms.

The Bank continually upgrades its risk management infrastructure and analyzes the risk outlook, to enable informed decision-making.

Organizational Structure of Leumi Group's Risk Management Function

Leumi's risk management is based on three lines of defense, as required by Proper Conduct of Banking Business Directive No. 310 – "Risk Management".

1. First line of defense – the managements of the business lines, including supportive functions and LeumiTech, bear full responsibility for managing the risks embodied in the products, operations, processes and systems under their purview, and for implementing an adequate control environment over their activities, through processes of identification, measurement, monitoring, control, mitigation and reporting.
2. Second line of defense – The Risk Management Division is an independent function responsible for planning and developing a comprehensive risk management framework for the Bank. The Risk Management Division's main areas of responsibility conform to the requirements of the Proper Conduct of Banking Business Directive No. 310, including: Responsibility for risk management at the Group and Bank levels; creating an up-to-date overall picture of each risk for decision-making purposes; leading the drafting of Leumi's risk policy for all major risks; assisting the Board of Directors in determining the Bank's risk appetite; and leading the process of evaluating the Internal Capital Adequacy Assessment Process (ICAAP), including its various components.

   The second line of defense involves additional functions, such as: the Bank's Chief Legal Counsel - who is responsible for the management of legal risk and the Chief Accountant - who is responsible for financial reporting and SOX.
3. Third line of defense - The Internal Audit Division, which reports directly to the Board of Directors. The Internal Audit Division is responsible for conducting an independent, objective audit and for challenging controls, processes and automated systems in the banking corporation. The audit is usually performed retrospectively on the first and second lines of defense, ensuring implementation of the legal provisions and instructions of management and the Board of Directors.

The Bank's Board of Directors is responsible, inter alia, for developing the overall risk strategy, including: The risk appetite; supervision of the Group's risk management framework; approval of the corporate structure; approval of the risk management policy for each material risk; overseeing and challenging the risk levels to which the Group and the Bank are exposed, while ensuring compliance with the risk appetite and the provisions of the law and regulations.

The Chief Risk Officer, who is a member of the Bank's management and heads the Risk Management Division, is responsible for managing the Group's and Bank's main risks.

Reporting to the Chief Risk Officer are department managers and managers of the following risk management units, acting as second line is under the responsibility of the Risk Management Division – including credit risks, market and liquidity risks, compliance risks, operational risks, technological risks, cyber risks, and models risks.

The Bank strives to apply a risk management framework at the Group level, which includes corporate governance and control principles that are in line with the provisions of the law and local regulations. A chief risk officer is appointed for each of the main Israeli subsidiaries and the UK office, reporting to the subsidiary's CEO and professionally (dotted line) to the Group's Chief Risk Officer.

Changes in the Risk Environment and their Effect on the Group

The Bank's activity is affected, inter alia, by macroeconomic developments and the business environment. The global economic activity continues to expand, however at a slower pace compared to previous years, primarily due to the cumulative impact of inflation exceeding target levels in most countries and the rise in the interest rate environment in previous years, as well as given the global uncertainty regarding the American Government's trade policy. The inflation is in a clear moderating trend, and in some countries achieved real convergence of a price stability environment. At the time, employment data in most developed countries, with an emphasis on the United States, indicate relative weakness. Against this background, the central banks in the various countries began a process of interest rate reductions, which is in its final stages in most countries. At the same time, the stock markets during 2025 were characterized currency exchange increases, with significant price fluctuations throughout the year. The major risks for global financial activities include, among other factors, the escalation and expansion of significant geopolitical events, political risks fueling social unrest, concern of renewal of risks related to the global trade policy and extreme weather events that reignite global inflation and disrupt economic activity.

Leumi's risk profile is examined on a quarterly basis, as part of the risk exposure report reported to the Board of Directors each quarter. The risk profile is examined, inter alia, by using a methodology for classifying the severity level of exposures to different risks. The methodology is based on quantifying the effect of various scenarios materializing on the Group's capital, i.e. its stability, and includes "expert assessments" by relevant functions in the Bank.

For changes in the severity of the risk factors, please see the risk factor severity table..

The Internal Capital Adequacy Assessment Process (ICAAP)

The Capital Adequacy Assessment Process (ICAAP) is aimed at calculating the capital required to support the various risks to which the Group is exposed – both in the ordinary course of business and under stress scenarios – in order to ensure that the Group's effective capital exceeds the capital requirements at any given time. As part of the process, the risk appetite and the risk tolerance are examined, and a comprehensive mapping and assessment process was conducted for the risks to which the Group is exposed.

According to the process, the Bank is in possession of adequate capital and liquidity to cope with all of the risks identified – both in the ordinary course of business and under extreme stress scenarios.

The products of the process are summarized in the ICAAP paper that is submitted to the Banking Supervision Department each year.

For more information regarding risk exposure and assessment, please see the Risk Management Report as at December 31, 2025.

The Group's Risk Appetite

The Group's risk appetite outlines the boundaries for its business activity, both on an ongoing basis and under stress scenarios. The risk appetite is adjusted to Leumi's strategy and to the boundaries of its current and future business focal points. The risk appetite addresses Leumi's risk identification, measurement, control, management and mitigation practices, which have direct impact on the Group's residual risk profile. The risk

appetite boundaries are re-examined each year within the various dedicated frameworks and approved from an overall perspective by the Board of Directors as part of the ICAAP process.

The risk appetite paper constitutes a reference point for all risk-specific policy papers, which outline additional risk boundaries and risk management guidelines.

The Group's risk appetite statement covers the scope and types of aggregate risk the Bank is willing to take in order to achieve its business goals. Quantitative and qualitative measures were set, based on forward-looking assumptions which reflect the Group's aggregate risk appetite statements.

Using Stress Testing as Part of Risk Management

Using a uniform stress test is an accepted global practice; it is required under the Basel Committee rules and contributes to understanding the risks which the banking system and a single bank are exposed to. The process strengthens the banking system's transparency, allows to examine the resilience of banking corporations under adverse market conditions and draw comparisons. The process supports methodology improvements and the understanding of the risk factors by banking corporations as well as by the Banking Supervision Department.

As of 2012, the Bank of Israel's Banking Supervision Department conducts macroeconomic stress tests for the banking system, based on a uniform scenario. In the framework, the Bank estimates the results of the test using a variety of models and methodologies based on subjective "expert assessments".

During the second quarter of 2025, the effects of the uniform stress scenario – as defined by the Bank of Israel – for 2024 were assessed which constituted a regional war scenario. The scenario's results indicate that the Bank has sufficient equity and above the restrictions.

The Banking Supervision Department incorporates the results of the uniform stress scenario as a complementary component of the Supervisory Review and Evaluation Process (SREP), including a quantitative and qualitative analysis. At the same time, the banking corporations are required to integrate the uniform stress test into a single process to assess the capital adequacy (ICAAP).

The Leumi Group also implements a set of internal stress tests, updated on a regular basis, with the aim of assessing key risk focal points, taking into account various developments in the Bank's environment.

The impact of the most severe stress tests is also examined with respect to the Group's capital planning, in order to ensure the Group's compliance with all of the regulatory and internal restrictions set for the materialization of the various scenarios.

For more information regarding risk exposure and assessment, please see the Risk Management Report as at December 31, 2025.

Some of the above information constitutes "forward-looking information". For the meaning of the term, please see the chapter "Forward-Looking Information".

Credit Risks

Credit provision is a core activity of the Bank and Group and is conducted in a decentralized manner by various business lines.

Credit risk is the Bank's risk of loss as a result of the possibility that a counterparty fails to meet its agreed commitments towards the banking corporation.

Activities which embody credit risk include on- and off-balance sheet credit risk, such as: Loans to the public; loans to banks; loans to governments; deposits with banks; investments in bonds and exposures for activity in derivatives.

The Bank applies a comprehensive risk management policy in line with the requirements of Proper Conduct of Banking Business Directive No. 311, "Credit Risk Management", Proper Conduct of Banking Business Directive 311A, "Management of Consumer Credit" and Proper Conduct of Banking Business Directive No. 314, "Sound Credit Risk Assessment and Valuation for Debts", including the liability of management and the Board of Directors. In addition, the Bank is meticulous about managing risk in compliance with further guidelines and requirements included in the Banking Supervision Department's directives, implementing corporate governance which includes three "lines of defense".

As part of its credit risk management, the Bank monitors the quality of its credit portfolio, including the overall adequacy of its loan loss provision to cover losses embodied in the loan portfolio; the credit portfolio concentration level and activity by main products, such as: credit granted to the construction and real estate sector; housing loans; credit granted to private individuals; housing loans and leveraged credit.

As part of the credit risk management, on a regular basis, adjustments are made to the credit risk management and risk appetite, as necessary.

In 2025, there were no material changes in the corporate governance structure related to credit risk.

For more information about regulatory revisions, please see Laws and Regulations Governing the Banking System in the Corporate Governance Report.

Macroeconomic effects

The Bank's activity is affected, among other things, by macroeconomic developments in the local global business environment.

During 2025, the economy's recovery trend from the effects of the War continued. However, Operation Am K'Lavie temporarily halted this trend, as during the war with Iran, there was a sharp decrease in economic activity, inter alia on the backdrop of restrictions imposed by the Home Front Command. However, following the end of the war with Iran, a relatively high recovery in the economic activity occurred, leading to a high growth rate in the third quarter of the year. The recovery in the economic activity continued in the fourth quarter, and the overall growth rate in 2025 as a whole stood at 3.1%, reflecting an acceleration in the growth rate compared with 2024 (growth of 1.0%), however still below the economy's growth potential.

Looking forward, the economic activity is expected to continue recovering in 2026, as the rate of expansion will depend, among other things, on the developments of various parameters, including developments related to the tension between the United States and Iran and their impact on Israel. In this context, it should be noted that on February 28, 2026, Operation Lion's Roar was launched – a joint Israeli-U.S. targeting infrastructure, military assets, symbols of governance, and senior figures within the Iranian regime. In response, a significant barrage of rockets was fired from Iran toward the Israeli home front and toward American targets across the Persian Gulf and the broader Middle East. In the short term, the expected economic impact on Israel depends on the intensity, cope, and, above all, the duration of the events. However, over a longer horizon, to the extent that the operation results in a substantial reduction of the threat posed by Iran to Israel, this may have positive implications for Israel's growth potential and various macroeconomic indicators. We further note that in October 2025, the Trump Outline, which is a multi-stage outline, had been published, as the first stage includes an immediate ceasefire and returning the hostages, followed by the possibility of comprehensive regional regulation, with the direct involvement of the Western World Powers and most countries in the region. The first stage of the agreement had been completed. In response, an improvement of Israel's risk indicators has been recorded in the financial markets, including the strengthening of the shekel, alongside increases in the currency exchange rate in the local stock exchange.

In the credit risk aspect, there is still uncertainty, although to a lesser extent than at the outbreak of/during the course of the War, and therefore it is not possible to accurately assess the intensity of the potential adverse effect on the Bank's credit portfolio.

Leumi's loan portfolio showed strength during this period, proving its stability, notwithstanding the aforementioned uncertainty.

In view of the increase in the risk level since the outbreak of the War, emphases were honed in relation to credit in the various business lines, and since then adjustments and changes are made from time to time according to the situation and the rate of the economy's recovery.

For further information, please see the chapter titled "Key Developments in the Economy" in the Report of the Board o f Directors and Management.

Loan loss expenses

The Bank's loan loss provision reflects the Bank's estimates. The provision is an estimate based on judgment, which was applied during the third quarter in a changing environment characterized by uncertainty. In order to estimate the current expected credit losses, the Bank consistently takes into account the directives of the Banking Supervision Department in its forecasts, scenarios, assumptions and estimates pertaining to the possible consequences of the War.

The estimation process is adapted to forecasts pertaining to the War conditions and its development and includes the Bank's expected collective loss. In this context, the Bank relies on assessing the risk profile of the various economic sectors, especially economic sectors the Bank believes to be more exposed to the War, using measurement tools at its disposal, such as: the amount of write-offs, the risk profile of the economic sector, debt period, debt classification, risk appetite, macroeconomic models for estimating credit losses reflecting the effects of changes in forecasts for the main economic parameters in the coming year (such as: forecasts for growth, private consumption, foreign exchange rates, unemployment rate in the economy, and interest rate). The estimate is based on scenarios at various levels of severity, and in view of the security and economic uncertainty, the assessment of loan losses continues to reflect also the probability of realization of the more pessimistic scenarios relative to the base scenario. A further worsening of any of these criteria and/or worsening of the weighting of pessimistic scenarios may bring about an increase in the loan loss provision.

Due to the rapid changes in the financial and economy-wide conditions, in the fourth quarter of 2025 and until shortly before the publication date of the report, the Bank examined the key indicators used in the provision process and revised them accordingly, as mentioned above.

Despite the improvement in the economic situation as aforementioned, the estimate of the loan loss collective provision still reflects the security and economic uncertainty, as well as conservatism in macroeconomic

indicators and the parameters used for the assumptions underlying the model for predicting customers' future default rates.

The expenses due to credit losses amounted NIS 450 million in 2025, of which expenses in the sum of NIS 707 million due to the collective provision that had been made were recorded.

In order to examine the sensitivity of the collective provision to hypothetical changes at the risk level of economic sectors and the macroeconomic parameters underlying the forecast, the Bank assessed the effect of a uniform change in the macroeconomic parameters (worsening and improvement by a uniform rate of 1%) and the odds of materialization of the various scenarios (a main, pessimistic and extreme scenario), through each of the sensitivity tests.

The key macroeconomic parameters in which the base scenario was altered are, among others, the GDP, personal consumption, the Bank of Israel's interest rate, and the currency exchange rate.

The impact of worsening the parameters will reflect an addition to the collective provision for loan losses in 2025 in the sum of approximately NIS 944 million. Improvement of the parameters will lead to a decrease in the collective provision for loan losses in 2025 relative to the reference scenario in the sum of approximately NIS 778 million.

Some of the above information constitutes "forward-looking information". For the meaning of the term, please see the chapter "Forward-Looking Information".

Reliefs and changes in credit terms and conditions as part of coping with the War's ramifications

For further information concerning all the reliefs and changes, please see the Section entitled "Major Changes in the Period Gone By" in this report.

For additional information on all the relevant publications of the Bank of Israel, please see the chapter entitled "Legislation and Regulations Governing the Banking System" under "Regulatory Measures following the War and Operation "Am K'Lavie", in a Corporate Governance Report.

Risk assessment and classification of debt that have undergone changes in terms against the backdrop of the War

In 2023-2025, the Bank has applied the Bank of Israel's directives regarding the War and Operation Am K'Lavie, and adopted the unified outlines published by the Bank of Israel for changes in loan terms, mainly by way of deferral of loan payments for private individuals. The Bank has voluntarily extended the reliefs related to the War by an additional quarter that ended June 30, 2025, and the reliefs related to Operation Am K'Lavie came to an end on July 31, 2025.

For further information, please see the Section entitled "Credit Risks in the Report of the Board of Directors and Management" as at June 30, 2025.

Credit risk and non-performing assets

	December 31, 2025			
	Commercial	For housing	Other Private individuals[d]	Total
	In NIS million			
Credit risk in credit performance rating[a]:				
On-balance-sheet credit risk	346,403	151,386	27,706	525,495
Off-balance-sheet credit risk[c]	195,552	6,684	18,821	221,057
Total non-investment grade credit risk	541,955	158,070	46,527	746,552
Non-investment grade credit risk				
a. Non-troubled	621	2,072	2,666	5,359
b. Total troubled	4,837	789	903	6,529
Troubled performing	3,693	19	707	4,419
Troubled non-performing	1,144	770	196	2,110
Total on-balance-sheet credit risk	5,458	2,861	3,569	11,888
Off-balance-sheet credit risk[c]	921	20	215	1,156
Total non-investment grade credit risk	6,379	2,881	3,784	13,044
Of which: Performing debts with interest income, in arrears of 90 days or more	142	–	66	208
Overall credit risk incl. of the public[b]	548,334	160,951	50,311	759,596
Additional information on non-performing assets				
a. Non-performing debts	1,144	770	196	2,110
b. Assets received for settled loans	28	–	–	28
Total non-performing assets of the public	1,172	770	196	2,138
Percentage of non-performing loans to the public (NPL) out of total loans to the public				0.40%

a) Credit risk whose credit rating at the reporting date matches the credit rating for granting new credit in accordance with the Bank's policy.
b) On- and off-balance sheet credit risk, including for derivatives. Including debts, bonds, securities borrowed or purchased under purchase agreements.
c) Credit risk for off-balance sheet financial instruments as calculated for the purpose of per borrower credit indebtedness limitations.
d) During the third quarter of the year the model of internal rating of the Bank's private customers been updated, and commencing this date the data are presented according to the new model.

For additional information with regards to deferred payments debts of 180 days or more, not classified as troubled payments, please see Note 29.B.1

Credit risk and non-performing assets (cont.)to

	December 31, 2024			
	Commercial	For housing	Private individuals – Other	Total
	In NIS million			
Credit risk in credit performance rating [a]:				
On-balance-sheet credit risk	300,149	141,410	28,041	469,600
Off-balance-sheet credit risk[c]	166,945	5,745	17,209	189,899
Total non-investment grade credit risk	467,094	147,155	45,250	659,499
Non-investment grade credit risk				
a. Non-troubled	959	2,523	1,612	5,094
b. Total troubled	5,096	700	899	6,695
Troubled performing	3,683	23	694	4,400
Troubled non-performing	1,413	677	205	2,295
Total on-balance-sheet credit risk	6,055	3,223	2,511	11,789
Off-balance-sheet credit risk[c]	793	63	195	1,051
Total non-investment grade credit risk	6,848	3,286	2,706	12,840
Of which: Performing debts, in arrears of 90 days or more	91	–	87	178
Overall credit risk incl. of the public[b]	473,942	150,441	47,956	672,339
Additional information on non-performing assets				
a. Non-performing debts	1,413	677	205	2,295
b. Assets received for settled loans	26	–	–	26
Total non-performing assets of the public	1,439	677	205	2,321
Percentage of non-performing loans to the public (NPL) out of total loans to the public				0.50%

a) Credit risk whose credit rating at the reporting date matches the credit rating for granting new credit in accordance with the Bank's policy.
b) On- and off-balance sheet credit risk, including for derivatives. Including debts, bonds, securities borrowed or purchased under purchase agreements.
c) Credit risk for off-balance sheet financial instruments as calculated for the purpose of per borrower credit indebtedness limitations.

For additional information with regards to deferred payments debts of 180 days or more, not classified as troubled payments, please see Note 29.B.1

Movement in Non-Performing Loans to the Public

	For the year ended December					
	2025			2024		
	Commercial	Private[a]	Total	Commercial	Private[a]	Total
	In NIS million					
Outstanding balance of non-performing debts at the beginning of the year	**1,413**	**882**	**2,295**	2,579	1,031	3,610
Loans classified as non-performing debts during the period	**860**	**970**	**1.830**	752	833	1,585
Debts reclassified as performing	**(265)**	**(438)**	**(703)**	(648)	(501)	(1,149)

	For the year ended December					
	2025			2024		
	Commercial	Private[a]	Total	Commercial	Private[a]	Total
	In NIS million					
Written-off non-performing debts	**(341)**	**(113)**	**(454)**	(441)	(155)	(596)
Repaid non-performing debts	**(522)**	**(335)**	**(857)**	(827)	(326)	(1,153)
Other	**(1)**	**–**	**(1)**	(2)	–	(2)
Outstanding balance of non-performing debts at the end of the year	**1,144**	**966**	**2,110**	1,413	882	2,295

a) Including outstanding debts of private individuals – other and housing loans.

Following is a breakdown of qualitative analysis indicators of loans to the public, expenses and loan loss provision

	December 31							
	2025				2024			
	Commercial	Housing	Private individuals –	Total	Commercial	Housing	Private individuals – Other	Total
	In %							
Analysis of quality of loans to the public								
Percentage of non-performing loans (NPL) to the public out of outstanding loans to the public	**0.34**	**0.50**	**0.63**	**0.40**	0.49	0.47	0.67	0.50
Percentage of non-performing loans to the public or in arrears of 90 days or more out of outstanding loans to the public	**0.38**	**0.50**	**0.84**	**0.44**	0.52	0.47	0.96	0.53
Percentage of troubled loans to the public out of outstanding loans to the public	**1.42**	**0.51**	**2.89**	**1.24**	1.77	0.48	2.94	1.45
Percentage of non-investment grade credit out of outstanding loans to the public	**1.60**	**1.85**	**11.41**	**2.26**	2.11	2.23	8.22	2.55
Analysis of expenses for loan losses for the reporting period								
Percentage of loan loss expenses out of the average outstanding balance of loans to the public	**0.03**	**0.02**	**0.93**	**0.09**[a]	0.09	0.03	1.35	0.16[א]
Percentage of net write-offs for loans to the public out of average outstanding loans to the public	**0.03**	**–**[c]	**0.87**	**0.08**	0.03	–[c]	1.25	0.10
Analysis of the loan loss provision in respect of loans to the public								
Percentage of balance of the loan loss provision for loans to the public out of outstanding loans to the public	**1.53**	**0.43**	**3.10**	**1.30**	1.84	0.44	3.12	1.49
Percentage of balance of the loan loss provision for loans to the public out of non-performing outstanding loans to the public	**455.59**	**86.75**	**494.90**	**324.64**	374.66	94.53	464.88	300.09
Percentage of balance of the loan loss provision for loans to the public out of outstanding non-performing loans to the public or in arrears of 90 days or more	**405.29**	**86.75**	**370.23**	**295.51**	351.99	94.53	326.37	278.49
Ratio of the credit loss allowance balance for public credit to the net accounting charge-offs for public credit[c]	**49.64**	**133.60**	**3.70**	**18.41**	70.59	640.00	2.60	15.58

a) Including loan loss expenses for loans to the public, banks, governments and bonds.
b) Not presented as percentage.
c) Rate lower than 0.01 percent.

In 2025, there was an improvement in the credit quality index components in the commercial, housing and private loan portfolios compared to 2024. The improvement in the portfolio's credit metrics is reflected in a decrease in the ratio of non-accrual credit, a reduction in the ratio of problematic credit, and a decline in the

ratio of credit not classified as performing. Additionally, there was a decrease in the loan loss expenses and the rate of net write-offs compared to 2024.

Credit Concentration

Concentration risk is defined as a single exposure or group of exposures having a common attribute, which creates the potential to cause significant losses. Concentration risk is mainly managed by setting limitations and monitoring and controlling compliance therewith.

The sources of concentration relevant to the Bank's loan portfolio are as follows: Economic sectors, single borrowers and groups of borrowers.

The concentration risk is managed by ensuring compliance with all regulatory restrictions, as well as by defining and regularly monitoring compliance with all internal restrictions (which are mostly more stringent than regulatory ones).

Credit portfolio diversification among various economic sectors

To diversify the risk embodied in a high concentration in one sector, the Bank's credit portfolio is split between the various economic sectors. In relatively low risk economic sectors, we aim to reach a higher share than our share of the banking system.

The Bank's credit policy on various operating segments and economic sectors changes from time to time in accordance with the business environment, the Bank's business focus and risk appetite, as well as the Bank of Israel's general and specific directives.

Total Credit Risk by Economic Sector

	December 31, 2025						
					Loan losses[c]		
	Overall credit risk[a]	Of which: Rating Performance credit[e]	Of which: Credit risk Troubled[d]	Of which: Credit risk Non-performing	Loan loss expenses (income)	Charge-offs, net	Balance of loan loss provision
	In NIS million						
For borrowers activity in Israel							
Public-commercial							
Industry	38,639	38,054	548	176	(43)	53	(472)
Construction and real estate - construction[f]	157,829	156,284	1,073	182	340	34	(1,870)
Construction and real estate - real estate activity	61,488	60,510	825	202	(54)	(31)	(1,192)
Commerce	45,150	44,358	674	259	32	152	(636)
Financial services	89,834	89,800	34	19	25	(2)	(248)
Other sectors	73,261	71,622	1,453	225	(104)	(1)	(1,342)
Commercial - total	466,201	460,628	4,607	1,063	196	205	(5,760)
Private individuals - housing loans	160,888	158,007	789	770	30	5	(694)
Private individuals - other	50,293	46,510	942	196	280	262	(1,006)
Total loans to the public - activity in Israel	677,382	665,514	6,338	2,029	506	472	(7,460)
Banks and governments - in Israel	95,895	95,895	-	-	5	-	(24)
Total activity in Israel	773,277	761,040	6,338	2,029	511	472	(7,484)
For borrowers activity outside Israel							
Total loans to the public - foreign operations	82,214[g]	81,407	757	205	(97)	(100)	(284)
Foreign banks and governments	73,890	73,890	-	-	36	-	(62)
Total activity outside Israel	156,104	155,297	757	205	(61)	(100)	(346)
Total activity in and outside Israel	929,381	916,337	7,095	2,234	450	372	(7,830)

a) On- and off-balance sheet credit risk, including for derivatives. Including: debts[b], bonds, securities borrowed or purchased under reverse repurchase agreements, credit risk due to derivative instruments and credit risk embodied in off-balance-sheet financial instruments, as calculated for the purpose of per-borrower indebtedness limitations in the amounts of NIS 535,758, 139,718, 8,417, 64,284 and 181,204 million, respectively.

b) Loans to the public, loans to governments, deposits with banks (excluding deposits with the Bank of Israel) and other debts, excluding bonds and securities borrowed or purchased under reverse repurchase agreements.

c) Including for off-balance-sheet credit instruments (presented in the balance sheet under "other liabilities").

d) On-balance sheet credit risk and off-balance-sheet credit risk that is non-performing, substandard or special mention.

e) Credit risk whose credit rating at the reporting date matches the credit rating for granting new credit in accordance with the Bank's policy.

f) Including housing loans extended to certain purchasing groups currently in the process of construction.

g) Including credit risk stemming from investments in asset-backed bonds. For further information, please see Note 12.

Total Credit Risk to the Public by Economic Sector (cont.)

	December 31, 2024						
					Loan losses[c]		
	Overall credit risk[a]	Of which: Rating Credit performance[a]	Of which: Troubled Credit Risk[d]	Of which: Credit risk Non-performing	Loan loss expenses (income)	Charge-offs, net	Balance of loan loss provision
	In NIS million						
For borrowers activity in Israel							
Public-commercial							
Industry	35,312	34,495	791	188	(17)	(71)	(569)
Construction and real estate - construction[f]	132,957	131,625	1,023	407	100	118	(1,638)
Construction and real estate - real estate activity	55,413	54,774	380	117	42	(68)	(1,186)
Commerce	42,736	41,879	813	332	42	50	(744)
Financial services	66,665	66,633	30	20	(27)	8	(216)
Other sectors	63,067	60,980	1,674	246	113	(31)	(1,416)
Commercial - total	396,150	390,386	4,711	1,310	253	6	(5,769)
Private individuals - housing loans	150,383	147,097	700	677	36	1	(669)
Private individuals - other	47,933	45,228	930	204	397	366	(988)
Total loans to the public - activity in Israel	594,466	582,711	6,341	2,191	686	373	(7,426)
Banks and governments - in Israel	71,182	71,182	-	-	17	-	(19)
Total activity in Israel	665,648	653,893	6,341	2,191	703	373	(7,445)
For borrowers activity outside Israel							
Total loans to the public - foreign operations	77,873[g]	76,788	1,001	267	(3)	69	(281)
Foreign banks and governments	60,673	60,673	-	-	13	-	(26)
Total activity outside Israel	138,546	137,461	1,001	267	10	69	(307)
Total activity in and outside Israel	804,194	791,354	7,342	2,458	713	442	(7,752)

a) On- and off-balance sheet credit risk, including for derivatives. Including: debts[B], bonds, securities borrowed or purchased under reverse repurchase agreements, credit risk due to derivative instruments and credit risk embodied in off-balance-sheet financial instruments, as calculated for the purpose of per-borrower indebtedness limitations in the amounts of NIS 468.801, 116.912, 4.684, 57.625 and 156.172 million, respectively.

b) Loans to the public, loans to governments, deposits with banks (excluding deposits with the Bank of Israel) and other debts, excluding bonds and securities borrowed or purchased under reverse repurchase agreements.

c) Including for off-balance-sheet credit instruments (presented in the balance sheet under "other liabilities").

d) On-balance sheet credit risk and off-balance-sheet credit risk that is non-performing, substandard or special mention.

e) Credit risk whose credit rating at the reporting date matches the credit rating for granting new credit in accordance with the Bank's policy.

f) Including housing loans extended to certain purchasing groups currently in the process of construction.

g) Including credit risk stemming from investments in asset-backed bonds. For further information, please see Note 12.

Risks to the construction and real estate industries

Activity and risk boundaries in the construction and real estate industry

The construction and real estate sector is an area of activity to which the Bank has a significant credit exposure, among other things in view of the natural demand for housing in Israel, which increases over time, the fact that the credit is backed by real collateral. As with the other economic sectors, the Bank's credit policy outlines internal methodologies and criteria for financing transactions in each of the industry's sub-sectors in the real estate domain. Leumi continues to proactively expand development of the real estate portfolio, focusing on the housing segment and selected financially resilient customers The Bank is careful to maintain geographical diversification in which the projects are located, according to demand and macroeconomic forecasts, and routinely monitors the risk characteristics, including the impacts of the War, the increase in interest rates and the demands for housing, on the real estate companies.

Credit granted to the real estate sector is in line with the Bank's risk appetite, in accordance with strict underwriting, a stringent financing and supervision method, property collateral and adequate pricing.

The impacts of the War – including the shortage of workers, longer construction timelines, higher construction and financing costs, an increase in "non-linear" (20/80) contracts, and slower sales – led to an increase in the project budgets. Regarding the non-linear payment methods and the loans subsided by the entrepreneurs, on April 6, 2025 the Bank of Israel published a temporary provision for revising the directives as follows:

1. Directive 329 – restrictions on granting housing loans; in section 8a of the provision it had been prescribed that the rate of performances due to bullet and balloon loans subsidized by a contractor would not exceed 10% of the total quarterly performances due to housing loans, excluding housing loans for purposes other than for purchasing real estate rights. As of December 31, 2025, the Bank is in compliance with the regulatory limitation pertaining to this directive.

2. Directive No. 203 – measurement and adequate capital, the standard credit risk approach; in section 79 of the Directive it had been prescribed that to the list of debts weighed for a risk at 150% would be added credit as part of a loan agreement for a residential construction project, in which the rate of contracts for home sales in which a significant portion (exceeding 40%) of the sale price is deferred until the delivery date (non-linear payment) exceeds 25%. Regarding existing projects, in which this rate exceeds 25% of the total residential units, these would be weighted by 150% only as the rate of contracts, as aforementioned, exceeds 5 percent points of the rate on the starting date. Implementation of the new Directive is not expected to have a material effect on the Bank's capital ratios.

   The Temporary Directive is in effect commencing the date of publication thereof through December 31, 2026.

As of December 31, 2025, the Bank complies with the regulatory limitation pertaining to the concentration ratio. In addition, the Bank set internal limitations that are in line with the Bank's assessment of the risk in the various sub-sectors. Nevertheless, considering the significant credit needs in the sector on the one hand and the regulatory limitation on the other, the Bank is working on implementing a plan to reduce the concentration ratio using various instruments. The Bank insures part of the guarantees portfolio under the Sales Law (Apartments), part of the financial loan portfolio for the financing of land, as well as part of the performance and formal guarantee portfolio associated with the construction and real estate sectors.

The balance of the provision for credit losses due to the overall credit risk in the construction and real estate segments in Israel as of December 31, 2025 in the sum of NIS 3.062 million, compared to the sum of NIS 2.824 million as of December 31, 2024. The balance of the provision due to the overall credit risk in the construction and real estate segments in Israel from the overall credit risk in the portfolio in Israel as of December 31, 2025 is 1.40%. The outstanding provision for credit loss reflects the effects of the continued uncertainty in the economy regarding the construction and real estate segments.

The problematic credit risk in the construction and real estate segments in Israel as of December 31, 2025 is in the sum of NIS 1,898 million, compared to the sum of NIS 1,403 million as of December 31, 2024. The rate of the

problematic credit risk in the construction and real estate segments in Israel from the overall credit risk in the portfolio in Israel as of December 31, 2025 is 0.87% compared with the rate of 0.74% as of December 31, 2024.

For further information on the absorption capacity and the rate of financing in the construction and real estate segments in Israel at the Bank see further down this chapter.

Some of the above information constitutes "forward-looking information". For the meaning of the term, please see the chapter "Forward-Looking Information".

Macroeconomic effects

In addition to that specified in the credit chapter above, in the housing construction field, during the first three quarters of 2025 an increase had been recorded compared with the corresponding period 2024 in the number of building permits, commencement of construction and in completion of construction. While the scope of construction commencements and permits provide a solution for the ongoing residential needs of the economy, and even exceed them, the scope of construction completion is still at a relatively low level for the economy's needs, and this in view of the cumulative impact of the shortage of workers in the segment during most of the period since the outbreak of the War.

Alongside the demand, in 2025 a decrease in the total residential transactions was recorded compared with the previous year, with an emphasis on transactions concerning new apartments, the scope of which recently returned to a level slightly higher than that prior to the War. The relatively low level of transactions in the last year reflects the combined impact of the high housing prices and the high interest rate relative to the past, as well as the impact of raising the VAT at the beginning of 2025, which resulted in apartment purchases being brought forward to late 2024 (mainly new apartments)as well as the impact of the restrictions the Bank of Israel imposed commencing April 2025 on benefits in the terms of payment contractors' grant buyers in the sale of new apartments. Against the backdrop of slowing sale rate and a rise in unsold inventory of contractor-built apartments, housing prices have recorded a near-zero increase during 2025, and in some high-demand areas even declined.

Looking forward, the recent reductions of the Bank of Israel's interest rates and the expected 2-3 more interest rate decreases during the upcoming year are expected to lead to a certain recovery of the sales level in the market. Housing prices are expected to be positively affected by the interest-rate cuts; however, the continued relatively rapid pace of new housing supply coming onto the market may limit the potential for a significant increase in their value in the coming year.

In the commercial real estate field, since the outbreak of the War, the activity in shopping centers has been positively affected by the extensive government support of households and the reduced number of Israelis traveling abroad. The decline of the government support of households and businesses, upon completion of the War at the various fronts and recovery of the supply of flights to Israel and from it since the ceasefire may lead to an adverse affect on the activity of the commercial centers during 2026. Doubling the exemption from taxes in personal imports from abroad, which took effect towards the end of 2025, may adversely affect the centers' activity Alongside the supply, in 2025 there had a significant increase in commencement of constructions of commercial spaces, which if continues, may weigh on the activity level of the sector's activity indices over the medium ter.

In the office real-estate market, a mixed trend was evident in the first half of 2025, with a renewed increase in office rental prices in Tel Aviv after two and a half years of decline, and rising occupancy rates in Tel Aviv, alongside a freeze in rental prices and a slight decrease in occupancy rates in the Tel Aviv outskirts. The process of the economic recovery from the War, as it gains momentum, may support the continued recovery of office rental prices over the coming year, particularly in Tel Aviv. Conversely, the continued substantial growth in the supply of new office spaces in the Tel Aviv outskirts and Jerusalem, may weigh on prices and occupancy rates there and may even result in their decrease.

In order to reflect the uncertainty regarding the effects of the war on the construction and real estate sectors, upon the outbreak of the war and continuance thereof a collective provision for credit losses in these sectors had been made, as aforementioned.

It is clarified that the geopolitical uncertainty is still high, so that the provision may change – increase or decrease – in the future in accordance with the developments.

Some of the above information constitutes "forward-looking information". For the meaning of the term, please see the chapter "Forward-Looking Information".

Development of overall credit risk for the construction and real estate industry (in and outside Israel)

	December 31			
	2025	2024	Change	
	In NIS million		In NIS million	In %
On-balance-sheet credit risk	**144,629**	130,376	14,253	10.9
Guarantees for apartment buyers[a]	**12,508**	12,203	305	2.5
Other off balance sheet credit risk[a]	**76,701**	60,967	15,734	25.8
Total overall credit risk	**233,838**	203,546	30,292	14.9

a) In credit risk terms.

Following are the details on overall credit risk in the real estate and construction sector in Israel, by LTV and absorption capacity – the Bank

	December 31, 2025			
	Overall credit risk[a]			
	Land	Housing real estate under construction	Finished real estate properties	Total
	In NIS million			
LTV ratio[b]				
Up to 45%	**1,193**		**10,382**	**11,575**
More than 45% to 65%	**5,736**		**18,334**	**24,070**
More than 65% to 80%	**27,843**		**22,723**	**50,566**
More than 80%	**1,825[D]**		**4,554**	**6,379**
Absorption capacity[c]				
More than 25% and up to 50%		**20,673**		**20,673**
More than 50% and up to 75%		**12,196**		**12,196**
More than 75%		**13,233**		**13,233**
Projects that had not commenced as of now		**20,737**		**20,737**
Other[e]				**59,396**
Total credit risk for construction and real estate in Israel				**218,825**

	December 31, 2024			
	Overall credit risk[a]			
	Land	Housing real estate under construction	Finished real estate properties	Total
	In NIS million			
LTV ratio[b]				
Up to 45%	2,014		9,945	11,959
More than 45% to 65%	4,360		16,396	20,756
More than 65% to 80%	26,230		18,520	44,750
More than 80%	3.049[d]		3,793	6.842
Absorption capacity[c]				
More than 25% and up to 50%		9,633		9,633
More than 50% and up to 75%		10,309		10,309
More than 75%		16,350		16,350
Projects that had not commenced as of now		19,023		19,023
Other[e]				48,245
Total credit risk for construction and real estate in Israel				187,867

a) On-balance sheet credit risk and off-balance-sheet credit risk are stated before the effect of loan loss provision and the effect of permitted collateral for borrower indebtedness.

b) LTV rate – the ratio between the balance of total credit risk as of the reporting date and the value of the real estate security guaranteeing the credit risk as of the reporting date.

c) Absorption capacity – an indicator reflecting the maximum rate of erosion of apartment inventory prices such that it provides adequate coverage to the project's costs, taking into account own capital invested and presale.
d) Most of the outstanding balance is in respect of credit that is also backed by non-land collateral and/or another repayment source.
e) Other credit refers to all credit that does not meet the definition above and includes, among other things, credit provided against collateral that is not real estate and that is non-residential real estate under construction and real estate under construction that is not available for sale.

Following is the composition of credit secured by real estate properties in Israel - the Bank

	December 31	
	2025	2024
	Overall credit risk[a]	
	In NIS million	
Housing	**114,250**	98,089
Office space	**25,459**	23,429
Industry	**10,510**	9,363
Commerce and services	**29,012**	26,907
Total overall credit risk secured by real estate collateral in Israel	**179,231**	157,788

a) On-balance sheet credit risk and off-balance-sheet credit risk are stated before the effect of loan loss provision and the effect of permitted collateral for borrower indebtedness.

Analysis of total credit risk in the construction and real estate sectors (in Israel and abroad)

	December 31		
	2025	2024	
	In NIS million		Change in %
Credit risk in credit performance rating			
Non-troubled Credit Risk	**230,969**	201,275	14.8
Non-investment grade credit risk			
Non-troubled	**671**	568	18.1
Troubled performing	**1,681**	1,096	53.4
Non-performing	**517**	607	(14.8)
Total non-investment grade credit risk	**2,869**	2,271	26.3
Total	**233,838**	203,546	14.9

Branch concentration in the credit portfolio

The Bank conducts orderly monitoring processes to ensure it complies with the restrictions imposed by Proper Conduct of Banking Business Directive No. 315, "Branch Liability Limitation", in the Banking Supervision Department directives.

As of December 31, 2025, the Bank complies with these Directive's restrictions.

Borrower groups[1]

The Bank conducts orderly tracking and monitoring processes to ensure it complies with the restrictions imposed by Proper Conduct of Banking Business Directive No. 313, "Limitations on the Indebtedness of a Borrower or a Group of Borrowers".

As of December 31, 2025, the Bank complies with these Directive's restrictions.

[1] A group of borrowers are all of the following together: the borrower, a person controlling it and all those controlled by them. If a corporation is controlled by more than one person, it is necessary to include in the same group of borrowers the controlling parties for which the controlled corporation is material (such as from an equity standpoint), including the corporation or any other entity under their control. An investee which is material to a holder that is not a controlling shareholder, and any entity under their control. Borrowers that are associated with the investee in such a manner that harming the financial stability of any one of them could affect the financial stability of the other or that the same factors could affect the financial stability of both.

In accordance with the policy for the adoption of accepted international standards, the Banking Supervision Department had adopted the Basel Committee provisions regarding supervision of large-scale exposures. Within this framework, the Banking Supervision Department published a circular including revision of Proper Conduct of Banking Business Directive No. 313, "Regulatory Framework for Measurement and Control of Large-Scale Exposures". Accordingly, adjustments for measuring exposure will be carried out.

The date this provision will take effect will be July 1, 2026.

Below are additional data regarding the overall credit

Following is a breakdown of total loans to the public and off-balance-sheet credit risk by individual borrowers' loan amount

Maximum credit in NIS thousands		December 31					
		2025			2024		
		% Number of Total No. of borrowers	% Total credit On-balance-sheet	% Total cards Off-balance-sheet	% Number of Total No. of borrowers	% Total credit On-balance-sheet	% Total cards Off-balance-sheet
From	To	In %					
-	80	**70.0**	**2.0**	**6.3**	70.9	2.2	7.0
80	600	**21.1**	**11.7**	**5.5**	20.5	12.8	5.7
600	1.200	**5.1**	**12.6**	**2.1**	5.0	13.9	2.3
1.200	2.000	**2.3**	**9.5**	**2.2**	2.2	9.9	2.3
2.000	8.000	**1.1**	**8.9**	**3.5**	1.0	9.2	3.8
8.000	20.000	**0.2**	**4.9**	**2.7**	0.2	5.0	2.9
20.000	40.000	**0.1**	**4.8**	**3.2**	0.1	4.7	3.8
40.000	200.000	**0.1**	**15.5**	**14.9**	0.1	16.6	15.1
200.000	800.000	**-(a)**	**15.9**	**23.1**	-(a)	14.8	24.4
Over 800,000		**-(b)**	**14.2**	**36.5**	-(b)	10.9	32.7
Total		**100.0**	**100.0**	**100.0**	100.0	100.0	100.0

In2025 - 365 borrowers and in 2024 - 317 borrowers (in percentages - less than 0.1).
(א) In 2025 - 90 borrowers and in 2024 - 69 borrowers (in percentages - less than 0.1).

For more information regarding credit granting by size - please see Note 29. C.

Following is the credit risk by size of credit totaling more than NIS 800 million extended to a borrower

Maximum credit in NIS millions		December 31					
		2025			2024		
		Number of No. of borrowers	cards On-balance-sheet	Credit risk Off-balance-sheet	Number of No. of borrowers	cards On-balance-sheet	Credit risk Off-balance-sheet
From	To		In NIS million			In NIS million	
800	1.200	**44**	**20,056**	**21,734**	35	16,793	16,340
1.200	1.600	**13**	**10,685**	**6,893**	11	8,991	6,489
1.600	2.000	**13**	**9,886**	**13,575**	9	5,196	10,823
2.000	2.400	**5**	**7,342**	**3,310**	4	5,356	3,664
2.400	2.800	**3**	**7,425**	**378**	2	4,864	263
2.800	3.200	**2**	**3,901**	**2.219**	3	4,849	4,165
Over 3.200		**10**	**13,827**	**32,976**	5	3,599	20,709
Total		**90**	**73,122**	**81,085**	69	49,648	62,453

Exposure to Foreign Countries

Information regarding total exposure to foreign countries and to countries where the total exposure to each country is the lower of the following: More than 1 percent of consolidated total assets or more than 20 percent of total capital for the purpose of calculating the capital ratio:

	December 31					
	2025			2024		
	Exposure[a][b][c]			Exposure[a][b][c]		
	On-balance-sheet	Off-balance-sheet[d]	Total	On-balance-sheet	Off-balance-sheet[d]	Total
	In NIS million					
USA	**47,270**	**16,135**	**63,405**	45,681	9,161	54,842
UK	**19,894**	**30,877**	**50,771**	18,299	30,651	48,950
France	**5,103**	**4,658**	**9,761**	1,033	4,624	5,657
Switzerland	**5,575**	**3,466**	**9,041**	2,831	3,657	6,488
Germany	**4,302**	**6,145**	**10,447**	3,458	5,692	9,150
Cayman Islands[i]	**9,852**	**524**	**10,376**	8,562	673	9,235
Other	**18,728**	**7,060**	**25,788**	15,453	7,586	23,039
Total exposure to foreign countries	**110,724**	**68,865**	**179,589**	95,317	62,044	157,361
Of which: total exposure to GIPS countries[e]	**692**	**48**	**740**	604	167	771
Of which: total exposure to LDC countries[f]	**1,653**	**897**	**2,550**	1,207	1,591	2,798
Of which: total exposure to countries with liquidity issues[g]	**1,841**[h]	**550**	**2,391**	685	1,648	2,333

a) Exposure to foreign countries is presented based on the final risk.
b) On-balance sheet credit risk and off-balance-sheet credit risk are stated before the effect of loan loss provision and the effect of deductible collateral for the purpose of restricting indebtedness of individual borrowers and borrower groups.
c) **On balance-sheet credit risk and off-balance-sheet credit risk for derivatives are presented after deducting credit risk.**
d) Credit risk for off-balance sheet financial instruments as calculated for the purpose of per borrower credit indebtedness limitations.
e) Exposure to the GIPS countries includes: Greece, Italy, Portugal, and Spain.
f) The Exposure to LDCs line item includes total exposure to countries defined as Less Developed Countries (LDCs), which are classified by the World Bank as low- or mid-income countries.
g) The Bank set several criteria, according to which a list of several countries was drawn, where the current conditions may reflect liquidity problems and which may have an effect on their solvency. The balance refers to 25 countries (as of December 31, 2024 to 30 countries). The measurement does not include exposures to investment-grade countries, unless they were individually identified as having liquidity issues which may have a material effect on their solvency.
h) The balance includes exposure for insurance policies backing mortgage portfolios in Israel, with the Barbados-based insurance company being a subsidiary of a global Canadian-based insurance group.

Credit Exposure to Foreign Financial Institutions

Credit exposure to foreign financial institutions relates to banks, investment banks, brokers/dealers, insurers and institutional entities.

The Bank closely monitors the position of banks worldwide and frequently analyzes their financial robustness. The Bank maintains a shortlist of high-quality banks to which it has collective credit exposures and as a rule, adequately distributes exposures among the various banks.

The geopolitical events, as well as the measures taken by central banks across the world, may impact the financial position of financial institutions with which the Bank cooperates. The Bank monitors the financial

position of the foreign financial institutions as part of the management of its exposure to foreign financial institutions and is adjusting its exposure in accordance with changes in the risk environment and assessment of the effect of these changes on the various financial institutions.

As of December 31, 2025, the primary exposure is to foreign financial institutions located in countries rates AA- or higher.

Housing Loans Portfolio Risks

Credit risk developments

As for the underlying conditions affecting the demand for housing credit, during 2025, the economy's recovery trend from the effects of the War continued. The growth rate in 2025 as a whole stood at 3.1%, reflecting an acceleration in the growth rate compared with 2024 (growth of 1.0%), however still below the economy's growth potential.

The labor market remained relatively tight against the backdrop of a parallel increase during the year, both in demand for workers as well as in the work supply in the market, a development that kept the unemployment rate low. Notwithstanding the tight labor market, the inflation rate had moderated during 2025, while returning to the prices stability target commencing the third quarter. This enabled the Bank to reduce the interest rate in the last decision of 2025 (as well as at the beginning of 2026, meaning after the reporting period). Looking forward, the shortage of workers in the economy is expected to gradually diminish, in a manner that would support the recovery of the economy's activities, moderation of the inflation, decrease of the interest rate, however, on the other hand it may also lead to a moderate increase in unemployment over the upcoming year. Overall, the macroeconomic environment is expected to be more supportive of housing credit demand, as inflation and interest rates begin to decline.

In this context we shall note that after signing the Trump Outline in October 2025, and as long as the ceasefire continues, and agreements will be reached also in respect of the next stages of the Outline, which have far-reaching regional significant meaning, it is expected that this would support demand for housing loans.

Housing prices have recorded a near-zero increase in 2025, and in some high-demand areas even declined. And this against the backdrop of a low scope of housing transactions during the year, and given an ongoing growth of the inventory of unsold new apartments. The main factors currently weighing on demand and prices in the market are high housing prices relative to household incomes, still elevated interest rates, and tighter regulation on financing benefits by contractors.

On April 6, 2025 the Bank of Israel published a temporary directive for the amendment to Directive No. 329, which restricts the rate of performances of bullet loans subsided by a contractor to 10% of the quarterly performances due to loans for residential purposes. The temporary Directive is in effect commencing the date of publication thereof through December 31, 2026. It should be emphasized that as part of the meticulous underwriting process on the full scope of the financing an underwiring is conducted in respect of the mortgage for the full scope of financing already at the initial stage of the subsidized loan, in order to ensure that the borrower obtaining the credit is of full repayment capacity under the customary terms. Tighter regulation may weigh on the transaction volume in the market in the short term.

At the end of the first quarter of 2025, the reliefs given to the customers by the Bank of Israel had ended, including reliefs in freezing mortgage payments. At the same time, Leumi had voluntarily extended the Bank of Israel's outline for certain populations for a period of six additional months, commencing April 1, 2025.

As a result, the scope of the loans in which there is a suspension of payments as of the end of December 2025 is approximately NIS 2.4 billion, compared to approximately NIS 3.6 billion as of September 2025, NIS 2.9 billion as of the end of June 2025, and NIS 2.7 billion as of the end of March 2025.

For additional information of all the relevant publications of the Bank of Israel and additional reliefs provided by the Bank, please see the chapter titled "Main Changes in the Year Gone By – The War" in the Report of the Board of Directors and Management and the chapter entitled "Legislation and Regulations Concerning the Banking System" in the Corporate Governance Report.

The Bank continues to adhere to a underwriting policy that takes into consideration the borrower's repayment capacity, linkage base and interest, loan-to-value ratio (LTV), etc., while complying with all of the requirements of the Banking Supervision Department.

The housing loan portfolio is monitored on a regular basis, including analysis of the trends in terms of characteristics and risk.

In case of default, the risk of default is managed by the Bank in two ways – the first is preventive, to mitigate the risk of default and the second – collecting debt in case of default.

The first stage – Actions for reducing the probability of default:

- Underwriting – based on regulatory restrictions (Directive No. 329 – examining repayment capacity, LTV and credit mix) and is backed by models testing credit risk, which rely – inter alia – on information from the customer's Leumi account or the Bank of Israel's Central Credit Register.
- Building a mix customized to the customer's needs, which allows meeting monthly repayments.
- Real estate collateral – credit is subject to providing collateral to the Bank's satisfaction, according to the nature of the credit and property. The collateral are examined by the mortgage consultants; in complex cases – additional an review is conducted.
- Payment deferment (grace) – partial grace is optional, in accordance with the provisions of the Banking Law – Service to Customers.

Second stage – collection:

- "Soft collection" – a call center which contacts customers experiencing repayment difficulties immediately when the first default event occurs; assistance is provided to customers, reaching debt settlement agreements and support until the debt is repaid.
- Legal claim –
  - Collection of debt through the Collection System Authority.
  - Disposal of the property through the collateral provided.

Performance of new loans and refinancing loans for the purchase of residential apartments and mortgaging of residential apartments in Israel

	2025	2024	
	Total for the year	Total for the year	Rate of change
	In NIS million		In %
By the Bank	**25,951**	27,484	(5.6)
By the Government of Israel	**122**	171	(28.7)
New loans	**26,073**	27,655	(5.7)
Recycled loans[(a)xx]	**8,425**	5,941	41.8
Total performance	**34,498**	33,596	2.7

a) Including freezes that were carried out for a period of more than three months.

The average loan extended by the Bank in 2025 was NIS 1.006 thousand, compared to NIS 987 thousand in 2024.

Development of total outstanding housing loans, net

	Balance Loan portfolio	% Change
	In NIS million	In %
December 31, 2023	129,987	9.0
December 31, 2024	143,979	10.8
December 31, 2025	**153,565**	**6.7**

As part of its monitoring of risk centers in the housing loans portfolio, the Bank also monitors characteristics of the portfolio and new credit, including the new credit's breakdown by loan-to-value ratios (loan-to-value ratio (LTV) is the ratio of total credit approved for the borrower – even if it has not yet been actually extended either in full or in part – out of the value of the mortgaged property during the approval of the credit facility) and the

repayment ratio (the repayment ratio is defined as the ratio between the available monthly income and monthly repayment).

Development of the outstanding housing loans portfolio based on linkage bases and as a percentage of the Bank's outstanding loans portfolio

	Non-linked segment				CPI-linked segment				Foreign exchange segment		
	Fixed interest		Variable interest		Fixed interest		Variable interest		Variable interest		Total
	Balance millions NIS	% of portfolio credit in %	Balance millions NIS	% of portfolio credit in %	Balance millions NIS	% of portfolio credit in %	Balance millions NIS	% of portfolio credit in %	Balance millions NIS	% of portfolio credit in %	credit portfolio millions NIS
December 31, 2023	32,114	24.7	54,005	41.5	18,313	14.1	25,119	19.3	436	0.3	129,987
December 31, 2024	38,011	26.4	60,067	41.7	20,059	13.9	25,455	17.7	387	0.3	143,979
December 31, 2025	**41,358**	**26.9**	**68,524**	**44.7**	**17,075**	**11.1**	**26,291**	**17.1**	**317**	**0.2**	**153,565**

Development of new housing loans by interest track, in Israel

The following table outlines the development of the new credit performance by variable and fixed interest tracks (a variable-interest loan's interest rate may change over the loan period):

	2025				2024	2023
	Quarter Q4	Q3	Q2	Q1	Annual average	Annual average
	Rate of performance					
	In %					
Fixed - linked	**10.7**	**11.2**	**10.7**	**13.2**	14.5	17.6
Variable every 5 years or more - linked	**0.9**	**1.4**	**1.2**	**1.3**	2.3	8.6
Variable up to 5 years - linked	**3.4**	**4.0**	**5.1**	**7.7**	7.3	4.6
Fixed - non-linked	**33.8**	**30.9**	**31.5**	**29.3**	31.5	25.4
Variable every 5 years or more - non-linked	**2.4**	**3.4**	**3.8**	**3.3**[b]	12.7	17.3
Variable up to 5 years - non-linked	**48.7**	**48.9**	**47.7**	**45.0**[b]	31.8	26.3
Variable - Foreign currency	**0.1**	**0.2**	-[a]	**0.2**	0.2	0.3

a) A rate lower than 0.1%.
b) Reclassified.

The percentage of new variable-interest housing loans granted by the Bank during 2025 stood at 55.5% compared to approx. 54.1% in 2024.

Following is a balance of the housing loans portfolio and balances of non-performing debts or in arrears of over 90 days.

	Debit balance Recorded	Amount in arrears	% Delinquent amount
	In NIS million		In %
December 31, 2023	130,609	688	0.53
December 31, 2024	144,619	677	0.47
December 31, 2025	**154,233**	**770**	**0.50**

The outstanding on-balance sheet loan loss provision, as of December 31, 2025, for the housing loans portfolio is NIS 668 million, constitutes 0.43 percent of the housing loans' outstanding on-balance sheet balance as of that date, compared with NIS 640 million as at December 31, 2024, which constitutes 0.44 percent of the outstanding housing loan balance as of that date.

Development of LTV ratio for new loans over 60 percent, in Israel

Following is the development in new credit granted by the Bank at an LTV ratio of over 60 percent, (LTV ratio is the ratio of the total loan granted to the borrower - even if it has not yet been granted in effect either in full or in part - out of the value of the pledged property during the approval of the credit facility):

	2025				2024	2023
	Quarter Q4	Quarter Q3	Quarter Q2	Quarter Q1	Average yearly	Average yearly
LTV ratio	In %[a]					
Over 60 and up to 70, inclusive	**25.4**	**24.7**	**25.0**	**23.7**	22.7	21.1
Over 70 and up to 75, inclusive	**21.4**	**20.6**	**20.2**	**20.4**	20.4	21.9
Over 75	**0.3**	**0.5**	**0.5**	**0.5**	0.2	0.2

a) Out of total new credit granted by the Bank.

Development of the loan-to-value (LTV) ratio, outstanding loans portfolio in Israel

The average financing rate of the credit portfolio balance as of December 31, 2025 stands at 48.9%, with no changes of the average financing rate in 2024

Development of new credit, in which the repayment ratio is higher than 40 percent in Israel

Repayment ratio is defined as the ratio between the monthly repayment amount and the monthly available income. The calculation is in accordance with the Bank of Israel's Reporting Directive No. 876.

In the first half of 2025, the percentage of loans extended (for housing purposes and in monthly repayment) with a repayment of rate higher than 40% on the loan approval date stood at 0.8% of the total number of new loans extended (for housing purposes and in monthly repayment) compared with 0.7% throughout 2024.

Development of new credit, with repayment dates longer than 25 years, in Israel

In 2025, the percentage of new housing loans in which the loan terms under the loan agreements are longer than 25 years, stood at an average of approximately 52.4% of the total new loans, compared with an average of approximately 51% in 2024.

Credit Risk for Loans to Private Individuals (Excluding Housing Loans)

Credit granted to private individuals whose repayment capacity is largely based on their household's earning capacity is characterized by a very significant diversification of borrowers and a variety of credit products (various types of loans, current accounts, credit cards) and – to a lesser extent (on average) – credit per individual customer.
Individual customers' activity is almost entirely concentrated in the Retail Banking Division.

In recent years, the Retail Banking Division has operated special-purpose units. Following are the key ones:

Credit and risk management center– The Bank operates a single credit center which coordinates the handling of all non-automated credit applications that do not come under the purview of the branches, creating a silo between account managers and parties which challenge the granting of the credit; the center serves as a professional resource for loan officers at the branches; regularly monitor and control the provision of credit at the branches, with lessons drawn and conveyed both to the field (branches) and to the Division's management.

Early collection units and troubled debt centers – coordinate the handling of debts in arrears before classifying the borrower as troubled as well as handling borrowers classified as troubled. These units provide professional services of handling, making arrangements and collection, including through external law firms.

The Risk Management Division monitors and maintains a second line of defense, which includes – inter alia – identification of trends and segments in the private loans portfolio; monitoring the prediction quality of risk estimation models for borrowers; examining the quality and integrity of business entities' control procedures; reviewing samples of individual portfolios, as needed, etc.

The retail credit policy, formulated by the Risk Management Division in collaboration with the Retail Banking Division, constitutes a key element in outlining the risk appetite and ongoing management of this domain.

While adhering to strict underwriting processes, there is ongoing monitoring at the individual borrower and aggregate level, based, inter alia, on an internal set of metrics and constraints, and ongoing tracking and processes of different models used for the underwriting processes are performed.

The set of measures is regularly monitored, at least once per quarter. The parameters under consideration address numerous aspects and characteristics which reflect diverse and complementary points of view regarding the new credit risk profile and reflect the limits of the desired risk appetite at the level of the private credit portfolio.

The potential effects of the War, in addition to the macroeconomic trends of the past two years (mainly the increase in interest rates and inflation) affect the repayment capacity of private borrowers; the severity of the

effect depends, among other things, on developments related to the macroeconomic environment, the continuation of the war, and the extent of government support.

The Bank closely monitors, on an ongoing basis, the credit portfolio and the effects of these developments on the portfolio's risk profile.

For additional information and details regarding macroeconomic effects and the War, please see the section entitled "Macroeconomic Effects" at the beginning of this chapter.

Developments in outstanding total credit risk (excluding derivatives) for loans granted to private individuals (in Israel, excluding housing loans)

	Balance of credit risk
	In NIS million
December 31, 2023	47,287
December 31, 2024	47,891
December 31, 2025	**50,250**

Breakdown of on-balance-sheet credit risk (excluding derivatives) for loans to private individuals, by term to maturity (in Israel, excluding housing loans)

	December 31			
	2025		2024	
	In NIS million	% % of portfolio	In NIS million	% % of portfolio
Up to one year[a]	**9,955**	**31.8**	9,694	31.7
Over one year to 3 years	**4,519**	**14.5**	4,472	14.6
Over 3 years to 5 years	**6,589**	**21.1**	6,865	22.5
Over 5 years to 7 years	**3,812**	**12.2**	3,831	12.6
Over 7 years	**6,385**	**20.4**	5,671	18.6
Total	**31,260**	**100.0**	30,533	100.0

a) Including balances with no repayment term.

Breakdown of the total credit risk (excluding derivatives) in respect of loans granted by the Bank to private individuals, by individual borrower's indebtedness (in Israel, excluding housing loans)

		December 31			
Credit risk amount in NIS thousands		**2025**		2024	
From	To	In NIS million	% % of portfolio	In NIS million	% % of portfolio
–	25	**6,321**	**12.6**	6,406	13.3
25	50	**7,164**	**14.3**	6,741	14.1
50	75	**5,835**	**11.6**	5,599	11.7
75	100	**4,954**	**9.9**	4,682	9.8
100	150	**7,123**	**14.2**	6,812	14.2
150	200	**5,434**	**10.8**	5,209	10.9
200	300	**6,992**	**13.9**	6,644	13.9
Over 300		**6,427**	**12.7**	5,798	12.1
Total overall credit risk		**50,250**	**100.0**	47,891	100.0

Breakdown of the total credit risk (excluding derivatives) for loans granted by the Bank to private individuals, by main credit products (in Israel, excluding housing loans)

	December 31			
	2025		2024	
	In NIS million	% % of portfolio	In NIS million	% % of portfolio
Current account balances and utilized credit card balances	**7,884**	**15.7**	7,476	15.6
Car purchase loans (secured)	**1,186**	**2.4**	1,353	2.8
Other loans	**22,190**	**44.2**	21,704	45.4
Total on-balance-sheet credit risk	**31,260**	**62.3**	30,533	63.8
Unutilized current account credit facilities	**7,814**	**15.5**	7,588	15.8
Unutilized credit card facilities	**10,882**	**21.7**	9,473	19.8
Other off-balance-sheet credit risk	**294**	**0.5**	297	0.6
Total off-balance-sheet credit risk	**18,990**	**37.7**	17,358	36.2
Total overall credit risk	**50,250**	**100.0**	47,891	100.0

Breakdown of on-balance-sheet credit risk (excluding derivatives) for loans granted by the Bank to private individuals, by linkage segment and interest track (in Israel, excluding housing loans)

	December 31			
	2025		2024	
	Total B.Debts(a) (cont.) credit On-balance-sheet	% % of portfolio	Total B.Debts(a) (cont.) credit On-balance-sheet	% % of portfolio
Variable interest loans[a]	**23,155**	**74.1**	23,128[C]	75.7
Fixed interest loans[b]	**8,105**	**25.9**	7,405[C]	24.3
Total on-balance-sheet credit risk	**31,260**	**100.0**	30,533	100.0

a) Variable interest loans are exposed to the effect of changes in interest rates, which could affect borrowers' repayment capacity in the event of interest rate increases.
As stated above, the Bank monitors the private individuals loan portfolio on an ongoing basis, including analysis of the expected effects should the interest rate continue to rise.

b) In view of the changing interest rate environment, the Bank indicates to its customers the possibility of taking a loan at fixed interest rate rather than at variable interest rate.

c) Reclassified.

Balances of the financial assets portfolio of private individuals with the Bank, with an overall credit risk (in Israel, excluding housing loans)

	December 31	
	2025	2024
	In NIS million	
Deposits by the Public	**115,936**	114,989
Securities portfolios	**88,402**	73,055
Total financial asset portfolio	**204,338**	188,044
Total indebtedness to customers with financial asset portfolios	**36,800**	35,108

Breakdown of on-balance-sheet credit risk (excluding derivatives) for loans granted by the Bank to private individuals, by fixed income amount[a] (in Israel, excluding housing loans)

	December 31			
	2025		2024	
Level of income	In NIS million	in %	In NIS million	in %
Accounts without fixed income	**3,392**	**10.9**	3,385	11.1
Of which: loan accounts[b]	**1,281**	**(4.1)**	1,446	4.7
Lower by NIS 10 thousands	**4,766**	**15.2**	4,975	16.3
That is higher than NIS 10 thousand and lower than NIS 20 thousand	**10,528**	**33.7**	10,649	34.9
NIS 20 thousand or more	**12,574**	**40.2**	11,524	37.7
Total	**31,260**	**100.0**	30,533	100.0

a) The fixed income amount deposited in a customer's current account (by ID number) includes the fixed credits to the customer's account, such as salary, transfers from another bank or bank account, cash deposits, checks, etc. The fixed monthly income is calculated according to the average income on several consecutive months, less exceptional credits.

b) A loan account is an account whose only purpose is to repay a loan, while most of the customer's current account activity takes place in another bank.

As aforesaid, the Bank's credit policy towards private individuals is based on a borrower's repayment capacity in relation to his/her income. Correspondingly, the overwhelming majority of the of balance-sheet credit is from fixed-income earners.

Distribution of the on-balance-sheet credit risk (excluding derivatives) for loans granted by the Bank to private individuals (in Israel, excluding housing loans)

	December 31		
	2025	2024	
	In NIS million		
Non-troubled credit	**30,357**	29,635	
Troubled performing credit	**707**	694	
Troubled non-performing loans	**196**	204	
Total on-balance-sheet credit risk	**31,260**	30,533	
Percentage of troubled credit risk out of total on-balance sheet credit risk to private individuals	**2.9%**		2.9%
Net accounting charge-offs (for the year ended)	**262**	366	
Balance of loan loss provision	**970**	953	

As of December 31, 2025, the outstanding on-balance sheet loan loss provision for private individuals (net of housing) is NIS 970 million, constituting 3.10% of the outstanding loans for private individuals (net of housing, on-balance sheet) as of that date, compared with a loan loss provision of NIS 953 million as at December 31, 2024, which constitutes 3.12% of the outstanding loans to private individuals (net of housing, on-balance sheet) as of that date.

For more information, including regarding troubled debt and loan loss expenses, please see Note 13, and Note 29, , as well as the section of the Total Credit Risk to the Public by Economic Sector.

The Bank's Exposure to Leveraged Loans

According to Proper Conduct of Banking Business Directive No. 311, the Bank's credit policy should also address leveraged financing. The Bank's credit policy for this segment is subject to unique principles, including with respect to financial criteria, credit authorizations, etc.

As of December 31, 2025, leveraged finance is defined by the Bank in line with the Bank of Israel's directives, and includes loans, borrowers or borrower groups which meet one of the following criteria (the gross indebtedness of each of which does not exceed 0.5 percent of the Bank's Tier 1 capital):

1. Credit for the purpose of equity transactions as defined in Proper Conduct of Banking Business Directive No. 323 (when credit is provided to finance the acquisition of control without recourse, or against control means without recourse, it is included in the financing ratio at any level (even if lower than the level defined in the directive).
2. Financing for borrowers, by various predefined economic sectors, characterized by significant unusual values of certain parameters in relation to the norms in their respective economic sector.

As of December 31 2025, the gross outstanding balance of the leveraged credit, as defined by the Bank, stands at NIS 3.28 billion, a NIS 0.46 billion increase compared with the previous year. The Bank complies with the Bank of Israel's requirements..

Outstanding aggregated credit granted to leveraged borrowers

	December 31					
	2025			2024		
	On-balance-sheet	Off-balance-sheet	Total	On-balance-sheet	Off-balance-sheet	Total
Economic sector	In NIS million					
Commerce	**375**	**2**	**377**	512	2	514
Transportation and storage	**1,816**	**308**	**2,124**	883	25	908
Hotels, accommodation and food services	**384**	**–**	**384**	400	–	400
Construction and real estate	**–**	**–**	**–**	97	219	316
Provision of power, gas, steam and A/C	**–**	**–**	**–**	415	275	690
Mining and quarrying	**272**	**130**	**402**	–	–	–
Total	**2,847**	**440**	**3,287**	2,307	521	2,828

The outstanding exposure in the table above is after charge-offs.

For additional qualitative and quantitative information regarding credit risks, please see the Risk Management Report as of **December 31, 2025.**.

Market risks

Market risk is defined as the risk of loss arising from a change in the value of assets and liabilities due to changes in market prices, interest rates, exchange rates, inflation rate and stock prices. Market risk exposure is reflected in the financial performance, in the fair value of the assets and liabilities, in shareholders' equity and in cash flows.

The Bank complies with the Banking Supervision Department's directives regarding management of the Group's market risks, including Proper Conduct of Banking Business Directives No. 333, "Interest Rate Risk Management in the Banking Portfolio", effective July 1, 2025 and No. 339, "Market Risk Management". To implement these directives, the Bank established basic principles and control mechanisms for these risks, including defining the purviews of management and the Board of Directors, the means of control and tools for measuring risk and the means of control as well as oversight of these risks, while implementing corporate governance which includes three lines of defense. For a description of the organizational structure and responsibility for the risk management, please see the Additional Information regarding the Exposure to Risk and its Assessment in the Risk Management Report.

In 2025, there were no significant changes in the corporate governance structure, policies and market risk management.

At present, the leading trend among most of the central banks in the US and Europe in 2025 was to decrease the interest rate, taking into consideration developments in key economic parameters, such as: unemployment rates, growth and a move towards the inflation goals. The three interest rate reductions by the American Fed between September through December were according to the market's forecast. There is uncertainty in the markets regarding 2026, due to the expected replacement of the Chairman of the Fed, the uncertainty regarding the long-term effects of the customs plan in the United States, with an emphasis on inflation, the American labor market and the USA trade balance, as well as geopolitical events that may affect the prices of global goods.

The War and the Trump Outline for Ending It

The War and the related challenges established uncertainty and fluctuations in the financial markets.

The Bank tracked and closely monitored developments, applying stringent risk management practices, applying extreme scenarios, and continuously examining the development of events and modes of operation in order to prepare in advance and adapt its activity as needed.

At the beginning of October the Trump Outline had been announced, which led to a decline in Israel's risk premium in the markets. Provided that the Outline is maintained by the parties involved, this trend is expected to continue against the backdrop of the significant shift in Israel's security reality and the potential for further diplomatic arrangements. In addition, the decline in risk is expected to support a recovery in foreign trade, in line with global trends, as well as an increase in the domestic labor supply.

The easing in the security situation and moderation of the inflation rate led the Bank of Israel to decrease the interest rate in two consecutive Monetary Policy Committee decisions to the level of 4%. Looking ahead, the expectation is for 2-3 additional decreases of the interest rate in 2026, this provided that implementation of the Trump Outline will continue and supporting macro-economic data.

Market Risk Management Policy

The market risk management policy is an expression of the Group's market risk management strategy. This in addition to existing procedures for identifying, measuring, monitoring, developing and controlling market risk. The policy is designed, on the one hand, to support the achievement of business objectives while assessing the risks and rewards that may arise from exposure to the risks compared with the expected gains therefrom and, on the other hand, to mitigate the risk level arising from the Bank's ongoing activities, including by maintaining a high level of liquidity.

The policy constitutes an important tool for defining the Bank's risk appetite for its own (Nostro) account, trading rooms and market exposure across the entire Leumi Group. The policy outlines the corporate

governance, division of organizational responsibilities and escalation mechanisms. The risk appetite is reflected in the established restrictions.

As part of the market risk management policy, the Board of Directors prescribed restrictions for each material market risk. In addition, restrictions were placed at the Chief Risk Officer level as well as additional restrictions complementing them. The purpose of the restrictions is to limit the damage that can be caused as a result of unexpected changes in various market risk factors, such as interest rates, inflation, exchange rates, marketable credit spreads and stock prices indexes.

The exposures to market risks are routinely managed at the Group level, which is reflected by the measurement and reporting of the exposures as part of the various committees.

In order to oversee and monitor the implementation of the market risk management policy, the Board of Directors receives, once every quarfcdxter, a report on the main market risk exposures vs. the restrictions placed and main risks by business line, product and risk center of the Group, as well as reports on unusual events.

Market risk management is performed in two risk centers – the banking portfolio and the held-for-trading portfolio.

Exposure to market risks arising from the employee pension liabilities

The Bank applies US GAAP to employee benefits, as prescribed by the Bank of Israel. The long average duration actuarial obligation to employees is significantly impacted by changes in the discount rate. The discount rate used for calculating the actuarial liabilities for employee benefits is based - according to the directives of the Bank of Israel - on the Government of Israel's bond yield curve plus the fixed spread curve of globally rated AA corporate bonds which match the average durations of the liabilities for employee benefits.

Interest Rate Risk

Interest rate risk is the risk of gains or capital from interest rate fluctuations and stems from several sources, as follows: repricing risk (timing differences in terms to maturity and repricing dates of assets, off-balance-sheet liabilities and positions); yield curve risk (unexpected fluctuations in the yield curve); basis risk (less than perfect correlation between interest rate changes in various financial markets or in various instruments with similar repricing characteristics); and optionality risk (change in the timing or scope of cash flows from a financial instrument due to changes in market interest rates).

The Bank manages the interest rate risk and its effect on profitability, equity, assets and liabilities, under various assumptions of interest rate changes, including severe interest rate stress scenarios based on historic scenarios and hypothetical simulations. The Bank also uses a model which estimates the change in the expected finance income as a result of changes in the interest rate and future interest rate spread as well as the sensitivity of regulatory capital, which includes the effects on capital and capital reserve of a sudden change in the interest rate. These indicators are restricted by various hierarchical levels.

In effect, the interest rate risk is measured and managed on the basis of various behavioral assumptions regarding repayment dates of the assets and liabilities. According to past experience, the Bank treats some of the current account balances as a long-term liability. In addition, assumptions about early repayments of mortgages are based on a statistical model that attempts to forecast early repayment based on interest rates. Such estimates are significant for managing interest rate risks, inter alia, due to the significant increase in these balances in recent years. The tools for managing the exposures in the banking portfolio are: the price policy; the management of the Bank's own bonds portfolio; the issue of debt instruments; off-balance sheet transactions, and more. In addition, the exposures management relies, inter alia, on forecasts and work assumptions regarding the expected developments in the money and capital markets in Israel and abroad.

The exposure to interest rate changes is measured for both increases and decreases in interest rates in each linkage segment. The measurement is designed to test the sensitivity of the current value structure of assets and liabilities, including pension liabilities, to an interest rate change.

As a rule, interest rate sensitivity is measured at least once a month.

On July 1, 2025 Proper Conduct of Banking Business Directive No. 333, took effect, concerning the issue of interest risk in the banking portfolio. The Directive specifies the requirements for taking proactive actions for identification, measurement, monitoring, control and disclosure of the risk, and the Bank performed the required adjustments. Implementation of the Directive had no significant impact on the Bank's business activities and/or the financial results.

For additional information, please see the chapter **entitled Interest Rate Risk, in the** Risk Management Report as of December 31, 2025.

Quantitative information about interest rate risk – sensitivity analysis

Net adjusted fair value[(a)] of financial instruments of the Bank and its consolidated companies

	December 31					
	2025			2024		
	NIS	Foreign currency	Total	NIS	Foreign currency	Total
	In NIS million					
Book balance, net[(a)]	**50,998**	**(5,879)**	**45,119**	47,654	(6,476)	41,178
Adjusted net fair value[(a)]	**59,886**	**(4,052)**	**55,834**	54,832	(4,831)	50,001
Of which: Banking portfolio	**54,779**	**(4,091)**	**50,688**	51,420	(4,802)	46,618
Of which: The effect of behavioral	**9,236**	**2,608**	**11,844**	8,341	2,251	10,592
Of which: Effect of attribution to periods of deposits with no repayment dates[(b)]	**9,870**	**2,618**	**12,488**	8,758	2,261	11,019
Of which: effect of early repayments on housing loans	**(687)**	**(10)**	**(697)**	(417)	(10)	(427)

(a) The on-balance sheet net fair value of the financial instruments, excluding non-monetary items, including liability for employee rights, offset against all underlying plan assets and attribution of deposits period with no repayment date.

(b) On July 1, 2025, an update was made to the current account allocation model, which resulted in an increase of approximately NIS 2.2 billion in the attribution impact for non-maturity deposits, as of the date of the update was implemented.

For more information regarding the assumptions used to calculate the adjusted fair value of the financial instruments, please see Note 32A.

The spread between the adjusted net fair value and the net on-balance-sheet amount stands at approximately NIS 10.7 billion, an increase of approximately NIS 1.9 billion, compared with the spread as of December 31, 2024.

The effect of scenarios of interest rate changes on the net adjusted fair value[a] of the Bank and its consolidated companies

	December 31					
	2025			2024		
	NIS	Foreign currency	Total*	NIS	Foreign currency	Total*
	In NIS million					
Simultaneous changes						
Simultaneous increase of 1 percent	**(1,497)**	**(749)**	**(2,246)**	(2,165)	(1,023)	(3,188)
Of which: Banking portfolio	**(1,579)**	**(669)**	**(2,248)**	(2,106)	(992)	(3,098)
Of which: The effect of behavioral assumptions[c]	**3,478**	**489**	**3,967**	2,719[b]	531	3,250
Of which: Effect of attribution to periods of deposits with no repayment dates	**2,198**	**522**	**2,720**	1,754	477	2,231
Of which: effect of early repayments on housing loans	**1,073**	**1**	**1,074**	751	4	755
Of which: the effect of deployment over deposit periods beyond the next exit point	**206**	**–**	**206**	214	–	214
Simultaneous decrease of 1 percent	**1,213**	**709**	**1,922**	1,419	1,028	2,447
Of which: Banking portfolio	**1,279**	**658**	**1,937**	1,359	1,018	2,377
Of which: The effect of behavioral assumptions[c]	**(4,222)**	**(624)**	**(4,846)**	(3.893)[b]	(661)	(4,554)
Of which: Effect of attribution to periods of deposits with no repayment dates	**(2,327)**	**(552)**	**(2,879)**	(1,885)	(510)	(2,395)
Of which: effect of early repayments on housing loans	**(1,677)**	**(2)**	**(1,679)**	(1,789)	(4)	(1,793)
Of which: the effect of deployment over deposit periods beyond the next exit point	**(219)**	**–**	**(219)**	(219)	–	(219)

a) Net fair value of the financial instruments, excluding non-monetary items, including liability for employee benefits, offset against all underlying plan assets and attribution of non-maturity deposits to periods.

b) Updated following a change in the reporting requirements.

c) The main models are the mortgage prepayments assumptions and, for current accounts, the identification of the stable core balance and its treatment as a long-term deposit. The asymmetry between interest rate increases and decreases stems primarily from the alignment of customer behavior with the mortgage scenarios and from the impact of the shape of the yield curves.

Since the beginning of the year, in the total linkage sectors, there had been a decrease of NIS 942 in exposure to an increase of 1%, of which approximately NIS 718 million reflects the impact of behavioral models. For further details on the changes the Bank made to the behavioral models during 2025, see below.

Exposure in Israeli currency in the banking portfolio – Since the beginning of the year there had been a decrease of approximately NIS 530 million in the exposure to a 1% increase: On the one hand, during the year there had been an increase in exposure to interest-rate increase as a result of the increase in the banking portfolio and nostro activities that had been partially offset by issuance of promissory notes. On the other hand, the update of the current account rescheduling model and the update of the early repayment rate in mortgages in the scenario of an increase in the interest rate, as specified below, fully offset this effect – and even more – resulting in a reduction in exposure.

Foreign currency exposure in the banking portfolio – since the beginning of the year, there has been a decrease of approximately NIS 320 million in exposure to a 1% increase, as the decrease being mainly due to Nostro portfolio activities and revision of the rescheduling current account model.

In 2024 and in the first half of 2025 no update was made to the behavioral models. Commencing July 1, 2025 the Bank updated the current account model used for interest rate risk management. The model update reduced the fair value exposure to an increase of 1% in interest rate by approx. NIS 660 million as of the date of performing the update. In the scenario of a 1% decrease in the interest rate, the update of the model reduced the increase in fair value by a similar sum, as of the date of performing the update.

In addition, as part of the implementation of Proper Banking Management Directive No. 333, effective July 1, 2025, and in accordance with the requirements of the Directive, the Bank updated the mortgage early repayment rate in the scenario of an increase/decrease of a 1% interest rate increase scenario to 1.2/0.8, relative to the base early repayment rate, respectively. Implementation of this revision reduced the fair value exposure to an increase of 1% in interest rate by approx. NIS 200 million, and contributed to an increase in fair value in the scenario of a 1% decrease in interest rate by approx. NIS 270 as of the date of performing the update.

Details regarding the effect of significant behavioral models are presented in the table above.

Comment: The table presents the change in the net adjusted fair value of all the financial instruments, under the assumption that the noted change occurred for all interest curves in all linkage segments.

Effect of scenarios of interest rate changes on net interest income and on noninterest finance income

	December 31					
	2025			2024		
	Income Interest rate	Non interest finance income (expenses) of interest	Total*	Income Interest rate	Non interest finance income (expenses) of interest	Total*
	In NIS million					
Simultaneous changes						
Simultaneous increase of 1 percent	**348**	**285**	**633**	516	36	552
Of which: Banking portfolio	**348**	**285**	**633**	516	123	639
Simultaneous decrease of 1 percent	**(581)**	**(318)**	**(899)**	(704)	(55)	(759)
Of which: Banking portfolio	**(581)**	**(306)**	**(887)**	(704)	(123)	(827)

* After netting effects.

The sensitivity of the income in the above table is a theoretical estimate calculated based on a parallel shift of the entire yield curve in all the interest rate curves using assumptions regarding changes in the spreads on deposits and regarding transfer of funds from checking accounts to interest- bearing deposits in the event of an increase in interest rates, with no change in the composition of the assets and liabilities. During the third quarter of 2025, assumptions have been revised in such manner that impacted interest income section, however with no material effect.

Since the beginning of the year, the total exposure of the income to a decrease of 1% interest rate in the banking portfolio had increased by approximately NIS 60 million, the main change stems from activities in the nostro portfolios.

For additional information , please see the Risk Management Report as of December 31, 2025.

Effect of scenarios of interest rate changes on equity[a]

	December 31	
	2025	2024
	In NIS million	
Simultaneous increase of 1 percent	**(1,008)**	(1,041)
Simultaneous decrease of 1 percent	**818**	875

a) The effect presented is before the tax effect.

Since the beginning of the year, there has been no significant change in the exposure of equity to an increase of 1%.

Overall exposure of the Bank and its consolidated companies to changes in interest rates

	December 31, 2025					
	Demand of up to one month	Over Up to two months	Over 3 months to one year	Over One year up to 3 years	Over 3 years to 5 years	Over 5 years to 10 years
	In NIS million					
Financial assets[(a)]	495,884	48,324	80,361	85,726	38,353	37,646
Other amounts receivable[(b)]	579,458	237,872	266,569	122,524	52,159	57,385
Financial liabilities[(a)]	439,741	66,491	139,120	40,071	26,522	31,538
Liabilities for Employee Benefits	–	–	504	1,341	1,230	2,819
Other amounts payable[(b)]	538,874	254,278	274,599	124,757	55,774	58,348
Exposure to interest rate changes	96,727	(34,573)	(67,293)	42,081	6,986	2,326
Further details of the exposure to interest rate changes						
a. By Linkage Basis[(d)]:						
Non-linked NIS	87,889	26,281	(54,897)	19,121	2,958	(3,304)
CPI-linked NIS	(44)	997	4,373	15,729	2,257	4,860
Foreign currency (including foreign-currency linked)	8,882	(9,289)	(16,769)	7,231	1,771	770
b. The impact of exposure to interest rate changes						
Financial assets, before allowances	495,291	47,301	77,122	83,617	38,196	38,138
The impact of early repayments on housing loans	593	1,023	3,239	2,109	157	(492)
Financial assets	495,884	48,324	80,361	85,726	38,353	37,646
Financial liabilities before allowances	540,100	74,204	99,548	22,808	12,728	12,519
The effect of deployment over non-maturity deposit periods	(85,102)	–	22,199	14,877	13,743	21,795
The effect of deployment over deposit periods beyond the next exit point	(15,257)	(7,713)	17,878	3,727	1,280	42
Financial liabilities	439,741	66,491	139,625	41,412	27,751	34,356

See notes on page 94.

Overall exposure of the Bank and its consolidated companies to changes in interest rates (Continued)

	December 31, 2025					
	Over 10 to 20 years	More than 20 years	No repayment terms	Total Fair value	Internal rate of return	Average effective life[c]
	In NIS million					
Financial assets[a]	13,347	1,367	355	801,364	2.98%	1.19
Other amounts receivable[b]	5,746	2,240	2	1,323,954	–	0.82
Financial liabilities[a]	5,408	28	–	748,019	3.19%	0.70
Liabilities for Employee Benefits	3,877	2,149	–	11,920	–	12.01
Other amounts payable[b]	2,138	777	–	309,545	–	0.87
Exposure to interest rate changes	8,570	653	357	55,834	–	–
Further details of the exposure to interest rate changes						
a. By Linkage Basis[d]:						
Non-linked NIS	7,511	1,188	353	34,538	–	0.01
CPI-linked NIS	(1,327)	(1,500)	3	25,348	–	0.10
Foreign currency (including foreign-currency linked)	2,386	965	1	(4,052)	–	0.21
b. The impact of exposure to interest rate changes						
Financial assets before allowances	18,497	3,542	355	802,060	2.98%	1.19
The impact of early repayments on housing loans	(5,150)	(2,175)	–	(696)	(0.06%)	(0.78)
Financial assets	13,347	1,367	355	801,364	2.98%	1.19
Financial liabilities before allowances	8,395	2,177	–	772,479	3.20%	0.90
The effect of deployment over non-maturity deposit periods	–	–	–	(12,488)	4.04%	3.85[e]
The effect of deployment over deposit periods beyond the next exit point	(9)	–	–	(52)	0.05%	0.36
The effect of other behavioral assumptions						
Financial liabilities	8,386	2,177	–	759,939	3.19%	0.85

See notes on the next page.

Overall exposure of the Bank and its consolidated companies to changes in interest rates (Continued)

	December 31, 2024		
	Total Fair value	% Demand deposits Internal	Average duration[c]
	In NIS million		
Financial assets[a]	709,045	4.67%	1.29
Other amounts receivable[b]	1,147,023	–	1.32
Financial liabilities[a]	652,378	4.56%	0.45
Liabilities for Employee Benefits	12,347	–	14.02
Other amounts payable[b]	1,141,342	–	1.46
Exposure to interest rate changes	50,001	–	–
Further details of the exposure to interest rate changes			
a. By Linkage Basis[d]:			
Non-linked NIS	32,758	–	0.20
CPI-linked NIS	22,074	–	0.11
Foreign currency (including foreign-currency linked)	(4,831)	–	0.11
b. The impact of exposure to interest rate changes			
Financial assets before allowances	709,472	4.67%	1.29
The impact of early repayments on housing loans	(427)	(0.03%)	(0.81)
Financial assets	709,045	4.67%	1.29
Financial liabilities before allowances	675,894	4.57%	0.70
The effect of deployment over non-maturity deposit periods	(11,019)	4.26%	0.96[c]
The effect of deployment over deposit periods beyond the next exit point	(223)	0.24%	0.40
The effect of other behavioral assumptions	73	0.05%	(0.02)
Financial liabilities	664,725	4.56%	0.70

a) Excluding balance sheet outstanding derivatives, the fair value of off-balance-sheet instruments and of fair value of compound financial instruments, after the impact of the allocation of demand deposits to maturity buckets.
b) Other amounts receivable and payable in respect of derivative, compound and off-balance-sheet financial instruments, after reflecting the impact of employee-benefit obligations, which takes into account the plan assets that are sensitive to interest-rate changes and are managed against those obligations. Complex financial instruments were allocated to maturity buckets based on the effective average life of each instrument, since their interest-rate exposure cannot be represented through classification by contractual cash-flow maturities or by the nearest interest-rate reset date.
c) The rated average is calculated based on the fair-value weights of the effective average life.
d) The reported duration represents the gap between the duration of total assets and the duration of total liabilities.
e) In 2024, the duration effect relates to the entire population. In 202, the duration impact relates only to the portion that is subject to allocation.

Basis Risk (Foreign Currency and CPI)

Linkage basis risk is the risk of loss as a result of changes in the consumer price index or foreign exchange rates, due to the difference between the value of the assets and the value of the liabilities, including in respect of future transactions in each of the linkage segments.

Leumi is active in currency markets through spot, forward and option transactions both for its customers and its own account. Transactions in derivatives in the banking portfolio are mainly used to financially hedge the on-balance sheet activity. These, however, most are not considered a perfect hedge under accounting principles, and therefore affect the accounting profit and loss as a result of the difference in accounting for on-balance sheet assets and liabilities and derivatives. The effect is managed, monitored and reported to the Investment Committee and Assets and Liabilities Management committee.

The linkage basis exposure is managed according to the Board of Directors' restrictions.

Linkage Status

Following is a summary of the linkage balances[d]

	December 31					
	2025			2024		
	No Linked	Linked CPI	Currency Foreign[B]	No Linked	Linked CPI	Currency Foreign[B]
	In NIS million					
Total assets[a]	**601,788**	**84,006**	**196,329**	540,129	70,979	186,129
Total liabilities[a]	**574,552**	**54,065**	**201,566**	513,020	44,959	192,048
Surplus (deficit) of segment assets	**27,236**	**29,941**	**(5,237)[c]**	27,109	26,020	(5,919)[c]

a) Including future contracts and options.
b) Including foreign currency-linked.
c) The excess foreign currency liabilities stems from the financing of investments abroad, investments in funds classified as a non-monetary item and from the insurance coverage transaction against a tax exposure for the investment in the Bank's branch abroad.
d) For additional information, please see Note 30.

The ongoing management and reporting of the Bank's exposure to basis risks are made in line with the economic approach, which includes adjustments and additions to the accounting approach presented above. The basis exposure calculated according to the economic approach is detailed in the section entitled "Risk Exposure and Management Thereof".

The actual group-level economic exposure; the data are presented as a percentage of the accounting capital

	Actual situation	
	December 31	
	2025	2024
	In %	
Non-linked	**(44.8)**	(44.3)
CPI-linked	**44.2**	42.5
Foreign currency	**0.6**	1.8

In 2025, the effect of the change in foreign currency rates on the net income was non material since the Bank does not have substantial Forex exposures.

For quantitative information regarding balances in the linkage bases, please see Note 30.

The sensitivity to changes in the exchange rates of the main currencies as at December 31, 2025.

The measurement relates to the effect of the changes on the Bank's capital and includes the on-balance sheet and off-balance-sheet instrument activity

	USD	Euro	GBP	CHF	YEN
	In NIS million				
10 percent increase in the exchange rate	**87**	**23**	**12**	**2**	**16**
10 percent decrease in the exchange rate	**(19)**	**19**	**(11)**	**(2)**	**(12)**

The sensitivity to changes in the CPI as at December 31, 2025.

The measurement relates to the effect of the changes on the Bank's capital and includes the on-balance sheet and off-balance-sheet instrument activity

	Effect of the changes on the Bank's capital
	In NIS million
3% increase in the CPI	**902**
3% decrease in the CPI	**(902)**

Investment in Equity Securities and Mutual Funds

The Bank has defined the Group's investment policy, including restrictions both on the overall investment amount and the amount per company, the investment mix and the different risk levels for various types of investments.

Exposure of the investments in equity securities and mutual funds in the banking portfolio

	Book balance and fair value	
	December 31	
	2025	2024
	In NIS million	
Marketable equity securities and mutual funds in the not held-for-trading portfolio	**2,376**	3,179
Non-marketable shares in the not held-for-trading portfolio	**4,654**	3,999
Total	**7,030**	7,178

For additional qualitative and quantitative information regarding credit risks, please see **the Risk Management Report as of December 31, 2025.**.

Liquidity and Financial Risk

Liquidity risk is the risk to the banking corporation's profits and stability resulting from the inability to meet its liquidity needs.

Funding risk is the risk of being unable to raise new sources of funding or refinance existing sources needed for ongoing operations, or that such funding will be obtained under conditions and timeframes that would significantly impair the bank's net interest income.

The financing sources

The concentration of the sources is audited and managed by the Bank as part of its liquidity risk management. The Bank performs follow-up on the composition and concentration of sources by several categories, including: Customer size and type, single depositor. The bank conducts continuous and close monitoring of liquidity indications and tracks warning signs that enable early identification of liquidity needs and trends related to its funding sources.

Leumi maintains an adequate liquidity level by investing its own (Nostro) portfolio in high-quality diversified assets in NIS and foreign currencies, so as to meet the liquidity needs under a variety of stress scenarios, as well as through a policy of raising diversified and solid sources for different periods of time, with emphasis on raising deposits from retail customers and issuing long-maturity bonds.

The Bank sets growth targets for both sources and uses and conducts an ongoing monitoring process to ensure compliance with these targets. As part of liquidity and funding risk management, the bank monitors, among other factors, the projected repayment of large deposits, as well as the expected redemption of bonds and deferred promissory notes. It also manages forecasts and tracks the pace of credit issuance, aligning its preparation in advance for sourcing necessary funding.

Balance of public deposits and average interest rate by supervisory activity segments[a][b]

	December 31			
	2025		2024	
	Balance Deposits by the Public	Balance Average of deposits by the public	Balance Deposits by the Public	Balance Average of deposits by the public
	In NIS million			
Private individuals[c]	**175,813**	**176,415**	175,583	173,409
Small- and micro-businesses	**113,048**	**104,715**	101,224	102,183
Mid-market businesses	**60,006**	**57,510**	59,641	59,189
Corporations	**126,085**	**105,909**	109,860	96,606
Institutional entities	**211,935**	**180,285**	171,993	152,214
Total deposits by the public	**686,887**	**624,834**	618,301	583,601

a) The interest expenses for on public deposits from the average balance of interest-bearing public deposits for 2025 was 3.97 percent, compared with 4.17 percent in 2024.
b) In 2025, the margin from public deposit-taking activities totaled NIS 6,804 million compared with approx. NIS 7,740 million in 2024.
c) Including the household segment and the private banking segment.

The public deposits in Israeli and foreign currencies are the Bank's main financing source, constituting approximately 89% of the total monitory liabilities, except for derivatives as of December 31, 2025, retail deposits by households and small businesses constitute approximately 43% of all public deposits in Israeli and foreign currencies. The contractual term of deposits is short, based on the contractual maturity date of public deposits (including credit balances in customers' checking accounts), approximately 98% of the cash flow, having a contractual maturity period of up to one year. However, public deposits are generally rolled over and remain in the bank for an extended period.

The deposit balances of the three largest depositor groups which are financial intitutions

	December 31	
	2025	2024
	In NIS million	
Group A	**16,565**	29,090
Group B	**14,052**	18,956
Group C	**12,318**	10,495
Total	**42,935**	58,541

The majority of the balances of the three largest depositors as defined in the Banking Law, 5741-1981, have a maturity period of up to one month. As a result, they receive a 100% withdrawal rate both in the measurement of the regulatory liquidity coverage rate (LCR) according to Proper Conduct of Banking Business Directive No. 221 and under the Bank's internal model, in accordance with Proper Conduct of Banking Business Directive No. 342. In other words, these financial deposits do not serve as a source that the bank relies on for liquidity risk management. We note that these clients engage in business activities with the bank across various products. Therefore, the bank classifies a small portion of these balances as operational deposits, which receive reduced withdrawal rates in accordance with Proper Conduct of Banking Business Directive No. 221.

Additional Financing sources rather than public deposits

	December 31					
	2025			2024		
	Balance	Average balance	Return[a]	Balance	Average balance	Return[a]
	In NIS million					
Securities loaned or sold under reverse repurchase agreement	**21,814**	**15,254**	**4.65%**	11,686	10,790	5.87%
Bonds and deferred promissory notes[b]	**44,207**	**39,194**	**4.56%**	31,969	31,138	4.83%
Of which: Held-for-trading securities	**4,864**	**4,482**	**4.41%**	1,828	2,950	4.52%

a) Rates of return include indexation impact.
b) As of December 31, 2025, bonds and deferred promissory noted do not include secured funding.
c) Bonds and subordinated notes serve as additional source of funding of the bank, a longer term source compared to public deposits. As at December 31, 2025 bonds and deferred promissory notes constitute approx. 6% of the total financial liabilities, excluding derivatives. Approx. 73% of the future contractual cash flow from bonds and deferred promissory notes have a contractual maturity date of over one year.
d) The data above indicate that the concentration of the Bank's funding sources as of year-end 2025 remained largely unchanged.

The liquidity risk management policy

The Leumi Group's liquidity risk management policy is part and parcel of its strategic business management and is adapted to the requirements of Proper Conduct of Banking Business Directives. The management of exposure to liquidity risks is regularly examined, controlled and discussed by the forums and committees at the Board of Directors and management. In this framework, ongoing follow-up is conducted on cash flow forecasts, trends in various deposit segments, concentration of depositors and fund raising costs.

The Bank monitors liquidity risk using various regulatory models, including the Liquidity coverage ratio (LCR) and the Net Stable Funding Ration (NSFR). Regulatory directives define stability coefficients for different types of funding sources (based on customer type and stability), which are taken as part of liquidity risk management and influence the liquid assets the Bank holds.

The Bank has a comprehensive infrastructure, management routines, and specialized tools for managing liquidity in foreign currency. This includes daily monitoring of a set of internal risk indicators, as well as internal

and regulatory limits. Leumi monitors its liquidity position using indicators capable of providing early warning of changes in the liquidity position, inter alia, by using a regulatory model, as well as internal models developed by Leumi in accordance with the Bank of Israel's directives and accepted international standards.

The Bank has a contingency plan in place for early identification handling of a liquidity crisis, which includes a system of warning signs that can indicate a change in the Bank's liquidity status, and establishes an action plan for handling such situations.

The contingency plan includes a list of tools for raising and liquidating funds, tailored to the type of scenario as well as the designation of the responsible executing party. The decision regarding the use of the tools will be made by a dedicated committee for managing liquidity crises. The committee shall also determine the appropriate tool to be used, in accordance with the liquidity event and the specific need. Among the tools available to the Bank are: the realization of securities, raising funding through REPO transactions, pricing changes on deposits and loans, and activity in the shekel-dollar FXSWAP market and more. In addition, the Bank of Israel provides banking corporations with the option of obtaining monetary loans in Israeli currency, including intraday loans as well as loans for periods of one day or one week. Against these loans, the banks are required to provide the Bank of Israel with collateral, including government bonds and Treasury bills (Makam).

The amount of credit that Leumi can obtain from the Bank of Israel as of December 31, 2025 against a pledge of Government of Israel bonds stands at approximately NIS 71 billion.

As a rule, credit provided by the Bank is made available immediately. However, from time to time the Bank of Israel implements long-term lending programs against specific collateral (as was the case during the Coronavirus period and during the War). These programs were limited to credit extended by the Bank, provided that such credit met the predefined criteria established by the Bank of Israel. Against this credit, banks were given the option to pledge mortgage portfolios instead of government bonds.

The Bank measures and manages liquidity risk using models for all currencies combined and separately for foreign currency, as follows:

- The regulatory metric LCR, in accordance with Proper Conduct of Banking Business Directive No. 221, measures the ratio between the bank's available high quality liquid assets (HQLA inventory) and the net cash outflows in a 30 day stress scenario. The ratio is measured for all currencies combined as well as specifically for foreign currency.

  Liquidity Coverage Ratio is intended to ensure that a banking corporation will hold an adequate inventory of high quality unencumbered liquid assets, comprised of cash or assets that can be converted into cash in private markets with little or no loss of value, in order to meet the banking corporation's liquidity needs. Liquidity Coverage Ratio (LCR) simulates the Bank's liquidity position under a combined liquidity stress scenario, which applies both to Leumi and the overall financial system and lasts for 30 days.

  The LCR model serves as the Bank's worst case scenario for measuring the outcome of a 30-day liquidity stress event. This model is based on behavioral assumptions specified in Proper Conduct of Banking Business Directive No. 221.

  The behavioral assumptions in the LCR model regarding deposit withdrawal rates and their impact on cash outflows are tailored to the type of customer and their level of stability. For example: Retail deposits are considered stable deposits, characterized by low runoff rates. Conversely, deposits from financial customers are considered non-stable, and the model assumed high withdrawal rates for them. A financial deposit with a remaining maturity of less than 30 days is fully taken as an outflow in the model and therefore does not contribute to the LCR.

  The behavioral assumptions in the LCR model relating to cash inflows from loan repayments reflect different inflow rates depending on the customer type. For example: Credit to a financial customer that reaches its contractual maturity is assumed to be fully repaid on time and not rolled over. Accordingly, it receives a full inflow rate in the model, and its contribution to the model's cash inflows is recognized in full. In contrast, credit of wholesale and retail customers is assumed to be partially rolled over upon reaching

its contractual maturity. Accordingly, it receives only a partial inflow rate in the model, and its contribution to the model's cash inflows is therefore lower.

The corporate high-quality liquid assets (HQLA) are classified to 3 levels according to their liquidity conversion capability. The haircut applied to each pf the 3 asset categories is determined according to the asset's ability to be rapidly liquidated under a 30-day financial-market stress scenario.

The LCR ratio is measured on a daily basis. Regulatory requirement is that the LCR ratio is not to fall below 100% on a solo and consolidated basis. The report on the liquidity coverage ratio to the senior management is made at least once each month and to the Board of Directors at least once each quarter.

- Measures the minimum liquidity coverage ratio, the Bank manages **an internal model for estimating liquidity risk**, in accordance with a Proper Conduct of Banking Business Directive No. 342, under a variety of scenarios between a week to three months, relating to various market situations, which pertain to the entire banking system and to Leumi in particular. The internal constraints of the internal model are higher than the limits on the LCR ratio and are designed to ensure an additional buffer for meeting liquidity scenarios. The internal model is measured for all currencies and for foreign exchange and includes 4 types of scenarios:
  - A scenario simulating normal conditions ("Normal Scenario")
  - A scenario stress in the banking system in Israel against the backdrop of global stress ("Systemic Scenario")
  - Stress scenario simulation at Bank Leumi ("specific scenario")
  - The stress scenario combines a systemic scenario and a bank specific scenario ("combined scenario")
- **Net stable funding ratio (NSFR)**, in accordance with Proper Conduct of Banking Business Directive No. 222: The NSFR rate is intended to improve the liquidity risk profile and the Bank's stability bin the long term (one year) and requires the banking corporations to maintain a stable funding profile according to their asset composition and off-balance sheet operations.
  Maintaining a sustainable financing structure over time is intended to reduce the chances that disruptions in the banking corporation's permanent sources of financing will erode its liquidity situation in a way that will increase its risk of default and lead to a broader systemic scenario.

  The net stable funding ratio restricts over-reliance on short-term wholesale funding, encourages an improved assessment of the liquidity finance raising risk, liquidity raising in all on-balance sheet and off-balance sheet items, and promotes funding stability, by maintaining an available funding scope (on the sources' part) adapted to the required scope of financing (on the use's part).

  The NSFR ratio's result is affected by the Bank's financial position, as reflected by all balance sheet items as of the date of the examination.

  Net Stable Funding Ratio (NSFR) is measured quarterly and reported in the financial statements at both the solo and consolidated levels for all currencies. Additionally, the Bank conducts an internal calculation to estimate the ratio on a monthly basis.

  The regulatory requirement is that the ratio should not fall below 100% on a solo and consolidated basis. The Net Stable Funding Ratio is reported to the senior management and Board of Directors at least once each quarter.

The Bank's Board of Directors defines the risk probability and sets internal limits that thar are stricter than regulatory requirements for the purpose of managing liquidity risk. The CRO sets internal limits that are stricter than those established by the board of directors for day-to-day management purposes. Internal limits serve as additional reserve to ensure compliance in a liquidity stress scenario, in such manner that the Board-imposed limits for the LCR and NSFR ratios are set at a level of 104%.

Liquidity coverage ratio

	For the three months ended As at December 31	
	2025	2024
	In %	
a. Consolidated data		
Liquidity coverage ratio	**127**	123
Minimum liquidity coverage ratio set by the Banking Supervision Department	**100**	100
b. According to the banking corporation's data		
Liquidity coverage ratio	**125**	120
Minimum liquidity coverage ratio set by the Banking Supervision Department	**100**	100

Note: Based on an average of daily observations.

For more information, please see the section entitled Liquidity Risk in the Risk Management Report as of December 31, 2025 and Note 24.B.

Main ingredients regarding the liquidity coverage ratio

Main ingredients calculating the liquidity coverage ratio	**For the three months ended on December 31, 2025**	For the three months ended As at December 31, 2024
	Average total weighted values in NIS millions	
Total high-quality liquid assets	**207,391**	185,804
Total cash outflows	**450,743**	358,319
Total cash inflows	**286,991**	206,752
Total cash outflows, net	**163,752**	151,567
Liquidity coverage ratio	**127%**	123%

The average liquidity coverage ratio for the three months ended December 31, 2025, standing at approximately 127%, had decreased by approximately 1% compared with the average liquidity coverage ratio for the three months ended September 30, 2025, resulting mainly from the impact of business activities for extending credit, which was offset mostly by an increase of public deposits and raising bonds.

The decline in the ratio during the fourth quarter of 2025 reflects a combined effect of a similar increase in the total stock of high-quality liquid assets (the numerator) and in the net cash outflow (the denominator).
The increase in the total stock of high-quality liquid assets resulted from an increase in securities eligible for inclusion in the HQLA buffer, as well as an increase in deposits with the Bank of Israel.

The increase in total net cash outflow resulted from a change in the maturity profile of public deposits, which was offset by a change in the maturity profile of credit to the public.

In the fourth quarter of 2025, the LCR ratio in foreign currency and across all currencies had been above the regulatory requirement and the Board- imposed limit, the total consolidated ratio as of December 31, 2025, stood at approximately123%.

Net stable funding ratio

	As at December 31	
	2025	2024
	In %	
a. Consolidated data		
Net stable funding ratio	**115**	118
Net stable funding ratio set by the Banking Supervision Department	**100**	100
b. According to the banking corporation's data		
Net stable funding ratio	**114**	116
Net stable funding ratio set by the Banking Supervision Department	**100**	100

The Bank met the regulatory restriction and the restriction set by the Board of Directors regarding the net stable financing ratio as of December 31, 2025.

The consolidated net stable financing ratio as at December 31, 2025 stands at approximately 115%, approximately 1% lower than the ratio as of September 30, 2025. The decline in the ratio was driven mainly by the increase in credit activity and the shortening of the debt instruments, which were offset by the growth in public deposits.

In 2025, there was no change in the sovereign credit rating and in the Bank's credit rating.

For further information on credit rating, please see the chapter titled "Key Developments in the Economy" in the Report of the Board of Directors and Management.

For qualitative and quantitative information regarding financing and liquidity risk, please see under "Additional Information on Liquidity Risk and Financing Risk" in the Risk Management Report as at December 31, 2025 and Note 31.

Table Inventory - Composition of high-quality liquid assets[a] by average balance per

	For the three months ended December 31					
	2025			2024		
	NIS	Currency external/ foreign quarter	CPI-linked NIS	NIS	Currency external/ foreign quarter	CPI-linked NIS
	Total weighted value in NIS millions					
Total Tier 1 assets	**164,728**	**39,713**	**204,441**	137,058	45,118	182,176
Total Tier 2a assets	**–**	**2,784**	**2,784**	–	3,352	3,352
Total Tier 2b assets	**49**	**117**	**166**	118	158	276
Total high-quality liquid assets	**164,777**	**42,614**	**207,391**	137,176	48,628	185,804

a) See Proper Conduct of Banking Business Directive No. 221.

The high-quality liquid asset inventory includes assets that can be easily and quickly converted into cash with little or no loss of value. Classification of Assets according to Proper Conduct of Banking Business Directive No. 221. Not pledged assets.

For further details on the assets pledged by the Bank to the Central Bank, clearinghouses, and others see the table below in Note 26 and Risk Report dated December 31, 2025.

Total high-quality liquid assets - Pledged and unpledged

	December 31							
	2025				2024			
Balance of liquid assets per Levels as required in Directive 221	Total on-balance-sheet balances	Of which: Unpledged assets	Of which: Pledged assets	Weighted balances of unpledged assets	Total on-balance-sheet balances	Of which: Unpledged assets	Of which: Pledged assets	Weighted balances of unpledged assets
	In NIS million							
Tier 1 assets								
Cash and central bank reserves that are withdrawable under stress conditions	**114,957**	**114,957**	**–**	**114,957**	121,142	121,142	–	121,142
Marketable securities eligible for a 0% risk weight	**105,275**	**94,440**[(a)]	**10,835**	**94,440**	74,522	63,076[(a)]	11,446	63,076
Marketable securities eligible with risk weight different than 0%	**12,453**	**12,453**[(a)]	**–**	**12,453**	12,976	12,976[(a)]	–	12,976
Total Tier 1 assets	**232,685**	**221,850**	**10,835**	**221,850**	208,640	197,194	11,446	197,194
Tier 2 assets								
Total Tier 2A assets	**5,251**	**3,087**	**2,164**	**2,624**	4,999	4,206	793	3,575
Total Tier 2B assets	**370**	**215**	**155**	**108**	527	410	117	205
Total liquid assets available for liquidity management purposes	**238,306**	**225,152**	**13,154**	**224,582**	214,166	201,810	12,356	200,974

(a) After applying the Bank of Israel coverage ratios for Treasury bills and government bonds, based on banking corporation's holdings as of the calculation date.

Level 1 assets constitute approx. 99% of the bank total high quality liquid asset (HQLA) inventory as of December 31, 2025. These assets primarily include cash, balances with the Bank of Israel, Israeli Government bonds in both NIS and foreign currency, U.S. government bonds, and bonds fully guaranteed by the U. S. government.

The balances of the banking industry (current accounts and monetary deposits) in the Bank of Israel as at December 31, 2025, was approximately NIS 129 billion, compared with approximately NIS 134 billion as at the end of December 2024.

The Bank can increase its high quality liquid (NQLA) both by selling them in the markets and by conducting REPO (Repurchase Agreement Transactions) The Bank has an operational and legal infrastructure in place to execute these transactions.

Cash flows according to the contractual maturity date

	December 31			
	2025		2024	
	Upon demand And until	More than one day Up to one month	Upon demand And until	More than one day Up to one month
	In NIS million			
Other monetary assets				
Loans to the public	**20,428**	**87,565**	16,408	77,155
Other monetary assets excluding derivatives	**4,095**	**6,229**	4,636	980
Total other monetary assets, excluding derivatives	**24,523**	**93,794**	21,044	78,135
Monetary liabilities				
Deposits by the Public	**300,829**	**144,229**	312,699	110,010
Of which: households and small businesses	**114,175**	**52,823**	116,346	51,939
Deposits by Banks	**7,886**	**662**	9,350	640
Securities loaned or sold under repurchase agreements	**13,387**	**1,377**	1,863	2,531
Bonds and deferred promissory notes	**–**	**4,087**	–	142
Other monetary liabilities excluding derivatives	**507**	**1,954**	727	1,987
Total monetary liabilities excluding derivatives	**322,609**	**152,309**	324,639	115,310
Total - net	**(298,086)**	**(58,515)**	(303,595)	(37,175)

For further information regarding cash flows according to the contractual repayment date see Note 31.

A gap between the future contractual cash flows of deposits and credit is a key component in managing liquidity risk.

The Bank believes that the level of liquid assets is sufficient to meet its short-term cash needs and complies with the internal limits established for risk-management purposes.

As a rule, the Bank has an excess of liabilities over assets in the shorter-term maturities. However, the negative cash flow of approx. NIS 298 billion in the daily bucket and approx. 59 billion in the one-month bucket does not constitute a liquidity risk, as in the ordinary course of business the rollover rate of deposits - particularly retail deposits - is very high, and this stability has been maintained over time. In addition, the balance of high-quality liquid assets as of December 31, 2025 amounts to approximately NIS 225 billion. These assets are available for liquidation if needed and serve as a liquid-stress buffer.

Operational Risks

Operational risk is the risk of loss as a result of inadequate, or failure of, internal processes, people and systems, or external events.

The Leumi Group engages in a wide range of financial activities and is therefore exposed to operational risks which include, inter alia: Information security and cyber risks, technological risk, business continuity risk as well as embezzlement and fraud risks.

The risk management approach is consistent with Leumi's strategy, constitutes a basis for defining risk tolerance, for managing risk, allowing for informed risk management, and ensures proper prioritizing of tasks and resources.

In 2025, there were no significant changes in the corporate governance structure, policies and operational risk management.

Corporate governance structure

In addition to information about the corporate governance structure of risk management in the Bank, which is described in the section entitled "Additional Information about Risk Exposure and Assessment Thereof", following is more information regarding operational risk management:

First line of defense – The business lines' managements, support units and the technologies departments are responsible for managing the operational risks in their respective purviews, both on an ongoing basis as well as for new projects and products.

Second line of defense – the Operational, Technology, Cybersecurity and ERM Department in the Risk Management Division is responsible for, and leads, the operational risk management process, while developing risk policy and risk tolerance recommendations, formulating methodologies and tools, as well as professional responsibility for, guidance of and challenging of (subject to materiality) if the adequacy of inputs and outputs of the first line of defense in the risk identification and management process.

Third line of defense – Internal Audit. An Independent function whose role includes, inter alia, assessing the adequacy and effectiveness of the internal control framework, as well as reviewing the implementation and effectiveness of the Bank's risk-management procedures and risk-assessment methodologies.

Management and board of directors' committees – Each quarter, the committees hold a discussion on the material exposures to operational risks. The operational risk management policy is brought before the Board of Directors for discussion and approval once a year.

The operational risk policy and management framework

The Group's operational risk management policy outlines Leumi's operational risk management principles, guidelines and framework, including: Operational risk management that enables to promote a proper course of business and a focus and prioritizing resources on processes and risks with potentially significant consequences for the Bank's activity. To allow the Board of Directors and management to exercise appropriate corporate governance, operational risk tolerance was defined through quantitative restrictions and qualitative declarations.

Managing the operational risk is an ongoing, dynamic process which includes: Identifying and assessing the risks; implementing an adequate control environment and risk mitigation, measuring, monitoring the risks and reporting about them, as well as determining the appropriate capital requirements.

The operational risk profile is periodically monitored using KRI indices and reported on a quarterly basis to the Bank's management and Board of Directors, serving as a basis for decision-making as part of the exposures report.

The Bank revises the operational risk map from time to time. The revision is made by the first line units, with the Risk Management Division providing guidance, challenging, and assistance. The process includes identification and (qualitative and quantitative) assessment of the risks and recommendations for minimizing the risks (risk mitigation plans). In addition, there is an automated designated system in place supporting risk

reporting, documentation of controls, mitigation plans and failure events, providing managerial information to the various lines of defense and serving as a basis to calculate capital allocation for operational risk.

The regulatory capital required for operational risks is calculated using the standardized approach in the capital adequacy measurement directives of the Banking Supervision Department. The Bank of Israel published a revision to this directive that adopts the Basel Directive. The implementation of the directive commences on January 1, 2026 and is not expected to have a material effect on the Bank's capital ratios.

For additional details, see under Capital and Capital Adequacy in the Report of the Board of Directors and Management.

Leumi manages risks in material new projects and products on the basis of a methodology which includes risk identification and mitigation with the aim of complying with Leumi's business and operating goals.

Since the operational risks are cross-organizational, the Risk Management Division is taking steps to instill an advanced risk management culture, including using guidance and learning modules, as well as involvement while addressing incidents and drawing conclusions.

Main operational risk areas:

Information security and cybersecurity risks

During the reporting period the trend of increasing cyber attacks on financial organizations in Israel and around the world, including Leumi, continues. These attempts had no business effect on the service rendered by Leumi, including in the digital channels.

Threat actors continue to target the supply-chain entities of organization. The characteristics of the attacks are varied and include ransomware attacks, phishing and social engineering attempts. Accordingly, significant emphasis is placed on identifying and managing cyber risks within the supply chain.

It should be noted that as threat actors increasingly leverage AI technologies, cyberattacks are becoming more sophisticated. Leumi takes several steps to mitigate the cybersecurity risks, including: implementing preventive and detective controls in alignment with the threat-scenario update, conducting information security surveys, boosting monitoring (inclusively to remove fictitious websites), rendering authorization management and control processes more stringent, implementing products in managed and controlled processes including in the AI technology and increasing awareness to information security guidance among the employees.

During 2025, no cyber incidents were discovered which affected Leumi's financial statements.

Technological risk

Leumi attributes great importance to ensuring that the technological infrastructure remains stable and strong, allowing business and operational availability and continuity for its customers and employees, and invests considerable resources to that end. The Bank implements a new product policy, which outlines the risk management processes involved in introducing new products, including new technological initiatives and innovation.

Leumi is implementing a business-technological plan to achieve its business goals. The plan is subject to stringent corporate governance.

Leumi implements numerous cloud-computing solutions that support its business and operational activities, in accordance with the defined policy and with strict adherence to prudent risk management.

Leumi has formulated a strategy and policy for the deployment of AI products and has begun implementing AI solutions in a gradual manner, subject to rigorous risk-management processes.

AI Risks

As an innovative and forward-thinking bank, Leumi actively works to implement Responsible AI solutions. Accordingly, a strategy and work plan for its implementation have been formulated, a policy has been established, and processes have been defined for managing the associated risks in business activities and in new products. Leumi ensures a gradual implementation of these solutions, with strict adherence to risk-management processes, including technology and cyber risks, model risks, and conduct risks.

For more information see the chapter on the most significant and emerging risks in the Risk Report as of December 31, 2025.

Business continuity risk

Bank Leumi strives at preserving the continuity of its operations at all times. In its being an essential enterprise it is prepared to cope with external and internal scenarios that may lead to significant operational disruptions in its business activity.

The Bank sets a business continuity policy, which constitutes an outline of guidelines and constitutes a comprehensive work frame for managing the business continuity at the Group level. The following components are included within the work framework – analysis of business consequences, a recovery strategy (including backups and retrieval capabilities), a business continuity plan and carrying out regular technological and business drills. Leumi manages and implements processes with the purpose of allowing quick recovery in case of emergency and stress events, while minimizing the damage to the business activity.

Outsourcing and supplier risk

Leumi contracts suppliers and sub-suppliers for various business needs and adopts new products and services developed by external entities. This, while implementing a protective concept and informed management of the technology and business risks.

Its dependence on suppliers exposes the Bank to various risks, including business continuity, disruption and information leakage. Such risks are managed on an ongoing basis through risk management and a new product, procurement processes, information security, business continuity and cyber security workflows and anchored accordingly in policy papers and procedures.

There is an outsourcing policy and operational risk policy in a dedicated chapter for managing third party risk issues.

Embezzlement

To address the embezzlement risk, Leumi works on an ongoing basis on several levels to achieve a constant improvement in the ability to detect, monitor and control unusual activity, including to increase awareness among all Bank employees, with emphasis on risk managers and heightened monitoring of employees on the verge of leaving the Bank, a speak-up mechanism which encourages employees to report breaches, etc.

The is a chapter dedicated to managing fraud and embezzlement risks as part of the operational risk management policy and a special embezzlement forum had been appointed to handle the issue.

Fraud

The expanded use of digital channels and technological innovation are increasing fraud attempts in terms of identity, money and information theft, as well as compromise functionality and cause customer information leaks and misuse of information. Leumi invests significant resources in identifying and mitigating these risks through focused, ongoing monitoring, including a fraud forum to coordinate the issue.

Climate and Environmental Risk

Climate-related and environmental risks to the Bank are exposure to potential damage which may be caused as a result of events or processes related to the environment and climate change.

Environmental risks arise from the Bank's exposure to activities which may potentially cause environmental damage or be affected therefrom, such as: air pollution, soil contamination, water shortage, desertification, loss of biodiversity, deforestation, and earthquakes.
Climate-related risks arise from exposure to physical risks or transition risks caused by or related to climate change. Environmental and climate-related risks are usually divided into three types:

- Physical risks – financial risks due to the exposure to damage from acute extreme events related to climate or weather (such as heat waves, droughts, avalanches, floods, fires, storms and more) and/or exposure to damage from gradual chronic processes related to climate change (such as a rise in the sea level, an increasing average temperature).
- Transition risks – financial risks due to exposure to the transition process to an economy with low greenhouse gas emissions, which may include, for example, changes in the climate and environmental policy, technological changes or changes in the public's preferences.
- Liability risk – financial risks due to the exposure to legal claims, in which the plaintiffs demand the imposition of responsibility and/or request compensation for damages or losses related to climate changes.

The Bank is exposed to these risks both directly and indirectly.

Environmental risks may have a financial and non-financial impact on the Bank, such as: credit risk, market risk and liquidity risk, as well as operational risk, compliance risk, legal risk, regulatory risk, reputational risk (such as in a case where the Bank is attributed a connection to an environmental hazard, either directly as the creator of the hazard or indirectly as the financier of the hazard).

The Bank's Board of Directors considers the management of environmental and climate-related risks an integral part of the Bank's business strategy and goals, to preserve the Bank's stability, in view of its centrality and importance for the economy and the Israeli society and as a business-strategic opportunity. Leumi recognizes the economic, social and environmental responsibility assigned to it in accompanying and supporting our customers in the transition process through the provision of credit and supporting investments. Focus on the management and assessment of exposure to climate-related risk along with identification of the opportunities is an integral part of the process.

On June 12, 2023, the Banking Supervision Department published Proper Conduct of Banking Business Directive No. 345, "Principles for Effective Management of Climate-Related Financial Risks". The Directive establishes "fundamental principles" for effective management and supervision of climate-related financial risks, according to which the banking corporations are required to operate to optimally manage their exposure to these financial risks. The Directive will apply from June 2026, and the Bank is preparing for its implementation.

Climate-related risk management framework and policy

The Bank has formulated a policy for managing environmental and climate aspects, which establishes principles for identifying and managing risks and defines the areas of responsibility and reporting mechanisms.

This is forward-looking information, the materialization of which is uncertain and not under the Bank's sole control, taking into account that this is an "evolving" domain.

For further information, please see the Environment chapter in the Bank's Environmental, Social and Governance (ESG) Report for 2025.

Identification and management of climate-related risks in principal risk management

The Bank recognizes that the identification and assessment of the environmental risk is part of an adequate risk assessment process and is working to implement environmental risk exposure management, including climate-related risk (physical risk and transfer risk), as follows:

- **Risk management as part of the credit activity** – The Bank has formulated a methodology for assessing the potential exposure of Israeli economic sectors to key risk factors associated with climate and environmental risks, as well as tools and methodology for assessing specific credit risks to borrowers based on substance and risks, for identifying, measuring, assessing, monitoring, reporting and controlling the risk, including manners of managing the risk and mitigating its effect on the credit exposures.
- **Investments and Nostro risk** – market and investment risk management policy determines guidelines for managing the risk, including combining environmental and climate risks in the investment decision making process and in the management of existing investments. The work plan to improve the methodologies and measurement tools for managing environmental and climate-related risks also include investments; the aim is to develop tools and expertise to promote environmentally-friendly measures and business opportunities.
- **Operational risk** – The Bank has set itself a goal that the direct and indirect impact of its activity will lead to a reduction in the negative effects of the environment.
- **Reputational risk** – A policy has been formulated for the management of reputational risk, which is adapted to the Bank's strategy and includes reference to the issue of environment and climate. The annual work plan includes communication of business moves on the subject.

The following table presents the share of the economic sectors with high emissions, that have increased exposure to transition risks, from all credit risk balances – Bank.

Exposure to economic sectors with high emissions, characterized by increased transition risk[A] – the Bank

	The chemical industry and cement manufacturers[B]	transportation, shipping and vehicle manufacturing[C]	Manufacturers of metal products as well as wood and paper products[D]	Generation of electricity from fossil fuels[E]	Agriculture Livestock[F]	Fossil fuels[G]	Total
December 31, 2025	**1.17%**	**1.18%**	**0.44%**	**0.72%**	**0.12%**	**1.24%**	**4.87%**
December 31, 2024	1.33%	1.08%	0.49%	0.71%	0.13%	0.96%	4.70%

a) In order to define high emission sectors, which are characterized by increased exposure to some of the transition risks related to the extent of the emissions (such as carbon taxation, regulations for the reduction of emissions, legal liability and exposure to disruptive technology and innovation risks), the Bank used lists of high emission sectors from leading global work frameworks on the subject – SBTI, PACTA, UNEP-FI.
b) Manufacture of chemicals and their products, pharmaceutical industry, rubber and plastic products industry and cement manufacturers.
c) Economic sectors of land transport, marine transport, air transport, postal services and national couriers, the motor vehicle industry and ship and boat building.
d) Economic sectors of the manufacture of wood and paper products (except furniture) and the manufacture of metal products (iron and steel, non-ferrous metals).
e) Economic sector of the supply of electricity, gas, steam and air conditioning, transmission and distribution of electricity.
f) The livestock, fishing and marine agriculture, including mixed farming.
g) Activities of producing oil, natural gas and coal mining, including the supply, transport and retail trade of fuel.

Scenario analysis

In 2025 the Bank has completed the stress tests of various climate scenarios in respect of both transition risk and physical risk. The scenario assessment was conducted in accordance with leading global practices and with the support of international experts in climate scenarios for financial institutions.

As a rule, the scenarios' results are consistent with the Bank's assessment of the climate risk level distributed by industries (heat map). Accordingly, the more exposed industries, the risk profile of which may increase due to materialization of the risk climate scenarios stated above, are the energy and fuels industries, the chemical and

other heavy industries (such as construction materials), as also a significant increase is expected in the long term in the various services and various environmental infrastructures.

The analysis of the scenario results indicates that the scenarios – which, in the Bank's assessment, reflect a higher-end estimate of the potential impacts of climate risk, both in transition and physical scenarios – do not have a material impact on the Bank's short-term operations.

The process of integrating the conclusions arising from the scenario analysis takes into account the structured restrictions of the scenario (the lack of individual data regarding Israel, non-sensitivity to the nature of the Israeli market, the separation between the physical risks and transition risks, and focusing on the price of carbon as a central explanatory variable for the results). Additionally, the Bank will continue to analyze the individual risks of the borrowers who meet the essential thresholds that had been set, through the dedicated methodology the Bank has developed for the issue and will continue to monitor the risk at the overall portfolio level.

For further information concerning the climate scenarios the Bank had conducted, please see the chapter "Analyzing Climate Scenarios" in the Bank's Environmental, Social and Governance (ESG) Report for 2025.

A climate risk is a "developing" risk. Evolving risks are characterized by lack of quantitative data of adequate historical depth for their estimate and by high variance compared to other risks over time; this requires well-structured processes to adjust their management and measurement tools.
The Bank is monitoring regulatory, technologies and company-based developments, studying them and adjusting the risk management tools and methodologies on an ongoing basis.

The information in this section constitutes forward-looking information. For the meaning of the term, please see the chapter "Forward-Looking Information".

For further information, please see the Environment chapter in the Bank's Environmental, Social and Governance (ESG) Report for 2025.

Other Risks

Regulatory Risk

The Leumi Group operates in a complex and multi-dimensional environment. Continuous material changes in a variety of regulatory fields require adequate, ongoing preparations by the Bank.

Regulatory Risk means:

- Failure to prepare, or only partial preparation, for the implementation of mandatory regulatory requirements that have not yet come into effect.
- An increase in the regulatory burden that may impair the Bank's ability to meet its obligations and achieve its business and strategic objectives, or that may require complex and prolonged implementation efforts, including significant technological and other resource-intensive investments associated with substantial costs.

Leumi manages the regulatory risk consecutively by monitoring, identifying, collecting, and evaluating the new regulatory directives relevant to the Bank's operations, in order to ensure that it is prepared for regulatory changes and updates applicable to it and material trends developing in the field, all as part of the Bank's overall operations and the formulation of its corporate and strategic objectives. The Bank examines its preparedness for the following: changing market conditions; increased competition and transparency; entry of new players into traditional banking domains; use of databases and information of the Bank's customers by non-banking entities; and providing customers with tailored value propositions. At the same time, the regulation erodes income, increases compliance expenses and requires constant improvement of the service and innovation levels.

For more details, please see the chapter "Laws and Regulations Governing the Banking System in a Corporate Governance Report".

Compliance Risk

Compliance risk is the risk of a sanction being imposed, or a material financial loss or a reputational damage incurred, by the banking corporation as a result of failing to comply with the provisions of the law or regulations.

Proper Conduct of Banking Business Directive No. 308, "Compliance and the Compliance Function in Banking Corporations", formally defines the compliance function's areas of responsibility at the Group level. The directive stipulates that a bank must assess the effectiveness of its compliance risk management, and find means to measure it, with the risk derived from the entire body of laws governing the Bank's activity.

The identification and monitoring of emerging risk areas are carried out based on quantitative and qualitative risk indicators, using a methodology that reflects the severity of the risk while incorporating various risk-mitigating factors such as control quality, training effectiveness, the quality of procedures, and more.

According to the Bank's policy, compliance risk is managed at the Group level. In this context, various steps are taken to supervise and control foreign office and subsidiaries in order to monitor implementation of compliance aspects as a whole and apply the Group's compliance policy.

To effectively manage compliance risk, Leumi has in place a compliance and enforcement function, headed by the Chief Compliance Officer. The Chief Compliance Officer is responsible, among other things, for meeting the legal requirements of the prohibition on money laundering and terror financing, consumer compliance, implementation of the international sanction regimes and is in charge of protection of privacy, in accordance with the Bank's policy.

The Chief Compliance Officer also serves as the securities law enforcement officer, the privacy protection officer, and the officer responsible for FATCA implementation, the CRS and the QI agreement.

The Compliance and Enforcement Department reports to the Chief Risk Officer.

A. Prohibition on money laundering and prohibition on financing of terrorism

Maintaining proper compliance culture across the entire organization requires an effective control and enforcement framework. To this end, strict work procedures and control and enforcement processes have been established for all workflows and their relevant compliance risks. The purpose of the control and enforcement framework is, among other things, to identify existing and potential gaps and exposures in order to determine whether work processes and training programs should be revised.

The Compliance Department is in regular contact with subsidiaries in Israel and abroad, for the purpose of monitoring the implementation of compliance issues as a whole as well as the implementation of the Group's compliance policy.

B. Administrative enforcement

The Law of Efficiency of Enforcement Procedures in the Israel Securities Authority (Legislative Amendments), 2011 was designed to streamline the enforcement of legislative provisions in the securities domain. The law allows the regulator to impose various sanctions on a corporation, its officers and employees if they have violated the relevant provisions.

The Group's Chief Compliance Officer also serves as the Chief Compliance Enforcement Officer, responsible for the implementation of the internal enforcement program in the area of securities and investment management which was approved by the Bank's Board of Directors.

C. ("Cross Border Activity")

In light of the intensification of global financial regulation in general, and in the banking sector in particular, the Bank is required to comply with the applicable legal and regulatory requirements when providing services with a cross-border nexus. Accordingly, the Bank implements, among other things, the requirements of Amendment No. 227 to the Income Tax Ordinance (5776-2016), Proper Conduct of Banking Business Directive No. 411 - Cross-Border Activity of Customers, Proper Conduct of Banking Business Directive No. 412 - Provision of Services to Customers in the Context of Sanctions Regimes, the Income Tax Regulations (Implementation of the FACTA Agreement), and the Income Tax Regulations (Implementation of a Uniform Standard for Reporting and Due Diligence of Information on Financial Accounts), by virtue of which the Bank is required to authenticate customers who are residents of foreign countries, and to report customers identified as residents of countries with which Israel has information exchange agreements to the Israel Tax Authority, which will forward the information to the competent authorities in the customers' countries of residence.

The Bank reports to the Israel Tax Authority according to the provisions of the said law.

In addition, the Bank complies with the requirements of the QI Agreement vis-s-vis the U.S. IRS.

The Bank implements a Declared Money Policy (DMP) while ensuring that there are no funds managed by the Bank that are not reported to the relevant tax authorities; in this context, various measures were taken to locate and identify the relevant target audiences. If needed, customers are required to provide various statements and approvals.

As part of the management of cross-border activity risk, the Bank includes the risk of international sanctions regimes. The handling of this risk involves monitoring, analyzing, and implementing international sanctions regimes i accordance with the Bank's policy, as well as conducting screenings against designated-party lists. This is carried out, among other measures, through the monitoring and surveillance of international transfers, including the monitoring and prevention of transfers that may support the Russian military industry. In addition, monitoring is performed with respect to the opening and execution of banking activities in accounts held by designated parties.

D. Privacy Protection

On August 14, 2025, Amendment 13 to the Privacy Protection Law took effect. As part of this, the supervision and enforcement powers vested in the Privacy Protection Authority had been expanded - administrative enforcement powers, including the option to impose financial sanctions, in significant sums due to violations of the Law, alongside criminal enforcement powers. Additionally, the

Amendment expanded the courts' power to order compensation of the plaintiff without proving damages due to violation of the Law in certain cases.

The Group's Chief Compliance Officer also serves as Supervisor of Privacy.

Leumi acted for adjusting the work processes relevant to the changes in the Law following the Amendment.

On September 21, 2025, a financial sanction was imposed on the Bank by the Banking Supervision Department. For further information regarding the financial sanction please see Note 25.D.

Legal Risk

The legal risk is defined as exposure to damage/loss resulting from claims against the Bank, provision of a defective legal opinion, preparation of defective agreements, non-provision of appropriate legal instructions following changes in legislation and/or case law and/or legal issues arising as part of embedment or implementation of legislation, regulation and case law and/or as a result of fines that would be imposed on the Bank and supervisory activity.

Legal risks arise from five main areas:

- Legislation risks - risks attributable to the Bank's activity in the event where the legal analysis is not consistent with a primary or secondary legal provision, the Bank of Israel's directives or directives issued by other competent authorities.
- Contractual risks - risks attributable to the Bank's activity with customers, suppliers and other parties with whom the Bank contracts, if the activity is not backed by an agreement that fully establishes the Bank's interests, or the agreement is not fully enforceable or includes illegal terms and conditions.
- Court ruling risks – risks arising from the Bank's activity if it does not comply with case law.
- Risks attributable to legal proceedings conducted against the Bank.
- Risks arising from changes in enforcement policy.

Legal risk policy and management framework

The Chief Legal Counsel, who is a member of the Bank's management and Head of the Legal Counsel Division, is the Bank's legal risks manager, and she is responsible for leading legal risk management.

The Group implements a program for managing legal risk, which aims to identify, prevent, manage and mitigate legal risk. The program includes policy papers and an interface between the Legal Counsel Division and units of the Bank, as well as internal procedures applicable to the Legal Division, the purpose of which is to ensure that legal counseling provided within the Bank is professional and up-to-date. The Bank's subsidiaries, domestic and foreign, implement a policy for legal risk management as part of dedicated policy papers and internal procedures for managing legal risks in with its activity and the Group's policy on the subject. According to the legal risk procedures in the subsidiaries, they are required to seek adequate legal advice for certain issues. In addition, the subsidiaries send periodic and immediate reports to the Bank's Legal Risk Manager, as required by the policy papers.

In the context of the legal risk management program, the following points have been emphasized:

- Identifying and handling sources of material legal risks.
- Preventing and mitigating legal risk, inter alia, through:
  - Preparing adequate agreements, guidelines and procedures.
  - Reviewing regulatory and legal provisions (including judgments), and their implications for the Bank's activity.
  - Drawing conclusions on various topics and implementing the conclusions drawn in legal documents used by the Bank, as well as providing opinions on these topics to the relevant units in the Bank.

The parties responsible for executing the legal risk management program include various officials and committees within the Legal Counsel Division, special purpose factors and committees – whose function is to review, coordinate and handle new legislation and rulings applicable to the Bank's activities.
In addition, the Legal Counsel Division identifies and handles, as needed, new regulation (primary legislation, secondary legislation, regulatory directives), as early as the proposed law or regulation formulation stage.

The activity of each of the abovementioned officials and committees is prescribed by internal work procedures of the Legal Counsel Division. The procedures stipulate, inter alia, the information interfaces between each of these parties and the legal risk team of the division, the division's management and the Legal Risk Manager.

General legal exposure

There is a general legal exposure, which cannot be assessed or quantified, arising, inter alia, from the complexity of the services rendered by the Bank and the consolidated companies to their customers. The complexity of these services embodies, among other things, a potential for claims relating to commercial and regulatory terms and conditions. It is impossible to foresee all of the types of claims which may be raised in this area and the exposure deriving from these and other claims in connection with the services provided by the Bank and its consolidated companies, which are filed, inter alia, in respect of motions to certify class actions.

There is also legal exposure due to regulatory changes and guidance issued by the Banking Supervision Department, the Israel Securities Authority and other regulators to which the Bank is subjected.

Some engagements with customers last many years, in the course of which policies, regulations and legal trends, as well as court rulings, may change. The Bank and the consolidated companies use complex automated systems, which are adjusted on a regular basis according to the changing reality. All the above create an increased operating and legal exposure.

There is also a general legal exposure arising from complaints filed from time to time with the Banking Supervision Department against the Bank and the consolidated companies, which may, under certain circumstances, result in legal proceedings against the Bank. For the time being, it is impossible to assess whether there is exposure due to such complaints and whether the Banking Supervision Department will issue an industry-wide decision regarding such complaints and/or whether class actions or other types of lawsuits would be filed as a result of such proceedings. It is therefore impossible to assess the potential exposure to such complaints. As a result, no provision was made for the said exposure.

Reputational Risk

Reputational risk refers to Bank Leumi's stakeholders' perceptions – (customers, shareholders, bond holders, the general public), and reflects the gap of expectations between the stakeholders and the Bank's conduct, which may lead to a negative discourse regarding the Bank in the various media channels (journalism, television, radio) and on social networks.

The reputational risk is a cross-cutting risk that is directly related also to the materialization of other risks, which the Bank, including all its departments, manages and is affected by them in a significant manner.

The Spokesperson's Unit operates on the basis of a communications strategy that aligns with the business lines' strategy within the Bank. In this context, the Spokesman's Department exercises active media activities, and lead media and marketing initiatives for increasing the Bank's positive exposure, regularly monitors the media discourse regarding the Bank in the various media channels, manages a regular interface with all the Bank's units in order to enable optimal media relations when events occur that could have a potential adverse effect on the Bank's reputation.

Strategic Risk

Strategic risk is the risk of significant harm to current and future financial resilience and a result of harmful business decisions, faulty implementation of strategic decisions or insufficient response to changes in the business environment and in the banking sector.

The financial industry and banking sector has experienced significant changes that affect the strategy risk, and require adjustment of services, products and the business model, including: entry of new players, such as

FinTech's, insurance companies, non-banking credit companies and digital banks, which often enjoy regulatory arbitrage compared to the regulation applicable to banks, as well as flexible computer systems. Additionally, regulatory changes that support encouraging competition, such as open banking initiative, a rated license for a bank, tools for supervising the bank for comparing between banks in various aspects, alongside changes in consumer expectations, driven by the acceleration of technological solutions – including the significant shifts anticipated from the AI revolution – require ongoing monitoring and adjustments to the Bank's plans accordingly.

Underlying the Bank's strategy us the vision "To be the best financial institution in the Israeli market and to lead proactive, innovative and responsible banking for our customers" As part of implementing the strategy, the Bank leads in recent years significant moves for improving the service, including expansion of the supply of digital services and products for its customers.

The strategic risk is managed by the Bank's Board of Directors and management. The Strategy Department accompanies the Board of Directors and management, and constitutes a source of knowledge and professional solution for the CEO and the various departments concerning issues that have a strategic impact.

The Bank's strategic plan is for three years, and has been approved by management and the Board of Directors. The strategic plan is set following an extensive process of examining trends and changes in the business environment, competitive environment, technological environment and customer preferences, in an effort to identify threats and opportunities.

During 2024 a process of planning and defining the strategy, the indicators and strategic goals has been conducted, upon completion thereof a discussion was held by the Bank's management and the Bank's Board of Directors for approving the work plan and strategy, including the Risk Management Department's stance as a secondarily line for managing this risk.
In addition, as part of the ongoing monitoring of developments in the external environment and the implementation of the strategic plan, dedicated strategic discussions are held on material topics, such as the AI-strategy planning and definition process conducted during 2025, which was approved by the Management and the Board of Directors.

Models Risk

A risk model is the potential of adverse consequences resulting from decisions or actions (including reporting), based on erroneous model outputs or improper use of model outputs.

The models risk management policy was approved by the Bank's management and Board of Directors with the approach that the nature and quality of models are vital to ongoing business activity. The policy covers principles of model risk management, definition of corporate governance, officers and reporting hierarchies.

The Bank's strategy for transitioning to using digital tools, models-based processes and AI products increase the reliance on models in work processes. This trend increases the organizational efficiency, and objectivity of the processes, thereby improving customer experience and mitigating fair conduct, service, credit underwriting risks. Conversely, this strategy increases model-related risks. The Bank's policy and work plans to manage and monitor models risks have been adjusted to these heightened risks. It should be noted that the framework for managing model risks associated with AI products is dynamic and is updated in accordance with actual work processes, technological developments in testing tools, and ongoing process improvements.

Leumi continues tracking the impact of the macro economic changes on the environment of the risk management models.

In August 2025 a new Proper Conduct of Banking Business Directive No. 369 took effect, concerning effective management of risk models. The Directive refers to, *inter alia*, processes of appropriate development, implementation and use of the models, a process of verification of the model as well as the corporate governance and monitoring mechanisms. The directive replaces the Banking Supervision Department's October 2010 letter regarding model validation, and it is based on the guidelines of the US regulators regarding the risk management model (SR Letter 11-7).

Leumi is prepared to implement the Directive.

Conduct Risk

Conduct risk is the risk that the Bank's conduct will lead to an unwanted outcome for a customer or undermine public confidence in the Bank's operations. This risk may arise from inadequate service, inappropriate service or intentional unfair conduct. The materialization of the risk may result in damages to the Bank stemming from complaints, legal claims, regulatory sanctions or fines, as well as reputational harm.

The Bank's fair-banking approach places the customer's interests at the center of its business activity and sets clear standards for ethical and proper conduct toward customers. Leumi is committed to high standards of service, transparency, and the provision of full and clear information to customers, as well as fair pricing and the offering of products that are suited to each customer's characteristics, capabilities, and needs.

The consumer-focused regulation trend continues, with emphasis on conduct. In this context, the Bank continues to adhere to the principles of fairness and is implementing Bank of Israel Directive No. 501, "Managing a Customer Service and Support System".

Leumi continues to promote the provision of financial services using digital platforms and models; the assumption is that this measure will, among its other advantages, mitigate the conduct risk.

Macroeconomic Risk

For further information concerning macroeconomic risk, please see the chapter titled "Key Developments in the Economy" in the Report of the Board of Directors and Management.

Risk Profile – Defining Risk Factors' Severity

The methodology for classifying the severity of the exposures to various risks, as depicted in the risk factors' severity table below, is based on quantifying the effect of various scenarios being realized on the Group's capital, i.e. its stability.
There are five levels of severity, with a highly severe risk defined as damage leading to a decrease of the capital adequacy ratio of CET1 capital under the risk appetite level (a CET1 capital ratio of 6.5 percent). The classification into other risk levels is made as a function of the potential damage to the Group's CET1 capital adequacy and a relevant subjective assessment. Factors affecting the assessments include various considerations, such as: Risk management processes, effect of interaction with other risks and changes in the external risk environment which can increase or decrease the severity of the risks beyond the quantitative damage to the Bank's capital. The subjective assessment also includes expert assessments by relevant functions in the Bank. In cases where a specific quantitative scenario does not adequately express the severity of a risk factor, greater weight will be given to a qualitative estimate.

In light of the above, it should be emphasized that the effect of the various risk factors varies among the banks, so extra care should be exercised in making various comparisons.

Some of the information in this section constitutes "forward-looking information". For the meaning of the term, please see the chapter "Forward-Looking Information".

Table of risk factor severity

	B.Debts(a) (cont.)	Definition	Level of severity*	
			2025	2024
1	Overall credit risk**	The Bank's risk of loss as a result of the possibility that a counterparty fails to meet its commitments towards the banking corporation. This relates to on-balance-sheet and off-balance-sheet credit risk.	**Moderate**	Moderate - High
1.1	Borrower- and collateral quality risk**	Risk for default by a borrower or counterparty which causes them to fail to meet their contractual financial obligations, such as default	**Moderate**	Moderate - High

	B.Debts(a) (cont.)	Definition	Level of severity* 2025	2024
		by a borrower or counterparty in derivatives and the residual risk for failure to realize a collateral.		
1.2	Concentration risk of a large borrower or group of borrowers	Credit risk arising from the borrowers' relatively large portion of the Bank's loan portfolio.	**Low**	Low
1.3	Concentration risk per industry or segment	The credit risk arises from concentration of loans to borrowers in certain economic sectors or segments.	**Moderate**	Moderate
2	Overall market risk	Risk of exposure of the Group's assets to changes in foreign exchange rates, inflation and asset prices, the correlation between them and their volatility.	**Low - Moderate**	Low - Moderate
2.1	Basis Risk	The risk arising from exchange rate fluctuations, including inflation (held-for-trading and banking portfolios).	**Low**	Low
2.2	Interest rate risk	The risk arising from interest rate fluctuations (held-for-trading and banking portfolios).	**Low - Moderate**	Low - Moderate
2.3	Spread risk and share prices	The risk arising from fluctuations in share and bond prices in the commercial and banking portfolios for assets revalued to market prices.	**Low - Moderate**	Low - Moderate
3	Liquidity Risk	The risk arising due to the inability to withstand uncertainty as to the ability to raise funding and/or dispose of assets, unexpectedly and within a very short time, without incurring a substantial loss.	**Low - Moderate**	Low - Moderate
4	Operational risk	The risk of loss as a result of inadequate, or failure of, internal processes, people and systems, or external events.	**Moderate**	Moderate
4.1	Information security and cyber risk	A risk arising from attack on the IT systems and/or IT infrastructure, which may result in information theft, in theft of financial assets (cash and cash equivalents) and/or disruption in the operational continuity (by disrupting information and/or compromising availability).	**Moderate - High**	Moderate - High
4.2	Technology risk	The risk of loss as a result of malfunctions and mechanical failures, as a result of processes for advancing and implementing technological innovation/innovative products and services and/or projects	**Moderate**	Moderate
5	Model Risk	The exposure to loss or harm to the Bank's reputation due to erroneous, model-based decision-making, as a result of using an erroneous model, reliance on non-representative data, errors in implementing the model or faulty use of the model.	**Low - Moderate**	Moderate

	B.Debts(a) (cont.)	Definition	Level of severity*	
			2025	2024
6	Legal and regulatory risk	Total risks included in the legal risk and regulation risk outlined in the report.	**Moderate**	Moderate
7	Compliance Risk	Risk arising from non-compliance with legal provisions and binding regulations.	**Moderate**	Moderate
8	Reputational Risk	The risk that negative publicity will reduce the customer base, cause a decline in income or liquidity or lead to high legal expenses.	**Low - Moderate**	Low - Moderate
9	Strategic Risk	Strategic risk is the risk of significant harm to current and future financial resilience and a result of harmful business decisions, faulty implementation of strategic decisions or failure to respond to changes in the banking sector and operating environment.	**Moderate**	Moderate
10	Global systemic risk	Risks caused due to global external events which may bring about the materialization of several risks at once.	**Moderate**	Moderate
11	Local systemic risk	Risks resulting from local events which may lead to the materialization of several risks at once.	**Moderate - High**	Moderate - High

* In reference to a possible damage to the capital adequacy and subjective assessment of risks that are not easily quantifiable. The level of risk does not express the probability for its materialization but rather the damage to the Bank if the scenario were to materialize.

** In the fourth quarter of 2025, it was decided to reduce the severity level of overall credit risk and borrower-and collateral-quality risk from "Medium-High" to "Medium", against the backdrop of a gradual recovery in economic activity beginning in late fourth quarter of 2024, with a particularly rapid rebound during the second half of 2025 following Operation Am K'Lavie. The expectation is for a continued recovery in 2026 and a decline in the level of uncertainty stemming from geopolitical, security-related, and domestic and global political developments, with the pace of recovery depending, among other factors, on these developments.

** In the fourth quarter of 2025, it was decided to reduce the severity level of model risk from 'medium' to 'low-medium', in light of the completion of developing models based on more up-to-date data, and the macroeconomic recovery that reduced volatility and data distortion.

d. Critical Accounting Policies and Estimates, Controls and Procedures

Critical Accounting Policies and Estimates

Overview

The preparation of the consolidated financial statements in accordance with generally accepted accounting principles and directives of the Banking Supervision Department and its guidelines that mainly adopt the US GAAP, as specified in Note 1 to the financial statements requires Management to use estimates and assessments which affect the reported amounts of assets and liabilities (including contingent liabilities) as well as income and expense amounts.

In most cases, the estimates and assessments are based on economic forecasts, assessments regarding different markets and past experience, while exercising discretion, and which Management believes to be reasonable at the time of preparing the financial statements. Some of these estimates and assessments embody a high level of uncertainty and may be affected by, or highly sensitive to, future changes. These estimates and assessment, the level of change in which may materially affect the Bank's financial results, are considered critical estimates and assessments.

The actual results of these line items may differ from the estimates and/or assessments.

Note 1 provides a detailed description of the significant accounting policies applied by the Leumi Group.

Set forth below is a condensed description of principal critical accounting issues which required management to make estimates and assumptions and which were discussed by the Board of Directors, management and the joint auditors:

Loan Loss Provision and Classification of Troubled Debts

The Bank is implementing the directives of the Banking Supervision Department on Current Expected Credit Losses (CECL) ASC 326, Financial Instruments – Credit Losses.

According to the revised methodology formulated by the Bank, the loan loss provision is comprised both of a quantitative element and a qualitative element. As a rule, the Bank's estimates are based on past losses after adjustment due to credit characteristics, adjustment for current economic conditions and reasonable future forecasts. Depending on the credit portfolio, the quantitative components are based, inter alia, on net charge-offs
Probability of default and loss given default. These estimates take into account a range of risk characteristics and economic factors. The Bank's estimates include assessments which reflect, inter alia, conditions of uncertainty and may naturally change from time to time.

The Bank has set procedures to maintain a loan loss provision able to cover current expected credit losses arising from its loan portfolio, including off-balance-sheet credit risk.

As a rule, the estimate of a current expected credit losses provision is calculated over the contractual period of the financial asset, taking into account early repayment estimates according to quantitative methods formulated by the Bank, and taking into account expected changes in the terms of debts of borrowers in financial difficulties, as applicable. A provision calculated on a collective basis for loans is based, as a rule, on the recorded outstanding debt, net of interest accrued as at the reporting date.

The measurement of the loan loss provision is based on segmenting the Bank's credit portfolio into groups sharing similar risk characteristics (a process called "segmentation"). Following is a summary of the Bank's approach to segmentation relating to portfolios, economic sectors and business functions: The Bank segments the loans to the public to four main portfolios, each of which is divided into sub-groups: (1) Business-commercial credit in the Corporate Division; (2) Commercial credit, which mainly reflects credit to small businesses, in the Banking Division; (3) Non-housing loans to private individuals; and (4) Housing loans. In

general, commercial credit is segmented into economic sectors, while credit to private individuals is segmented into main business lines. As for housing loans, the measurement is based on characteristics at the individual loan level. In the next stage, the Bank distinguishes between non-troubled and troubled credit.

The provision to cover the expected credit losses in the loan portfolio is estimated through one of the two tracks: a collective provision and an individual provision. For information, please see Note 1.H.

Collective provision

1. In non-housing segments, the provision is usually estimated using the loss-rate method. This process is initially based on average past losses in the portfolio, represented by net charge-offs as from 2011 and until the quarter preceding the reporting date. Past losses are adjusted later in the process, using a series of risk and economic characteristics, such as past losses, the risk groups' risk profile, debt classification, composition of the credit portfolio, state of collateral, risk appetite, concentration of the credit portfolio, risk ratings, the Bank's credit provision policy and procedures, and additional terms and conditions. The process is intended to adjust the historic information so as to reflect the level at which the current term conditions and reasonable supportable forecasts may be different than the terms and conditions prevalent during the period in which the historic information was assessed. In the next stage, the Bank incorporates reasonable and well-substantiated forecasts for one year, followed by one year for historical data, adjusting for current conditions, on a linear basis. At the end of the process, the provision for estimates is adjusted for expected recoveries in respect of charged off debts. Changes in these estimates are recognized as incurred against the loan loss provision.

   The provision for off-balance sheet credit is recognized for obligations that may not be unconditionally terminated by the Bank, and is based on the segmentation described above, taking into account the Bank's estimates regarding the reasonableness of utilizing the various off-balance sheet items (i.e., credit conversion coefficients). These estimates are based both on past experience of the Bank - which indicates utilization rates - and on subjective judgment. The provision is presented in the balance sheet under "Other liabilities".

   This process involves significant judgment and expert assumptions, in order to reflect the best expectations and assessments of management regarding current expected credit losses.

2. In the housing loans segment, the Bank measures the provision for expected credit losses based on probability
   of default and loss given default. The process also begins with historic information, which is adjusted for current conditions and reasonable substantiable forecasts or a period of one year. Following this period, the Bank reverts to three years of historic information adjusted for current conditions on a linear basis. The provision for off-balance-sheet credit is recognized based on the Bank's estimates relating to the probability of utilizing the binding credit facilities. Changes in the loan loss provision for housing loans, including for housing loans classified as non-performing, are presented as loan loss expense for debts examined on a collective basis.

Classification of troubled debts and specific provision

The Bank assesses the loan portfolio on an ongoing basis and in accordance with procedures in order to identify, as soon as possible, borrowers whose risk level and exposure increased and who require special supervision or close monitoring by management. Either due to risk characteristics or as a result of economic or market conditions that might have an adverse effect on the borrowers, aiming to improve their condition. As to corporate customers, judgment is exercised by corporate department's employees dealing with the borrower in order to assess the extent of the problem, which is then assessed by the Credit Risk Management units of the Risk Management Division with the aim of making an objective assessment, to the extent possible, of the identified problems in order to determine the borrower's risk rating.

As a rule, a commercial debt with a contractual balance of NIS 1 million or more is examined on an individual basis by the competent functions at the Bank regarding their classification as troubled debts, including recording a charge-off if relevant. As a rule, other Bank customers are examined for the purpose of their

classification on the basis of their extent of arrears and according to certain automated defined negative indicators.

Non-performing debts, excluding housing loans, are debts which the Bank believes do not share the risk characteristics with performing debts, and therefore assesses their respective provision on a specific basis.

As part of its credit risk management activities, the Bank applies measures to identify troubled debts across each business line (in accordance with its unique characteristics) as early as possible, based on parameters embedded in the Bank's procedures. Accordingly, if needed, the risk rating is updated and the debt is defined as sensitive. The Retail Banking Division identifies sensitive customers mainly in an automated manner, based on criteria predefined for this type of customers. Customers detected as sensitive are reassessed each quarter, prior to the publication of the financial statements.

The methodology for dealing with troubled debts requires, among other things, a methodical assessment of the adequacy of the loan loss provision for debts classified as non-performing. The provision is assessed according to the difference between the recorded outstanding debt and the present value of the future cash flows expected to service the debt from the customer's activity and the realization of collaterals and other assets, discounted at the effective interest rate of the debt. For debts the repayment of which relies on collaterals (collateral-contingent debts) and there are no other available and reliable sources of repayment, the provision is determined based on the fair value of the collateral less costs of disposal and after triggering buffers for the collateral's value such that it will be possible to realize the collateral and have the debt repaid therefrom. In this context, it should be noted that the Bank is implementing the requirements of the Bank of Israel, according to which debts are classified based on the debtor's repayment capacity; i.e. – the expected strength of the primary repayment source of the debt, despite support by secondary and tertiary repayment sources, such as collateral and guarantors.

Similarly, to examining the adequacy of the classifications, the liability adequacy was also tested on a quarterly basis, in accordance with the requirements of the Bank of Israel.

According to revised Proper Conduct of Banking Business Directives, the Risk Management Division is responsible for setting appropriate classifications and allowances for credit losses. In addition to the discussions held with the participation of business divisions' managements and by representatives of the Risk Management Division, the Bank's Provisions Committee, headed by the President and CEO, holds quarterly discussions as to the aggregate amount of the provisions required for that quarter and the classification of specific provisions (in excess for a stipulated threshold amount).

The data underlying the credit-loss provisions are based, in part, on estimates and assessments, and rely on various variables, including economic factors, some of which are not within the Bank's control. Accordingly, it is understood that the amounts ultimately received may differ from the estimates prepared.

Fair value measurements

The Bank applies the rules set in ASC 820, which defines fair value and sets a consistent basis for fair value measurement by defining fair value valuation techniques to be used to measure the value of assets and liabilities, setting the fair value hierarchy and providing detailed implementation guidelines. In addition, the Bank applies the directives of the Banking Supervision Department on the subject. The main items measured at fair value by the Bank in each period are available-for-sale bonds, held-for-trading securities, not held for trading equity securities for which there is an available fair value and derivatives.

Fair value is the amount/price that would be received to sell an asset or the price that would have been paid to transfer a liability in an orderly transaction between knowledgeable, willing parties at measurement date. Among other things, the provisions require to maximize the use of observable inputs and minimize the use of unobservable inputs in fair value measurement. Observable inputs represent market data obtained from independent sources, whereas unobservable inputs reflect, as a rule, the banking corporation's assumptions.

ASC 820 outlines a hierarchy of measurement techniques based on the assertion whether the data used to determine the fair value are observable or non-observable. The following types of inputs create a fair value hierarchy:

- Level 1 inputs: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2 inputs: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; prices derived from fair value measurement models whose principal data are observable or corroborated market inputs.
- Level 3 inputs: Unobservable inputs for the asset or liability.

The categorization of a financial instrument's fair value measurement within the fair value hierarchy is determined based on the lowest level input that is significant to the entire fair value measurement.

The fair value of Israeli securities is based mainly on quoted prices on the Tel Aviv Stock Exchange and foreign securities is based on prices received from external sources. As to fair value of foreign securities, most of the portfolio is calculated on a daily basis by a reputable international entity engaged in fair value measurement of financial assets for purposes of disclosure in financial statements. This entity is not dependent on issuing and marketing entities. The calculation is mainly based on transaction prices in active markets and on revaluation of similar transactions. The calculation reflects the price that a willing buyer would pay for securities based on current observable market inputs. Since only some of the securities are traded worldwide on a daily basis, the revaluing entity establishes its data for purposes of determining a price by applying a pricing algorithm to actual transactions and quotes from global and domestic banks, brokers and stock exchanges. If little or no market inputs are available, the revaluing entity uses sophisticated valuation models, taking into consideration the issuing entity's identity and the relevant industry.

As for derivatives, the Bank applies Topic 815 and the Banking Supervision Department's directives on the subject.

In particular, the Bank reflects the credit risk and nonperformance risk in the measurement of fair value of debt, including derivatives, issued by it and measured at fair value. Non-performance risk includes, but is not limited to, the banking corporation's credit risk.

Specific guidelines were set as to the methodology and inputs to be used in the calculation of derivatives' fair value. The Bank calculates the credit risk provision at customer level, using a credit quality index, based on internal valuation models or market inputs.

For further information regarding the effect of the credit risk on derivatives, see Note 27B.C.

For further information regarding measurement of fair value, please see Note 1.G.

Impairment of securities in the available-for-sale portfolio

The Bank estimates the current expected credit losses for bonds in the available-for-sale portfolio at each reporting date if the fair value of the security is lower than its amortized cost. In any such case, the Bank examines whether there is an intent to sell the security or whether the Bank believes that it is more likely than not that it will be required to sell the security before recovering its carrying amount. If yes - the entire difference between the carrying amount and the fair value is recognized in profit and loss. If not - the Bank examines whether the fair value impairment arises from loan losses or other factors, and if the Bank believes that the impairment stems from loan losses, it is recognized under the loan loss provision, while other types of impairments are recognized against other comprehensive income. A loan loss exists when the Bank does not expect principal and interest inflows to adequately recover the entire amortized cost of the security. The loan loss provision is limited to the amount in which it exceeds the security's amortized cost over its fair value. The provision amount is updated upwards or downwards according to changes in assessments in subsequent periods.

As part of the Bank's assessment regarding the existence of a loan loss, the Bank examines data, assessments and various information items.

For this purpose, the Bank does not take into consideration the time during which the security's fair value was lower than its cost.

If the Bank decides to carry out a quantitative test, the latter shall be done using the PD LGD method. As part of the test, a comparison is made between the discounted cash flows and the fair value and amortized cost. If the expected discounted cash flow amount is lower than the amortized cost, the difference is recognized as a loan loss provision up to the fair-value floor.

For further information regarding impairment testing, please see Note 1.H.

For further information, please see the chapter "Structure and Development of Assets and Liabilities, Equity and Capital Adequacy", section "Securities".

Liabilities for Employee Benefits

Retirement and pension benefits are determined according to a classification of different employment periods at the Bank: Employees who began working at the Bank from January 1 1999 and have yet to receive permanent employee status as of the date of signing the special collective agreement in 2000 regarding the pension arrangement, make ongoing contributions to an external pension plan, for which the Bank has no pension liability, except for supplementary severance pay in some cases (Generation B). Employees who began working at the Bank prior to January 1 1999 and have received permanent employee status by the signing of the agreement may choose, on reaching retirement age, to either receive severance pay and compensation from the Bank or a pension annuity, all in accordance with, and subject to, the provisions of the various agreements applicable to these employees (Generation A employees). For these employees, the Bank deposits contributions for pension and severance pay in the Bank employees' provident fund, which is managed by a management company held by the fund's plan holders.

The Bank makes, from time to time, contributions for severance pay and pension which accumulated or will be accumulated in the severance and pension funds of employees who have opted for or will opt for a social security arrangement to a paying fund. The Bank also purchases, from time to time, an insurance policy for its retirees, at its own expense.

The calculation of the pension liabilities amounts is based on actuarial models. The discount rate used to calculate the actuarial liability for employee benefits is based on market yields under the directives of the Bank of Israel from among, according to which the yield curve is composed of yields of Israeli Government bonds plus a spread curve of AA-rated corporate bonds which match the average durations of the liabilities for employee rights.

The actuarial calculations also take into account the forecasted nominal pay raises based on past experience.

Moreover, according to the Reporting to the Public Directives, the Bank estimates the expected long-term rate of return on plan assets by using historic rates of return over the long term in a portfolio with a similar asset composition.

The actuarial models include, inter alia, assumptions about: Life expectancy, departure rates, exit rates with preferential terms and conditions, percentage of utilizing retirement benefits and percentage of withdrawal of pension and severance pay, etc. These criteria were set using judgment and based on internal and external estimates; it is clarified that a change in any or several of the actuarial criteria and/or discount rate and/or pay raise rates may result in a material change in the Bank's liabilities amount.

The calculation of the actuarial liability is affected by assumptions based on multiple studies and estimates; the actuarial assumptions are validated by studies conducted at least every three years. The criteria for determining the actuarial assumption include:

- External sources – in certain parameters, such as mortality schedules published by the Commissioner of the Capital Market or express assumptions by the Banking Supervision Department on the discount rate, the Bank uses external sources.

- Internal estimates – in certain criteria specific to the Bank, the Bank uses internal estimates that are mainly based on past experience (such as studies regarding pay raise rates, studies on departures, etc.) and the Bank's work plans that are approved by the management and board of directors of the Bank.

Calculation of the actuarial liability is validated independently once every six months, by the Bank's validating actuary.

Set forth below is a quantitative sensitivity analysis of the impact of principal assumptions on the calculation of the actuarial liability

A 1.0 percent increase/decrease in the discount rate of the abovementioned liabilities will result in a decrease/increase of approx. NIS 2.0/2.4 billion, respectively, in the total liabilities. A 1.0 percent increase/decrease in pay raise will result in a decrease/increase of approx. NIS 0.3/0.3 billion in the total liabilities. A 5 percent increase in life expectancy will result in an increase in the sum of approximately NIS 291 million in the total liabilities.

The actuarial assessment of the employees' benefits is available on the Israel Securities Authority's website, at www.magna.isa.gov.il.

As at December 31 2025, the balance of accumulated other comprehensive income for employee benefits amounted to a negative post-tax balance of NIS 448 million. As at December 31, 2024, a balance of a negative post-tax reserve of NIS 740 million.

The outstanding balance of the liability for employee benefits as of December 31 2025, according to a discount rate based on Israeli corporate bonds ("deep market according to the Israel Securities Authority's approach") is approximately NIS 309 million less than the actual outstanding balance of the liability.

Liabilities for Legal Claims

The Bank's liabilities also include provisions for various legal claims lodged against the Bank, including motions to approve class action suits. The provisions are determined based on management's estimates according to legal opinions.

The Bank's Provisions Committee, headed by the Company's President and CEO, and the Board of Directors' Audit Committee hold quarterly discussions on provisions for legal claims lodged against the Bank whose amounts exceed a certain threshold.

In order to assess the risks arising from legal claims lodged against the Bank, management relies on the opinion of external legal advisors representing the Bank in those legal claims.

These legal opinions are issued by the external legal advisors according to the best of their judgment, based on the facts presented to them by the Bank and based on the legal position (set out in law and case law) as known on assessment date, and which are quite often subject to interpretation and to potential conflicting arguments.

Assessment of the risks inherent in motions to certify class actions is complex, among other things due to the unique characteristics of the procedure. Furthermore, there are claims in which external legal advisors are unable to assess the risk arising therefrom, in view of the stage in which the procedure is at.

In view of the above, the actual outcomes of the legal claims may be different than the provisions made in respect thereof.

Income Tax

The Bank applies the US GAAP to income tax, in accordance with the Reporting to the Public Directive. Current and deferred taxes are carried to the income statement or directly to equity if they arise from items that are recorded directly in equity.

Current taxes

Current tax is the amount of income taxes payable (recoverable) for the taxable income for the tax year calculated at the applicable tax rates under tax laws that have been enacted as at the end of the reporting period. A law shall be considered as having been enacted only after its publication in the Official Gazette.

Deferred taxes

Deferred taxes receivable/payable are recognized for temporary differences between the carrying amount of assets and liabilities as reported in the financial statements and those taken into account for tax purposes. Deferred tax balances are measured at the tax rates expected to be in effect for the temporary differences at the time the they are utilized, based on the tax rates and tax laws enacted as at the end of the reporting period. A law shall be considered as having been enacted only after its publication in the Official Gazette.

Deferred tax assets for carryforward losses, tax benefits and deductible temporary differences are recognized in the books of accounts when it is more likely than not that the Group will have future taxable income against which it will be able to utilize its deferred tax assets.

Uncertain tax positions

The Bank applies the recognition and measurement rules prescribed by ASC 740 regarding uncertain tax positions; as a result, the Bank recognizes the effect of tax positions only if it more likely than not that the positions will be accepted by the tax authorities or court. Recognized tax positions are measured at the highest amount that has a greater than 50 percent likelihood of being realized.

Controls and Procedures Regarding Fair Disclosure in Financial Statements

The Banking Supervision Department's directives impose the requirements of Sections 302 and 404 of the SOX Act on banking corporations. The SEC and the Public Company Accounting Oversight Board have established provisions with regard to the abovementioned sections, on management's responsibility for instating and maintaining disclosure controls and procedures and for exercising internal control over financial reporting and the opinion of the independent auditors on the audit of internal control over financial reporting.

The Banking Supervision Department's directives require the following:

- Banking corporations shall apply Sections 302 and 404 and the SEC directives issued thereunder.
- Adequate internal control requires an auditing system that follows a predefined, recognized framework, and the COSO 2013 (Committee Of Sponsoring Organizations of the Treadway Commission) meets these requirements and can be used to evaluate the internal controls.

The Bank regularly applies the directive to the Leumi Group.

During 2025, the Bank validated and updated material control processes and conducted effective evaluations of its entire system of internal control over financial reporting.

Evaluation of disclosure controls and procedures

The Bank's management, with the cooperation of the President and CEO and Head of the Finance Division and Chief Accountant, have evaluated the effectiveness of the Bank's disclosure controls and procedures as at the end of the reporting period. Based on this evaluation, the Bank's President and CEO and the Head of the Finance Division and the Chief Accountant have concluded that, as at the end of the reporting period, the Bank's disclosure controls and procedures are effective for the purpose of recording, processing, summarizing and reporting the information the Bank is required to disclose in its financial statements pursuant to the Banking Supervision Department's Reporting to the Public Directives and as at the date prescribed by the Directives.

Internal control changes

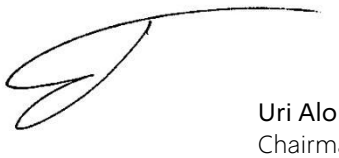
In the quarter ended December 31, 2025, no material change has occurred in the Bank's internal control over financial reporting which has had a material effect, or is reasonably expected to have a material effect, on the Bank's internal control over financial reporting.

The Board of Directors

In 2025, Leumi's Board of Directors held 43 plenum meetings and its committees held 53 meetings.

At a meeting held on March 2, 2026, the Board resolved to approve and publish the Group's consolidated audited financial statements as of December 31, 2025 and for the period then ended.

The Bank's Board of Directors would like to express its appreciation and gratitude to the employees and managers of the Bank and the Group's subsidiaries – both in Israel and overseas – for their dedicated work and contribution to the Group's business.



Uri Alon
Chairman of the Board



Hanan Friedman
President & CEO

March 2, 2026

Certification-

I, Hanan Friedman, hereby certify as follows:

1. I have reviewed the annual financial statements of Bank Leumi le-Israel B.M. (hereinafter - the "Bank") for 2025 (hereinafter - the "Financial Statements").

2. To my knowledge, the Financial Statements do not contain any misrepresentation of a material fact, nor do they omit a representation of a material fact that is necessary in order for the representations included therein - under the circumstances in which such representations were included - to be misleading as to the reporting period.

3. To my knowledge, the financial statements and other financial information included in the report fairly represent, in all material aspects, the Bank's financial position, financial performance and changes in shareholders' equity and cash flows as at the dates and for the periods presented in the Report.

4. I and others at the Bank signing this certification are responsible for the establishment and implementation of controls and procedures regarding the Bank's disclosure and internal control over financial reporting (as defined in the Reporting to the Public Directives regarding "Report of the Board of Directors and Management"). In addition:

   A. We have established such controls and procedures, or caused such controls and procedures to be established under our oversight, with the aim of ensuring that material information about the Bank and its consolidated companies is brought to our attention by others in the Bank and said companies, especially during the preparation of the Financial Statements;

   B. We have established such internal control over financial reporting or have caused such internal control to be established under our oversight, with the aim of providing reasonable assurance as to the reliability of the financial reporting and that the financial statements for external purposes have been prepared in accordance with the generally accepted accounting principles and the directives and guidance of the Banking Supervision Department, which basically adopt the US GAAP, as specified in Note 1 to the financial statements;

   C. We have evaluated the effectiveness of the Bank's disclosure controls and procedures and presented in the report our conclusions regarding the effectiveness of the disclosure controls and procedures as at the end of the reporting period according to our assessment; and

   D. The Report discloses any change in the Bank's internal control over financial reporting which occurred during the fourth quarter and has materially affected, or is reasonably expected to affect, the Bank's internal control over financial reporting; and

5. I and others at the Bank signing this certification have disclosed to the joint independent auditors, the Board of Directors, and the Board of Directors' Audit Committee, based on our most recent assessment of the internal control over financial reporting, the following:

   A. All significant deficiencies and material weaknesses in the establishment or implementation of the internal control over financial reporting that are reasonably expected to harm the Bank's ability to record, process, calculate and report financial information; and

   B. Any fraud, whether or not material, involving management or other employees who have a significant role in the Bank's internal control over financial reporting.

Nothing in the foregoing shall derogate from my responsibility or the responsibility of any other person, under any law.

March 2, 2026

Hanan Friedman
President and Chief
Executive Officer

Certification-

I, Hagit Argov, hereby certify as follows:

1. I have reviewed the annual financial statements of Bank Leumi le-Israel B.M. (hereinafter – the "Bank") for 2025 (hereinafter – the "Financial Statements").
2. To my knowledge, the Financial Statements do not contain any misrepresentation of a material fact, nor do they omit a representation of a material fact that is necessary in order for the representations included therein – under the circumstances in which such representations were included – to be misleading as to the reporting period.
3. To my knowledge, the financial statements and other financial information included in the report fairly represent, in all material aspects, the Bank's financial position, financial performance and changes in shareholders' equity and cash flows as at the dates and for the periods presented in the Report.
4. I and others at the Bank signing this certification are responsible for the establishment and implementation of controls and procedures regarding the Bank's disclosure and internal control over financial reporting (as defined in the Reporting to the Public Directives regarding "Report of the Board of Directors and Management"). In addition:
   A. We have established such controls and procedures, or caused such controls and procedures to be established under our oversight, with the aim of ensuring that material information about the Bank and its consolidated companies is brought to our attention by others in the Bank and said companies, especially during the preparation of the Financial Statements;
   B. We have established such internal control over financial reporting or have caused such internal control to be established under our oversight, with the aim of providing reasonable assurance as to the reliability of the financial reporting and that the financial statements for external purposes have been prepared in accordance with the generally accepted accounting principles and the directives and guidance of the Banking Supervision Department, which basically adopt the US GAAP, as specified in Note 1 to the financial statements;
   C. We have evaluated the effectiveness of the Bank's disclosure controls and procedures and presented in the report our conclusions regarding the effectiveness of the disclosure controls and procedures as at the end of the reporting period according to our assessment; and
   D. The Report discloses any change in the Bank's internal control over financial reporting which occurred during the fourth quarter and has materially affected, or is reasonably expected to affect, the Bank's internal control over financial reporting; and
5. I and others at the Bank signing this certification have disclosed to the joint independent auditors, the Board of Directors, and the Board of Directors' Audit Committee, based on our most recent assessment of the internal control over financial reporting, the following:
   A. All significant deficiencies and material weaknesses in the establishment or implementation of the internal control over financial reporting that are reasonably expected to harm the Bank's ability to record, process, calculate and report financial information; and
   B. Any fraud, whether or not material, involving management or other employees who have a significant role in the Bank's internal control over financial reporting.

Nothing in the foregoing shall derogate from my responsibility or the responsibility of any other person, under any law.

March 2, 2026

Hagit Argov
Executive Vice President
Chief Accounting Officer
Head of Finance Division

Report of the Board of Directors and Management regarding the Internal Control over Financial Reporting

The Board of Directors and management of Bank Leumi le-Israel B.M. are responsible for the creation and existence of adequate internal control over financial reporting (as defined in the Reporting to the Public Directives regarding the "Report of the Board of Directors and Management"). The Bank's internal control system was designated with the aim of providing reasonable assurance for the Bank's Board of Directors and Management as to adequate preparation and presentation of financial statements published in accordance with the directives and guidance of the Banking Supervision Department, which basically adopt the US GAAP, as specified in Note 1 to the financial statements. Regardless of the level of their design, all internal control systems have inherent limitations. As a result, even if it has been established that these systems are effective, they can provide only a reasonable degree of assurance regarding preparation and presentation of financial statements.

Management, under the Board of Directors' supervision, has in place a comprehensive system of controls designed to ensure that transactions are carried out in accordance with management's authorizations, that assets are protected and that the accounting entries are reliable. In addition, management, under the Board of Directors' supervision, takes steps to ensure that the information and communication channels are effective and monitors execution, including the execution of internal control procedures.

The Bank's management, under the Board of Directors' supervision, has assessed the effectiveness of the Bank's internal control over financial reporting as of December 31, 2025, based on criteria established by the internal control model of the
(Committee Of Sponsoring Organizations of the Treadway Commission)COSO 2013 - . Based on this assessment, the management believes that, as of December 31, 2025, the Bank's internal control over financial reporting is effective.

The effectiveness of the Bank's internal control over financial reporting as of December 31, 2025 had been audited by the Bank's joint independent auditors - Brightman Almagor Zohar & Co. and Somekh Chaikin, as noted in their report on page No. 126, which included an unqualified opinion regarding the effectiveness of the Bank's internal control over financial reporting as of December 31, 2025.

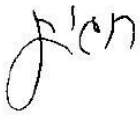
March 2, 2026



Uri Alon
Chairman of the Board



Hanan Friedman
President & CEO



Hagit Argov
Executive Vice President
Chief Accounting Officer
Head of Finance Division

KPMG Somekh Chaikin

Deloitte.

BANK LEUMI LE-ISRAEL B.M. AND ITS INVESTEE COMPANIES
Condensed Financial Statements

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Report of the Joint Independent Auditors to the Shareholders of Bank Leumi le-Israel B.M.

In accordance with the Reporting to the Public Directives of the Banking Supervision Department regarding Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Bank Leumi le-Israel B.M. and its subsidiaries (hereinafter, together - the "Bank") as of December 31, 2025, based on criteria established in the Internal Control - Integrated Framework published by COSO - Committee Of Sponsoring Organizations of the Treadway Commission (hereinafter - "COSO"). The Bank's Board of Directors and Management are responsible for maintaining effective internal control over financial reporting and for evaluating the effectiveness of the Bank's internal control over financial reporting which is included in the attached enclosed Report of the Board of Directors and Management with regard to Internal Controls over financial report. we are responsible for our opinion on the Bank's internal control over financial reporting based on our audit.

We have conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB) in the USA regarding audit of internal control over financial reporting, as adopted by the Institute of Certified Public Accountants in Israel. those standards require that we plan and perform the audit obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included: obtaining an understanding of the internal control over financial reporting, assessing the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing other procedures we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A bank's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of the financial reporting and the preparation of financial statements for external purposes in accordance with the instruction and guidance of the Supervisor of Bank's (hereinafter: the "instructions"). The internal control over financial reporting of a bank include those policies and procedures that: (1) refer to record keeping which, with reasonable detail, accurately and properly reflects transactions and transfers of Bank's assets (including their removal from Banks ownership); (2) Provide reasonable degree of certainty that transactions are properly recorded so as to allow preparation of financial statements in accordance with the instruction and guidelines of the supervisor of Banks (hereinafter: the "instructions").and that receipt and expenditures of the bank are being made only in accordance with the authorizations of Directors and management of the Bank; and (3) Provide a reasonable degree of certainty with regard to avoidance or timely discovery of any unauthorized acquisition, use or transfer of bank assets (including removal from Bank ownership), which may materially impact the financial statements.

Due to structural limitations, internal control over financial reporting may not prevent or disclose misleading presentation. Also, reaching conclusions about the future on the basis of any current assessment of effectiveness is exposed to the risk that controls will become unsuitable due to changes in circumstances or that the extent of observance of the policies or procedures will change adversely.

In our opinion, the Bank maintained, in all material all material aspects, effective audited control over financial reporting as at December 31, 2025, based on criteria established in the Internal Control - Integrated Framework issued by COSO.

We also have, in accordance with Generally Accepted Auditing standards in Israel, and certain audit standards whose application to audit of banking corporations was stipulated in instructions and guidelines of the supervisor ofBanks, the consolidated financial statements of the Bank as at December 31, 2025 and for the year then ended and our report, dated March 2 2026 includes an unqualified opinion on the aforementioned financial statements based upon our audit.

Somekh Chaikin

Deloitte.

Somekh Chaikin

A registered partnership in Israel and a partner firm
in KPMG's complex global network
of independent firms affiliated with
KPMG International Limited
a privately-owned limited liability British company
Certified Public Accountants
Certified Public Accountants

Tel Aviv

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A Firm in the Deloitte Global Network
Certified Public Accountants

Tel Aviv

Joint Independent Auditors

March 2, 2026

KPMG
Somekh Chaikin

Deloitte.

Report of the Joint Independent Auditors to the Shareholders of Bank Leumi le-Israel B.M. - Annual Financial Statements

opinion

We have audited the consolidated financial statements of Bank Leumi le-Israel B.M. and its subsidiaries (hereinafter- the "Bank"), which comprise the consolidated statement of balance sheets as of December 31, 2025, and the consolidated income statements, comprehensive profit and loss statements, changes in equity and cash flows for the year ended December 31 ,2025, and notes to the consolidated financial statements, including a summary of the significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Bank as at December 31, 2025, and its consolidated financial results and the consolidated cash flows for the year ended December 31 ,2025, in accordance with the instruction and guidance of the Banking Supervision of banks (hereinafter: "supervisor of bank instruction")

As described in Note 1 in the Financial Statements, the supervisor of Banks instruction primarily adopt, U.S. generally accepted accounting principles (US GAAP).

Basis for opinion

We conducted our audit in accordance with generally accepted auditing standards in Israel, including standards prescribed by the Auditor's Regulations (Auditor's Mode of Performance), 1973 and certain auditing standards whose application in the auditing of banking corporations was prescribed in instruction accordance with the directives and guidance of the Banking Supervision Department. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Bank and its subsidiaries, in accordance with the directives of the law in Israel regarding independence and avoidance of conflicts of interest of the auditors. We have also fulfilled our other ethical responsibilities in accordance with the Auditors' Law, 1955 and the regulations thereunder. We believe that the audit evidence we obtained is appropriate and sufficient to provide a basis for our opinion.

Key audit matters

The key audit matters detailed below are those matters that were communicated, or required to be communicated, to the Bank's Board of Directors and that in our professional judgment, were the most significant in our audit of the consolidated financial statements for the current period. These matters include, among others, any matter that: (1) relates, or may relate, to accounts or disclosures that are material to the consolidated financial statements and (2) our judgment regarding which was particularly challenging, subjective or complex. These matters were addressed in the context of our audit and forming our opinion of the consolidated financial statements as a whole. The communication of those matters does not modify our opinion on the consolidated financial statements as a whole, and we do not provide a separate opinion on these matters or on the accounts or disclosures to which they relate.

Provision for credit losses

Why the matter was designated as a key audit matter.

The Bank applies the accepted accounting principles in the United States on current expected credit losses (ASC 326) - CECL, according to which the Bank makes an estimate of the lifetime expected credit loss. This estimate is based on methodology formulated by the Bank in accordance with the Standard's principles, based on historical data and additional adjustments required in order to predict the expected credit losses (hereinafter - "collective provision").

In addition, the Bank performs a specific examination of the expected loss based on the borrower's situation, anticipated collection and collateral for each borrower examined (hereinafter - "specific provision").

The total provision for credit losses of the Bank, in respect of balance sheet credit and off-balance sheet credit, is NIS 7,743 million as at December 31, 2025 and includes a specific provision and a collective provision, as detailed in Notes 13 and 29 to the consolidated financial statements. The accounting policy is detailed in Note 1 to the consolidated financial statements.

The process of evaluating the expected loss in the credit portfolio is based on significant estimates that involve uncertainty and on subjective assessments at both the stage of identifying and classifying the debts as troubled or performing debts, and the stage of measuring the specific provision and the collective provision. Changes in these estimates or assessments may have a significant effect on the provision for credit losses presented in the Bank's financial statements.

The main estimates used as the basis for calculating the provision for expected credit losses:

- When identifying and classifying the debts, judgment is exercised to locate and identify troubled debts according to predefined criteria that may indicate that a debt has become troubled, estimate the possible or actual impairment of the primary repayment source of the borrower, the existence of an expected cash flow for the borrower for repaying the debt in its entirety and on time, as well as assessment of other financial data of the borrower that may be indicators of weaknesses or potential weaknesses of the borrower.
- When calculating the specific provision, judgment is exercised regarding the expected future cash flows to service the debt from the borrower's activity and from realizing collateral and guarantees.
- When calculating the collective provision, judgment is exercised in estimating the provision expected in the credit portfolio while implementing methodologies and assumptions, on the basis of average past losses for various economic sectors and the adjustments that are needed on the basis of indicators defined by the Bank. The indicators should reflect the changes in the default rates and the rates of expected credit losses as of the balance sheet date compared to average past losses due to macroeconomic factors, specific qualitative adjustments as well as internal factors.

We have identified the estimates serving as the basis for calculating the provision for credit losses as a key audit matter. An audit of the provision for credit losses requires the independent auditor to exercise judgment, as well as knowledge and experience in order to examine the reasonableness of the methodology, assumptions and data used by management to estimate the provision.

Response given to key audit matter

The following are the main procedures we performed for addressing this key matter in our audit:
We have examined the process of calculating the provision and the design, implementation and effectiveness of certain internal controls over financial reporting related to determining the estimate of the provision, including controls related to the following matters:

- Identifying and classifying debts in accordance with directives of the Supervisor of Banks
- Determining a specific provision for non-accrual debts
- Examining the adequacy and implementation of the methodology used to determine the collective provision
- Adequacy of the models and main indicators in the calculation of the collective provision
- Analyzing the reasonableness of the provision as a whole

We performed substantive procedures for testing the provision on the basis of internal and external representation we received. These procedures included, inter alia:

- Examining adequacy of the classification for a sample of performing and troubled debts
- Examining adequacy of the provision for a sample of non-accrual debts
- Examining the methodology used to determine the collective provision and checking that it is consistent with the accounting principles applicable to the Bank
- Examining the models and main indicators used to determine the collective provision, including their underlying assumptions

· Examining the completeness and accuracy of the information and data used in the collective provision model

· Examining reasonableness of the estimate of the provision for credit losses as a whole Actuarial calculation of the estimated liability for employee benefits

Actuarial calculation of the estimated liability for employee benefits

Why the matter was designated as a key audit matter.

As described in Note 22 to the consolidated financial statements, the Bank presents a liability in respect of employees' pension and severance pay (hereinafter: the "Liability") according to an actuarial calculation as required in the accounting principles applicable to the Bank and according to acceptable actuarial methodologies for calculating liabilities and determining an estimate of the financial assumptions and demographic assumptions underlying the calculation. The assumptions are established on the basis of past experience, current economic forecasts and management's expectations (hereinafter: the "Actuarial Model").

The gross liability for employee benefits totaled to NIS 16,791 million as at December 31, 2025.

In establishing the estimate of the liability, the management is assisted by an external expert actuary.

We have identified the calculation of the Liability according to the Actuarial Model as a key audit matter due to the complexity of the calculation that requires professional training, discretion and deep understanding of methodologies for preparing actuarial calculations on the basis of future assumptions

An audit of the Liability requires expertise in order to ensure that the Liability has been calculated according to accepted actuarial methodologies.

Response given to key audit matter

The following are the main procedures we performed for addressing this key matter in our audit:
We have examined the work processes for determining the Actuarial Model, implementation thereof and the effectiveness of the design, implementation and performance of certain internal controls over financial reporting associated with substantiating adequacy of the Liability, including controls in respect of the following matters:

· Assessing the methodology used for calculating the actuarial model
· The process of determining the assumptions
· Calculation of the actuarial liability

As part of our audit we performed substantive procedures for examining the actuarial calculation with the assistance of expert actuaries on our behalf.
These procedures included, inter alia:

· Examining that the methodology that served the actuary in setting the assumptions and calculating the Liability is pursuant to accepted actuarial methodologies.
· Examining that the assumptions had been updated pursuant to actuarial studies at an adequate frequency and that the updated assumptions were included in the calculation
· Examining samples of calculations and comparing them with the actuarial calculation

Responsibilities of Board of Directors and Management for the Consolidated Financial Statements

Board of directors and management are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the supervisor of Banks instructions, which primarily adopt, the generally accepted accounting principles in the United States (US GAAP); and they are responsible for such internal control as board of directors and management determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Board of directors and management are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors and management either intend to liquidate the Bank's or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Israel and certain auditing standards whose application in the audit of banking corporations was prescribed in instruction and guidelines of the Supervision of Banks, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with generally accepted auditing standards in Israel and certain auditing standards application in the audit of banking corporations was prescribed in instructions and guidelines of the Supervisor of Banks, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is appropriate and sufficient to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances,

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors and management.

- Conclude on the appropriateness of the board of directors and management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors and management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors and management with a statement that we have complied with relevant ethical requirements regarding our independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the safeguards applied to eliminate identified threats to our independence.

From the matters communicated or required to be communicated to the board of directors and management, we determine those matters that were of most significance in the audit of the financial statements of the

current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter.

Reference Paragraph

We have also audited, in accordance with the PCAOB Standards in the United States regarding the audit of internal control over financial reporting, as adopted by the institute of Certified Public Accountants in Israel ,the Bank's internal control over financial reporting as of December 31, 2025, based on criteria established by the Internal Control – Integrated Framework published by COSO, and our report dated March 2, 2026 included an unqualified opinion on the effectiveness of the Bank's internal control over financial reporting.

The engagement partners on the audit resulting in this independent auditors' report are Israel Eliahu of Somekh Chaikin and Avi Keisar of Brightman Almagor Zohar & Co.

Somekh Chaikin
A registered partnership in Israel and a partner firm
in KPMG's complex global network
of independent firms affiliated with
KPMG International Limited
a privately-owned limited liability British company
Certified Public Accountants
Serving as independent auditors
of the Bank since 1950

Tel Aviv

Brightman Almagor Zohar & Co.
A Firm in the Deloitte Global Network
Certified Public Accountants
Serving as independent auditors
of the Bank since 2020

Tel Aviv

Joint Independent Auditors

March 2, 2026

BANK LEUMI LE-ISRAEL B.M. AND ITS CONSOLIDATED COMPANIES
Consolidated Income Statement
For the year ended December 31

	Note	2025	2024	2023
		In NIS million		
Interest income	2	39,091	37,462	33,655
Interest expenses	2	22,239	20,953	17,658
Interest income, net	2	16,852	16,509	15,997
Loan loss expenses	13,29	450	713	2,383
Interest income, net after loan loss expenses		16,402	15,796	13,614
Noninterest income				
Noninterest finance income	3	1,637	1,820	1,279
Fees and Commissions	4, 4A	4,084	3,823	3,737
Other Income	5	107	956	165
Total noninterest income		5,828	6,599	5,181
Operating and other expenses				
Salaries and related expenses	6	3,580	3,796	3,484
Buildings and equipment - maintenance and depreciation	16	1,455	1,520	1,541
Other Expenses	7	1,613	1,588	1,869
Total operating and other expenses		6,648	6,904	6,894
Profit before taxes		15,582	15,491	11,901
Provision for profit taxes	8	5,670	5,422	3,988
Profit after taxes		9,912	10,069	7,913
The Bank's share in associates' profits (losses), net after tax	15	350	(271)	(886)
Net income				
Before attribution to non-controlling interests		10,262	9,798	7,027
Attributable to non-controlling interests[a]		-	-	-
Attributable to the Bank's shareholders		10,262	9,798	7,027
Basic and diluted earnings per share (in NIS)				
Diluted basic earnings attributable to the Bank's shareholders	9	6.86	6.46	4.58

a) Sums lower than NIS 1 million.

The notes to the consolidated financial statements form an integral part thereof.
For the Bank's separate condensed financial statements, please see Note 34.

Uri Alon Chairman of the Board	Hanan Friedman President and Chief Executive Officer	Hagit Argov Executive Vice President Chief Accounting Officer Head of Finance Division

Date on which the financial statements were approved: March 2, 2026

BANK LEUMI LE-ISRAEL B.M. AND ITS CONSOLIDATED COMPANIES

Consolidated Comprehensive Profit Statement

For the year ended December 31

	2025	2024	2023
	In NIS million		
Net income before attribution to non-controlling interests	**10,262**	9,798	7,027
Less net income attributable to non-controlling interests [(c)]	**-**	-	-
Net income attributable to the Bank's shareholders	**10,262**	9,798	7,027
Other comprehensive income, before taxes			
Adjustments in respect of presentation of available-for-sale bonds at fair value, net	**1,819**	298	641
Net gains (losses) for cash flow hedges	**4**	(2)	5
Adjustments of liabilities for employee benefits[(b)]	**438**	606	378
Impact of changes in the credit risk of the liabilities	**(21)**	3	–
Other comprehensive income (loss) of equity-accounted investees[(a)]	**(41)**	28	55
Other comprehensive income, before taxes	**2,199**	933	1,079
Related tax effect	**(849)**	(322)	(373)
Other comprehensive income before attribution to non-controlling interests, after taxes	**1,350**	611	706
Less other comprehensive income attributable to non-controlling interests[(c)]	**–**	–	–
Other comprehensive income attributable to the Bank's shareholders, after taxes	**1,350**	611	706
Comprehensive income before attribution to non-controlling interests	**11,612**	10,409	7,733
Comprehensive income attributable to the Bank's shareholders	**11,612**	10,409	7,733

a) Including adjustments arising from the translation of financial statements of foreign operations whose functional currency is different from the Bank's functional currency and net gains (losses) for hedging a net investment in foreign currency.

b) Mostly reflects adjustments in respect of actuarial estimates, as at the end of the year, of defined benefit pension plans and deduction of amounts previously recorded in other comprehensive income. Please see also Note 22.

c) Sums lower than NIS 1 million.

Please see also Note 10, under accumulated other comprehensive income.

The notes to the consolidated financial statements form an integral part thereof.

BANK LEUMI LE-ISRAEL B.M. AND ITS CONSOLIDATED COMPANIES

Consolidated Balance Sheet

As of December 31

	Note	2025	2024
		In NIS million	
Assets			
Cash and deposits with banks	11	**154,647**	155,828
Securities:			
Held-to-maturity bonds		**17,318**	18,867
Available-for-sale bonds		**116,473**	90,500
Equity securities not held for trading		**7,030**	7,178
Held-for-trading securities		**7,299**	7,556
Total securities[(a)(b)]	12	**148,120**	124,101
Securities borrowed or purchased under reverse repurchase agreements		**8,417**	4,684
Loans to the public	13,29	**526,800**	462,406
Loan loss provision	13,29	**(6,850)**	(6,887)
Loans to the public, net		**519,950**	455,519
Loans to governments	14	**3,406**	2,509
Investments in associates	15	**3,908**	3,580
Buildings and Equipment	16	**3,153**	2,822
Assets in respect of derivatives	27A, 27B	**24,317**	29,193
Other assets	17	**7,053**	7,315
Total assets		**872,971**	785,551
Liabilities and equity			
Deposits by the Public	18	**686,887**	618,301
Deposits by Banks	19	**13,123**	18,043
Deposits by governments		**87**	172
Securities loaned or sold under repurchase agreements		**21,814**	11,686
Bonds, Promissory Notes and Subordinated Bonds	20	**44,207**	31,969
Liabilities for derivatives	27A, 27B	**24,604**	27,752
Other liabilities[(a)(c)]	21, 29D	**14,114**	15,965
Total liabilities		**804,836**	723,888
Shareholders' equity	24A	**68,130**	61,658
Non-controlling interests		**5**	5
Total equity		**68,135**	61,663
Total liabilities and equity		**872,971**	785,551

a) For details regarding amounts measured at fair value, please see Note 32.A.
b) Of which: securities totaling NIS 14,222 million (December 31, 2024 – NIS 13,007 million) pledged to lenders. Please see Note 26.
c) Of which: A provision for loan losses for off-balance-sheet credit instruments in an amount of NIS 920 million (as of December 31, 2024 – NIS 842 million).

The notes to the consolidated financial statements form an integral part thereof.
For the Bank's separate condensed financial statements, please see Note 34.

BANK LEUMI LE-ISRAEL B.M. AND ITS CONSOLIDATED COMPANIES

Statement of Changes in Equity

For the year ended December 31

	Capital reserves								
	Share capital	From premiums	From stock-based payment and other benefits [a]	Total share capital and capital reserves	Accumulated other comprehensive income (loss)	Retained earnings [b]	Total	Non-controlling interests	Total equity
	In NIS million								
Balance as at January 1, 2023	7,132	2,829	56	10,017	(3,353)	42,774	49,438	5	49,443
Net income	–	–	–	–	–	7,027	7,027	–	7,027
Other comprehensive income, net of tax effect	–	–	–	–	706	–	706	–	706
Dividend paid	–	–	–	–	–	(2,081)	(2,081)	–	(2,081)
Share buyback	(21)	(579)	–	(600)	–	–	(600)	–	(600)
Employee benefit for stock-based compensation transactions	–	–	7	7	–	–	7	–	7
Balance as at December 31, 2023	7,111	2,250	63	9,424	(2,647)	47,720	54,497	5	54,502
Net income	–	–	–	–	–	9,798	9,798	–	9,798
Other comprehensive income, net of tax effect	–	–	–	–	611	–	611	–	611
Dividend paid	–	–	–	–	–	(2,569)	(2,569)	–	(2,569)
Share buyback	(19)	(663)	–	(682)	–	–	(682)	–	(682)
Issuance of shares	–[c]	–[c]	–	–	–	–	–	–	–
Employee benefit for stock-based compensation transactions	–	3	–	3	–	–	3	–	3
Balance as at December 31, 2024	7,092	1,590	63	8,745	(2,036)	54,949	61,658	5	61,663
Net income	**–**	**–**	**–**	**–**	**–**	**10,262**	**10,262**	**–**	**10,262**
Other comprehensive income, net of tax effect	**–**	**–**	**–**	**–**	**1,350**	**–**	**1,350**	**–**	**1,350**
Dividend paid	**–**	**–**	**–**	**–**	**–**	**(3,924)**	**(3,924)**	**–**	**(3,924)**
Share buyback	**(21)**	**(1,211)**	**–**	**(1,232)**	**–**	**–**	**(1,232)**	**–**	**(1,232)**
Issuance of shares	–[c]	–[c]	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Employee benefit for stock-based compensation transactions	**1**	**8**	**7**	**16**	**–**	**–**	**16**	**–**	**16**
Balance as at December 31, 2025	**7,072**	**387**	**70**	**7,529**	**(686)**	**61,287**	**68,130**	**5**	**68,135**

a) Including NIS 10 million in other capital reserves.

b) Including NIS 4,982 million that are non-distributable as dividend, of which NIS 4,164 million in respect of share buyback (2024 – NIS 5,323 million, of which NIS 2,932 million for share buyback, 2023 – NIS 5,253 million, of which NIS 2,250 million for share buyback); the remaining distributable amount is subject to the Bank of Israel's directives and to the restrictions set out in the Proper Conduct of Banking Business Directives.

c) Sums lower than NIS 1 million.

The notes to the consolidated financial statements form an integral part thereof.

BANK LEUMI LE-ISRAEL B.M. AND ITS CONSOLIDATED COMPANIES

Consolidated Statement of Cash Flows

For the year ended December 31

	2025	2024	2023
	In NIS million		
Cash flows from operating activities			
Net income for the year	**10,262**	9,798	7,027
Adjustments:			
Group's share in net undistributed (profits) losses of Associates[(A)]	**(323)**	672	1,103
Depreciation and amortization of buildings and equipment (including impairment)	**548**	613	675
Loan loss expenses	**450**	713	2,383
Net losses on sale of available-for-sale bonds	**276**	412	298
Net realized and unrealized (gains) losses from fair value adjustments of held-for-trading securities	**(59)**	19	(90)
Gain from realized investment in associate companies	**(100)**	–	–
Gains from realization and disposals of buildings and equipment - net	**(5)**	(852)	(22)
Provision for impairment of available-for-sale bonds	**25**	53	33
Net realized and unrealized gains from fair value adjustments of shares not held for trading	**(472)**	(609)	(279)
Provision for impairment of equity securities not held-for-trading	**128**	71	16
Expenses for stock-based compensation transactions	**4**	3	7
Deferred taxes - net	**253**	(45)	(694)
Severance pay and pension — (decrease) increase in the reserve surplus over the designated amount	**(135)**	(214)	170
Interest receivable over interest accrued during the period for available-for-sale bonds and held-to-maturity bonds	**(1,557)**	(2,486)	(2,211)
Accrual differences and rate in respect of bonds and subordinated notes	**(107)**	149	379
Effect of exchange rate differentials on cash and cash equivalent balances	**2,649**	619	(173)
Other, net	**–**	–	(2)
Net change in current assets:			
Assets in respect of derivatives	**4,876**	(1,783)	(772)
Held-for-trading securities	**316**	6,102	(11,327)
Other assets	**(149)**	79	(272)
Net change in current liabilities:			
Liabilities for derivatives	**(3,469)**	1,142	3,213
Other liabilities	**(2,041)**	583	405
Net cash provided by (for) current activities	**11,370**	15,039	(133)

a) Net of dividend received.

The notes to the consolidated financial statements form an integral part thereof.
For the Bank's separate condensed financial statements, please see Note 34.

BANK LEUMI LE-ISRAEL B.M. AND ITS CONSOLIDATED COMPANIES

Consolidated Statement of Cash Flows (cont.)

For the year ended December 31

	2025	2024	2023
	In NIS million		
Cash flows for investing activities			
Net change in deposits with banks with original maturities of more than three months	**1,661**	(2,186)	2,927
Net change in loans to the public[a]	**(61,616)**	(35,832)	(35,392)
Net change in loans to governments	**(935)**	(705)	(696)
Net change in securities borrowed or purchased under reverse repurchase agreements	**(3,733)**	(1,631)	(19)
Purchase of held-to-maturity bonds	**(2,019)**	(4,666)	(3,164)
Proceeds from redemption of held-to-maturity bonds	**3,641**	1,407	2,311
Purchase of available-for-sale bonds and equity securities not held-for-trading	**(214,971)**	(188,183)	(175,653)
Proceeds from sale of available-for-sale bonds and equity securities not held-for-trading	**166,702**	177,752	87,816
Proceeds from redemption of available-for-sale bonds and equity securities	**24,695**	45,674	25,929
Purchase of associates' equity	**(317)**	(168)	(2)
Proceeds from disposal of investment in associates	**27**	–	–
Purchase of loan portfolios	**(1,773)**	(551)	(1,556)
Proceeds from sale of loan portfolios	**52**	473	42
Purchase of buildings and equipment	**(904)**	(737)	(833)
Proceeds from disposal of buildings and equipment	**20**	1,028	41
Central severance pay fund	**3**	4	17
Net cash for investing activities	**(89,467)**	(8,321)	(98,232)
Cash flow from financing activities			
Interested party employed in the corporation or on its behalf(a)(b)(c) Restated.	**(4,920)**	(2,733)	(1,530)
Net change in deposits by the public	**68,813**	50,473	10,616
Net change in deposits by governments	**(85)**	12	(87)
Net change in securities loaned or sold under repurchase agreements	**10,128**	(2,090)	9,824
Proceeds from issue of bonds and subordinated notes	**17,909**	7,668	10,758
Redemption of bonds and subordinated notes	**(5,465)**	(8,008)	(6,874)
Dividend paid to shareholders	**(3,924)**	(2,569)	(2,081)
Share buyback	**(1,232)**	(682)	(600)
Net cash from financing activities	**81,224**	42,071	20,026
Increase (decrease) in cash and cash equivalents	**3,127**	48,789	(78,339)
Balance of cash and cash equivalents at the beginning of the year	**150,641**	102,471	180,637
Effect of exchange rate fluctuations on cash and cash equivalent balances	**(2,649)**	(619)	173
Balance of cash and cash equivalents at the end of the year	**151,119**	150,641	102,471

a) Including operating activities from invoice factoring. Please see Note 29.F.

The notes to the consolidated financial statements form an integral part thereof.

For the Bank's separate condensed financial statements, please see Note 34.

BANK LEUMI LE-ISRAEL B.M. AND ITS CONSOLIDATED COMPANIES

Consolidated Statement of Cash Flows (cont.)

For the year ended December 31

Interest and taxes paid and/or received and dividends received

	2025	2024	2023
	In NIS million		
Interest received	**36,391**	32,671	29,677
Interest paid	**(20,530)**	(20,779)	(14,078)
Dividends received	**328**	276	208
Income tax paid	**(7,611)**	(5,814)	(4,397)
Income tax received	**200**	731	116

Appendix A - Non-Cash Investments and Financing Activities in the Reporting Period

For the year ended December 31, 2025

On March 31, 2025, part of the investment in an associate company had been sold vis-a-vis accounts receivable balance in the sum if NIS 4 million.

On September 30, 2025, the merger transaction between Leumi Partners Underwriters Ltd. with Barak Capital Underwriting Ltd. had been completed.

For further information, please see Note 35.D.

The notes to the consolidated financial statements form an integral part thereof.
For the Bank's separate condensed financial statements, please see Note 34.

Note 1 – Significant Accounting Policies

A. Overview

The Group's consolidated financial statements as at December 31, 2025 include those of the Bank and its subsidiaries, as well as the Group's interests in associates. The financial statements are prepared in accordance with the directives and guidance of the Banking Supervision Department. These directives basically adopt the US GAAP.

These financial statements are presented on a consolidated basis only. The Bank's separate financial statements are presented in Note 34.

The Bank's Board of Directors approved the publication of the financial statements on March 2, 2026.

B. Definitions

In these financial statements –

The Bank – Bank Leumi le-Israel B.M.

The Group – the Bank and its subsidiaries.

Consolidated companies – companies whose financial statements were fully consolidated, whether directly or indirectly, with those of the Bank.

Associates – companies, excluding consolidated companies, including partnerships or joint ventures, the Bank's direct or indirect investment in which is presented in the financial statements according to the book value method.

Investees – consolidated companies and associates.

Foreign offices – representative offices, agencies, branches or consolidated companies of the Bank based overseas.

Functional currency – the currency of the primary economic environment in which the Bank operates; this is generally the currency of the environment in which a bank generates and expends most of its cash.

Presentation currency – the currency in which the financial statements are presented.

Related parties and interested parties – as defined in Section 80 of the Reporting to the Public Directives.

The CPI – The Israeli Consumer Price Index as published by the Israel Central Bureau of Statistics.

Adjusted amount – nominal historical amount adjusted to reflect the CPI in respect of December 2003, pursuant to the provisions of Opinions 23 and 36 of the Institute of Certified Public Accountants in Israel.

Reported amount – adjusted amount as of the Transition Date (December 31, 2003) plus amounts in nominal values that were added after the Transition Date, less amounts derecognized after the Transition Date.

Nominal financial reporting – financial reporting based on reported amounts.

Adjusted financial reporting – financial reporting in amounts adjusted to changes in the general purchasing power of Israeli currency pursuant to the provisions of the Opinions of the Institute of Certified Public Accountants in Israel.

Cost – costs in reported amounts.

Fair value – the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The accepted accounting principles in the United States – accounting principles that US banks traded in the United States are required to apply. These principles are set by the banking supervision agencies in the USA, the Securities and Exchange Commission, the Financial Accounting Standards Board and other entities in the USA. The principles are implemented according to the hierarchy established in FAS 168 (ASC 105–10), Codification of the accounting standards of the Financial Accounting Standards Board in the USA and the hierarchy of generally accepted accounting principles. Additionally, according to the Banking Supervision Department's directives, notwithstanding the hierarchy prescribed by FAS 168, it had been clarified that any position published by the US banking regulators or by their teams regarding the manner of implementation of the US GAAP, constitutes part of US GAAP.

Note 1 – Significant Accounting Policies (cont.)

C. Basis of Preparation of the Financial Statements

1. Reporting principles

The Bank's financial statements are prepared in accordance with the directives and guidance of the Banking Supervision Department. These directives basically adopt the US GAAP.

2. Functional currency and presentation currency

Unless otherwise stated, the consolidated financial statements are presented in New Israeli Shekels (NIS) and are rounded to the nearest million.

The New Israeli Shekel (NIS) is the currency representing the primary economic environment in which the Bank operates, constituting the Bank's currency of operation.

For information regarding the functional currency of banking offices abroad, please see Section (d) below.

3. Measurement basis

The financial statements were prepared in accordance with the historical cost, excluding the assets and liabilities outlined below:

- Derivatives and other financial instruments measured at fair value through profit and loss (such as: investment in securities in a trade portfolio or instruments in respect of which the fair value alternative had been chosen).
- Financial instruments classified as available-for-sale.
- Noncurrent held-for-sale assets.
- Deferred tax assets and liabilities.
- Provisions.
- Assets and liabilities for employee benefits.
- Investments in associates.

The value of non-monetary assets and equity items measured at historic cost, adjusted for changes in the Consumer Price Index until December 31, 2003. As of January 1, 2004, the Bank prepares its financial statements using reported amounts.

4. Use of estimates

The preparation of the financial statements in conformity with the directives and guidance of the Banking Supervision Department requires the Bank's management to use estimates and assumptions and to exercise judgment that affect the reported amounts of assets and liabilities and disclosure of assets and contingent liabilities as well as income and expense amounts during the reporting period. It is clarified that the actual results may differ from those estimates.

When developing accounting estimates used in the preparation of the Bank's financial statements, the Bank's management is required to make assumptions regarding circumstances and events involving significant uncertainty. In exercising its judgment to determine the accounting estimates, the Bank's management relies on past experience, various facts, external factors and reasonable assumptions, in accordance with each estimate's particular circumstances.

Change in estimates

The underlying estimates and assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognized in the period in which the estimates were adjusted and for any future affected period.

Note 1 – Significant Accounting Policies (cont.)

5. Reclassifications

From time to time, the Bank makes immaterial adjustments to classifications in the comparative figures in order to adjust them to the classification in the current financial statements for comparability. These classifications do not have an effect on profit and loss.

D. Foreign Currency and Linkage

Foreign currency transactions

Assets and liabilities denominated in foreign currency or linked thereto are translated according to the representative exchange rates as of the balance sheet date, or another appropriate date, as follows:

- Assets and liabilities denominated in foreign currency or linked thereto are translated into the functional currency at the exchange rate as of reporting date.
- Non-monetary assets and liabilities denominated in foreign currency or linked thereto and measured at fair value are translated into the functional currency at the exchange rate as of the date on which the fair value was determined.

  Non-monetary assets and liabilities denominated in foreign currency or linked thereto and measured at historical cost are translated at the exchange rate as of the transaction date.

  In the income statement, foreign currency income and expenses and gains and losses are stated at the current representative exchange rates as of the transaction dates; exchange rate differentials on assets and liabilities in respect of which the aforesaid income and expenses arose are also included in the income statement, excluding:

  - Profit or loss for a hedging instrument in a hedge of a net investment in a foreign operations or cash flow hedge, excluding fair value changes of components excluded from the hedge effectiveness assessment and we will choose to recognize them in profit and loss.
  - Exchange rate differentials for items that form part of the net investment.

  According to the transitional provisions for 2025, exchange rate differentials for available-for-sale debt instruments will continue to be recognized in the profit and loss statement until January 1, 2027, instead of recognizing them as part of the fair value adjustments of these instruments, as required under Topic 830 on Foreign Currency.

Foreign operations

Assets and liabilities for foreign operations, including goodwill and fair value adjustments arising on acquisition, were translated into NIS at exchange rates in effect on reporting date. Income and expenses and gains and losses of foreign operations were translated into NIS at exchange rates in effect on transaction dates.

Exchange rate differentials are recognized in other comprehensive income and presented in equity under "Adjustments from translation of financial statements".

Upon disposal, the cumulative amount in the translation reserve arising from the foreign operations is reclassified to profit and loss as part of the profit or loss from disposal.

When the Group disposes of part of its investment in an associate that includes a foreign operations while maintaining significant influence, the proportion of the cumulative amount in the translation reserve is reclassified to profit and loss.

Hedges of a net investment in a foreign operations

The Group applies hedge accounting to exchange rate differentials between the foreign operations's functional currency and the Bank's functional currency (NIS).

Note 1 – Significant Accounting Policies (cont.)

The exchange rate differentials arising from translation of a financial liability hedging a net investment in a foreign operations are carried to other comprehensive income and presented in equity under "Adjustments from translation of financial statements". Upon disposal of the hedged investment, the relevant amount that has accumulated in "Adjustments from translation of financial statements" is transferred to profit or loss as part of the profit or loss on disposal of the investment.

CPI-Linked assets and liabilities not measured at fair value

CPI-linked assets and liabilities are stated according to the linkage terms and conditions set for each balance.

Note 1 – Significant Accounting Policies (cont.)

Set forth below are data regarding the representative exchange rates and CPI and changes therein:

	December 31			Rate of change in		
	2025	2024	2023	**2025**	2024	2023
	(In NIS)			(%)		
Exchange rate of:						
USD	**3.190**	3.647	3.627	**(12.53)**	0.55	3.07
Euro	**3.746**	3.796	4.012	**(1.32)**	(5.38)	6.90
Pound sterling	**4.290**	4.574	4.621	**(6.21)**	(1.02)	9.04
Swiss franc	**4.021**	4.028	4.314	**(0.17)**	(6.63)	13.08
Consumer Price Index:	(Points)	(Points)	(Points)			
November – known CPI	**103.6**	101.2	97.9	**2.4**	3.4	(3.7)

E. Basis of Consolidation

1. Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is obtained until the date on which control ceases.

Balances and reciprocal transactions as well as income and expenses that had not yet been realized between the consolidated companies were eliminated as part of preparing the consolidated financial statements.

The financial statements of wholly-owned companies that are the Bank's assets and service companies have been consolidated in the Bank's separate financial statements.

Non-controlling interests

Non-controlling interests are that portion of subsidiaries' equity that is not attributable, whether directly or indirectly, to the parent company and that include additional components, such as stock-based compensation that will be settled using an equity instrument of the subsidiaries. These interests, which confer upon their holder a share of the net assets of the acquiree, are measured at fair value on the date of joining the businesses.

Profit or loss and any other component of other comprehensive income are attributed to the Bank's shareholders and to non-controlling interests. The total amount of profit, loss and other comprehensive income is attributed to the Bank's owners and to non-controlling interests even if this results in the non-controlling interests having a negative balance.

Transactions with non-controlling interests that do not result in change of control are accounted for as equity transactions. Any difference between the consideration paid or received and the change in non-controlling interests is recognized directly in equity, to the portion attributable to the Bank's shareholders.

When the Bank's interest in a subsidiary changes without loss of control, the Bank reallocates the accumulated amounts recognized in other comprehensive income between the Bank's shareholders and non-controlling interests.

Note 1 – Significant Accounting Policies (cont.)

On loss of control of a subsidiary, the Bank derecognizes the subsidiary's assets and liabilities as well as other equity components attributed to the subsidiary. Any retained investment in a former subsidiary is measured at fair value on the date on which control is lost. The difference between the consideration received and the fair value of the retained investment in the former subsidiary and any derecognized balances is recognized in profit and loss. Amounts recognized in equity through other comprehensive income in respect of that subsidiary are reclassified to profit or loss. As of that date, the remaining investment is equity-accounted or treated as a financial asset according to the Bank's influence on the relating company.

2. Associates

Associates are entities in which the Group has significant influence, but not control, over the financial and operating policies. There is a presumption that the holding of 20% to 50% in an investee confers significant influence, but in addition to the rate of holding, the Bank uses other indicators to check the existence of significant influence, such as significant representation on the Board of Directors and its committees and the ability to influence and make decisions.

Investments in associates' shares is accounted for by the equity method; such investment is initially recorded as cost. When the Bank first obtains significant influence over an investment that was not equity-accounted until significant influence was attained, then the equity method is applied prospectively.

The consolidated financial statements include the Group's share in profit or loss and other comprehensive income of equity-accounted entities. It should be noted that, in accordance with the directives of the Banking Supervision Department, the Bank does not make adjustments to the accounting policy applied by an inflation-adjusted associate applying IFRS.

When there is a decrease in the Group's interest in an associate accounted for by the equity method, but the Group retains significant influence, the Group derecognizes a proportionate share of its investment and recognizes a profit or loss from the disposal. Furthermore, when such decrease occurs, a pro rata share of the amounts recognized in capital reserves through other comprehensive income in respect of that associate is reclassified to profit and loss.

Upon loss of significant influence, the Group stops using the equity method and accounts for the remaining investment as a financial asset according to its nature.

The Bank examines the need to record impairment in respect of its investments in associates; please see Section (U.4) below.

3. Treatment in the Bank's separate financial statements

In the preparation of its separate financial statements, the Bank accounts for its investees according to the equity method in accordance with Banking Supervision Department directives and guidelines. According to the Reporting to the Public Directives, the Bank's separate financial statements include the financial statements of asset and service companies that are wholly-owned by the Bank, and whose assets are mostly used by the Bank.

F. Basis of Recognition of Income and Expenses

Income and expenses are stated on accrual basis, except as described below:

- Income and expenses from held-for-trading securities, equity securities not held for trading, and derivatives are recognized according to changes in fair value. For details regarding the treatment for securities, see below.
- Interest accrued on troubled debts that were classified as non-performing debts is recognized as income on a cash basis when it is certain that the remaining recorded balance of a non-performing debt will be collected. In such situations, an amount collected on account of interest that will be

recognized as interest income will be the amount that would have accrued during the reporting period on the remaining recorded balance of the debt according to the contractual interest rate. Cash-basis interest income is classified as interest income within the relevant line item of the income statement. When there is significant doubt as to the collection of the remaining recorded balance, all collected payments are used to reduce the loan's principal. Furthermore, interest payable on amounts in arrears in respect of housing loans is recorded in the income statement on the basis of actual collection.

- Loan origination fees — fees charged in respect of issuing the loan, except for loans for a period of up to three months, are recognized over the term of the loan as an adjustment of the return, except in cases of changes in the terms of debts of borrowers who are in financial difficulties, where the fees and commissions are recognized immediately in profit and loss.
- Early repayment fees – fees charged in respect of early repayment are recognized immediately in interest income, except such fees and commissions that are included as part of the net investment in the new loan and recognized as return adjustment.
- Changes to the debt's terms and conditions – in cases of refinancing or restructuring of debts, the Bank assesses whether or not the changes made to the terms and conditions of the loan are minor. Changes to the terms of the debt instrument are not minor when the present value of the cash flows of the new loan is at least 10 percent different than the present value of the cash flows according to the original loan terms. If the loan terms and conditions change is minor, all unamortized fees and commissions as well as early repayment fees that were collected from the customer in respect of changes to the loan terms and conditions are included within the net investment in the new loan and recognized as adjustment of return as stated above. If the change in the loan terms and conditions is other than minor, the fees and commissions will be stated directly in profit and loss.
- Credit service charges are accounted for according to the likelihood that the undertaking to extend the loan will be fulfilled. If the likelihood is remote, the fee is recognized on a straight-line basis over the term of the undertaking; otherwise the Bank defers the revenue recognition from those fees until the undertaking is fulfilled or until it expires, the earlier of the two. If the undertaking is fulfilled, then the fees and commissions are recognized by way of adjusting the return over the term of the loan as stated above. If the undertaking has expired unexercised, the fees are recognized on expiry date and reported in income from fees and commissions.
- Income from fees and commissions in respect of provision of services is charged to profit and loss when the service is provided. Refunds and waivers of fees are presented as a deduction from fee income.
- Other fees and commissions, such as for guarantees and granting facilities to projects, are recognized pro rata over the transaction period.

G. Fair Value of Financial Instruments

The Bank applies the rules set in ASC 820, which defines fair value and sets a consistent basis for fair value measurement by defining fair value valuation techniques to be used to measure the value of assets and liabilities, setting the fair value hierarchy and providing detailed implementation guidelines.

The standard requires to maximize the use of observable inputs and minimize the use of unobservable inputs in fair value measurement. Observable inputs represent market data obtained from independent sources, whereas unobservable inputs reflect the Bank's assumptions.

Subtopic 820-10 established a hierarchy of valuation techniques, which are based on whether the inputs used to measure fair value are observable or unobservable.

The following types of inputs create a fair value hierarchy:

Note 1 – Significant Accounting Policies (cont.)

- Level 1 inputs: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2 inputs: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; prices derived from fair value measurement models whose principal data are observable or corroborated market inputs.
- Level 3 inputs: Unobservable inputs for the asset or liability.

This hierarchy requires the use of observable market inputs, where such inputs are available. Where possible, the Bank takes into account relevant observable and relevant market inputs when measuring fair value. The scope and frequency of transactions, the size of the bid-ask spread and the amount of adjustment necessary when comparing similar transactions are all factors in determining the liquidity level of markets and the degree of relevance of the observable prices in these markets.

The categorization of a financial instrument's fair value measurement within the fair value hierarchy is determined based on the lowest level input that is significant to the entire measurement.

The valuation techniques used by the Bank in measuring fair value are assessed while taking into consideration the relevant circumstances of the various transactions, including last transaction prices, indicative prices of pricing services and results of back-testing of similar transactions.

Credit risk and nonperformance risk assessment

FASB Accounting Standard Codification Topic 820 requires incorporating the credit risk and nonperformance risk into the fair value measurement of a debt, including derivatives issued by the Bank and measured at fair value. Non-performance risk includes, but is not limited to, the Bank's credit risk.

For further information regarding the principal methods and assumptions used in measuring the fair value of the financial instruments, please see Note 32A below concerning balances and fair value estimates of financial instruments.

Securities

The fair value of held-for-trading securities, equity securities not held for trading (for which there is readily available fair value), and available-for-sale bonds is determined based on quoted market prices in the principal market. The quoted price is not adjusted due to the size of the Bank's position in relation to the trading volume (holding size factor). Where quoted market prices are unavailable, the fair value estimate is based on the best available information while maximizing the use of observable inputs and taking into account the risks inherent in the financial instrument. Fair value is determined using generally acceptable pricing models, based on valuations carried out by financial instruments valuation experts or based on the Bank's independent system. The valuation techniques include using various parameters, such as interest curves, exchange rates and standard deviations, taking into consideration the risks inherent in the financial instrument (market risk, credit risk, lack of marketability, etc.).

Most of the portfolio is calculated on a monthly basis by a reputable international entity which is engaged in fair value measurement and is not dependent on issuing and marketing entities. The calculation is mainly based on transaction prices in active markets. The portfolio's balance is revalued based on quotes from brokers or the issuers of the instruments, or based on the Bank's system.

Derivatives

The fair value of derivatives with an active market is determined based on quoted market prices in a principal market.

Where a quoted market price is not available, the fair value is estimated using models that incorporate the risks inherent in the derivative instrument.

Non-derivative financial instruments

Most financial instruments included in this category do not have an active market in which they are traded. Accordingly, fair value is measured using generally accepted pricing models, such as the present value of future cash flows discounted at an interest rate reflecting the level of risk inherent in the

financial instrument. For this purpose, pursuant to Banking Supervision Department's guidelines, future cash flows in respect of non-performing debts and other debts were calculated after deducting the effect of charge-offs and loan loss provisions in respect of the debts.

The fair value option for financial assets and financial liabilities

Subtopic 825-10 in the codification permits the Bank to opt, on specified dates, to measure at fair value financial instruments and other specific items (eligible items) for which the reporting to the public directives do not require measurement at fair value. Unrealized gains and losses in respect of the changes in the fair value of items for which the fair value option was selected, are reported in the income statement on each subsequent reporting date. Furthermore, prepaid costs and fees, which are related to items for which the fair value option was selected, shall be recognized in profit and loss as incurred. Selection of the fair value option selection, as stated above, is made on an instrument-by-instrument basis and is irrevocable.

H. Non-performing debts, credit risk and current expected credit losses

The accounting framework

The Bank applies the Banking Supervision Department's guidelines on measurement and disclosure of non-performing debts, credit risk, and loan loss provision, the positions of the US banking supervisory authorities and the Securities and Exchange Commission, as adopted by the Banking Supervision Department's Reporting to the Public Directives. According to these guidelines, inter alia, a banking corporation shall apply the US GAAP for measuring loan losses arising from financial instruments as outlined in ASC 326, "Financial Instruments - Credit Losses".

These guidelines are applied to all outstanding receivables, such as deposits with banks, bonds, securities borrowed or purchased under reverse repurchase agreements, loans to the public, and loans to the Israeli Government.

Provision for CECL: measurement

The Bank has set procedures to maintain a loan loss provision able to cover current expected credit losses arising from its loan portfolio, including off-balance-sheet credit risk.

As a rule, the estimate of a current expected credit losses provision is calculated over the contractual period of the financial asset, taking into account early repayment estimates according to quantitative methods formulated by the Bank. A provision calculated on a collective basis for loans is based, as a rule, on the recorded outstanding debt, net of interest accrued as at the reporting date.

The measurement of the loan loss provision is based on segmenting the Bank's credit portfolio into groups sharing similar risk characteristics (a process called "segmentation"). Following is a summary of the Bank's approach to segmentation relating to portfolios and economic sectors: The Bank segments the loans to the public to four main portfolios, each of which is divided into sub-groups: (1) Business-commercial credit in the Corporate Division; (2) Commercial credit, which mainly reflects credit to small businesses, in the Retail Banking Division; (3) Non-housing loans to private individuals; and (4) Housing loans. As a rule, commercial credit is divided into economic sectors, while in housing loans, the measurement is based on characteristics at the individual loan level. In the next stage, the Bank distinguishes between non-troubled and troubled credit.

The loan loss provision is comprised both from a quantitative level and a qualitative level, as follows: past losses, loss given default, a comprehensive framework for qualitative adjustments (Q-factor) and one-year macroeconomic forecasts.

Note 1 – Significant Accounting Policies (cont.)

The provision to cover the current expected credit losses in the loan portfolio is estimated through one of the following tracks:

Specific loan loss provision

As a rule, with respect to non-housing segments, non-performing debts are debts which the Bank believes do not share the risk characteristics of performing debts and therefore estimates the provision for them on a specific basis.

With regards to commercial debt, the outstanding contractual balance of which (without deducting: charge-offs not involving legal waiver, deferred interest, loan loss provisions and collateral) is NIS 1 million or more, the provision is measured based on the present value of the expected cash flow discounted by the original effective interest rate of the debt, or when the debt is a collateral-dependent debt or when an asset is expected to be foreclosed, according to the fair value of the collateral that was pledged to secure that loan (net of costs to sell).

Collective loan loss provision

1. In non-housing segments, the provision is usually estimated using the loss-rate method. This process is initially based on average past losses in the portfolio, represented by net charge-offs over the appropriate period. Past losses are adjusted later in the process, using a series of risk and economic characteristics, such as past losses, the risk groups' risk profile, debt classification, composition of the credit portfolio, state of collateral, risk appetite, concentration of the credit portfolio, risk ratings, the Bank's credit provision policy and procedures, and additional terms and conditions. The process is intended to adjust the historic information so as to reflect the level at which the current term conditions and reasonable supportable forecasts may be different than the terms and conditions prevalent during the period in which the historic information was assessed. In the next stage, the Bank incorporates reasonable and well-substantiated forecasts for one year, followed by one year for historical data, adjusting for current conditions, on a linear basis. At the end of the process, the provision for estimates is adjusted for expected recoveries in respect of charged off debts. Changes in these estimates are recognized as incurred against the loan loss provision.

   The provision for off-balance sheet credit is recognized for obligations that may not be unconditionally terminated by the Bank, and is based on the segmentation described above, taking into account the Bank's estimates regarding the reasonableness of utilizing the various off-balance sheet items (i.e., credit conversion coefficients). These estimates are based both on past experience of the Bank – which indicates utilization rates – and on subjective judgment. The provision is presented in the balance sheet under "Other liabilities".

   This process involves significant judgment and expert assumptions, in order to reflect the best expectations and assessments of management regarding current expected credit losses, in a manner that is in line with the Bank's risk management regime.

2. In the housing loans segment, the Bank measures the current expected credit losses based on the probability of default and loss given default. The process also begins with historic information, which is adjusted for current conditions and reasonable substantiable forecasts or a period of one year. Following this period, the Bank reverts to three years of historic information adjusted for current conditions on a linear basis. The provision for off-balance-sheet credit is recognized based on the Bank's estimates relating to the probability of utilizing the binding credit facilities. Changes in the loan loss provision for housing loans, including for housing loans classified as non-performing, are presented as loan loss expense for debts examined on a collective basis.

Note 1 - Significant Accounting Policies (cont.)

Held-to-maturity securities and additional exposures

The current expected credit losses provision for the held-to-maturity bonds portfolio is based on the probability of default and loss given default methods. The Bank does not recognize a loan loss provision for certain government bonds and credit agencies for which the Bank believes the probability of non-payment is zero.

In addition, the Bank's exposure for securities loaned or sold under reverse repurchase agreements relates to agreements most of which include retention of collateral by the counterparty. In this context, the Bank determines that the expectation of non-payment based on amortized cost of these exposures is zero if the entity which transferred the financial assets to the Bank continuously replenishes the collateral amount in response to fair value changes. The Bank ensures, on a regular basis, that the entity complies with the provision to retain a collateral and reasonably expects the borrower to continue to renew the collateral as needed.

Liability adequacy testing of the entire provision and finalizing its quantification process

The process of liability adequacy testing is entwined in the process of developing various components in estimating the loan loss provision, such as: adjustments of historic information from past periods for current conditions, assessing the risk of various economic sectors, economic forecasts for reasonable and substantiable periods, assessment of the recovery amounts expected for debts under financial difficulties, estimates of expected recoveries from previous charge-offs, and estimate of early repayment in respect of the contractual period of the credit provided.

However, the Bank is examining the overall adequacy of the loan loss provision based on management's judgment, taking into account the risks embodied in the credit portfolio, in order to ensure that the provision estimates over the entire reporting period adequately represent the best expectations and estimates of management. To this end, management reviews a wide range of data - both factors specific to the borrower and factors relevant to the entire operating environment. In this context, management examines the loss estimates against managerial and financial information at its disposal. In addition, as part of quantifying the provision, the Bank may use scenarios which represent circumstances that management believes are within a reasonable range, and to which management attributes weights for the purpose of obtaining the best estimate.

Impairment of available-for-sale bonds

The Bank estimates the current expected credit losses for bonds in the available-for-sale portfolio at each reporting date if the fair value of the security is lower than its amortized cost. In any such case, the Bank examines whether there is an intent to sell the security or whether the Bank believes that it is more likely than not that it will be required to sell the security before recovering its carrying amount. If yes - the entire difference between the carrying amount and the fair value is recognized in profit and loss. If not - the Bank examines whether the fair value impairment arises from loan losses or other factors, and if the Bank believes that the impairment stems from loan losses, it is recognized under the loan loss provision, while other types of impairments are recognized against other comprehensive income. A loan loss exists when the Bank does not expect principal and interest inflows to adequately recover the entire amortized cost of the security. The loan loss provision is limited to the amount in which it exceeds the security's amortized cost over its fair value ("Fair-Value Floor"). The provision amount is updated upwards or downwards according to changes in assessments in subsequent periods.

As part of the Bank's assessment regarding the existence of a loan loss, the Bank examines data, assessments and various information items. The main criteria for determining whether the impairment stems from the existence of a credit loss pertain both to factors specific to the issuer and to other factors, as follows:

- Credit rating downgrade

Note 1 – Significant Accounting Policies (cont.)

- Adverse legal or regulatory event (such as imposition of a regulatory restriction on the issuer, the issuer is unable to obtain a significant patent or meet its requirements)
- Unpaid interest or principal payments or default
- Deterioration in the issuer's or analysts' expectations regarding the future functioning of the issuer
- Increase in the credit spreads at the rating group level
- Adverse legal or regulatory changes affecting the issuer's industry
- Significant deterioration in the market environment which may affect the value of the collateral (such as a decline in prices of real estate properties)
- A significant deterioration in economic conditions
- Disruptions in the business model as a result of technological changes or new competitors in the industry

For this purpose, the Bank does not take into consideration the time during which the security's fair value was lower than its cost.

If the Bank decides to carry out a quantitative test, the test is conducted using PD and LGD estimates. In this context, a comparison is made between the discounted cash flows and the fair value and amortized cost. If the expected cash flows are lower than the amortized cost, the difference will be recognized as a loan loss provision. If the fair value of the bond is higher than the discounted cash flow amount, the provision is recognized up to the minimum fair value.

If the Bank forecasts that the bond would not be collectible, the loan loss provision amount will be recognized as a charge-off.

Identification and classification of troubled debts

The Bank has set procedures for identifying troubled loans and for classifying debts as non-performing (see the definition in subsection (1) below) interest income. According to these procedures, the Bank classified the outstanding on-balance-sheet troubled debts and the off-balance-sheet items as follows: special mention, substandard or non-performing.

The Bank implements the directives included in the Banking Supervision Department's FAQ file "Implementation of the Reporting to the Public Directives regarding Impaired Debts, Credit Risk and Loan Loss Provision", including the directives regarding the determination of a debt's classification, based on the debtor's repayment capacity; i.e. the expected strength of the primary repayment source of the debt, despite support by secondary and tertiary repayment sources, such as collateral and guarantors. In this matter, primary repayment source – a sustainable source of cash, which must be under the borrower's control, must be reserved, explicitly or implicitly, to cover the debt. For a source of repayment to be considered primary, the Bank must show that the borrower is highly likely to generate, within a reasonable period of time, an adequate cash flow from a continuing business operation, which shall be used to repay all of the required installments in full and according to the repayment schedule set in the agreement.

Past due debts are considered delinquent if their principal or interest were not paid after becoming due. In addition, revolving debitory accounts or current accounts are reported as in arrears of 30 days or more, when the account remains continuously in deviation from the approved credit facility for 30 days or more or if within the credit limit, no amounts were credited to that account to cover the debt within a period of 365/366 days. Commencing January 1, 2022, after applying the new rules on loan losses, housing loans are managed according to the number of calendar days in arrears.

Note 1 - Significant Accounting Policies (cont.)

To classify and treat troubled debt (including charge-off), the Bank distinguishes, in accordance with the Reporting to the Public Directives, between:

1. Commercial credit for debt whose contractual balance (without deducting charge-offs not involving a legal waiver, unrecognized interest, loan loss provisions and collateral) is at least NIS 1 million or more, except for certain exclusions.
   Such credit is mainly classified based on the repayment capacity of the debtor, as described above, while distinguishing between potential weaknesses and existing or well-defined weaknesses. A debt is classified as non-performing when it is expected that the Bank will not be able to back all the amounts it due, based on the contractual terms and conditions of the debt agreement, based on up-to-date information and events, such as: The debt's extent of arrears; the borrower's financial position and solvency; an assessment of the primary repayment source for the debt; status of the collateral; the guarantors' financial position, the borrower's ability to obtain third-party financing etc. A debt shall be classified as non-performing whenever the principal or interest has been in arrears of 90 days or more, unless it is both well secured and in the process of collection. A well-secured debt is one that is secured by a collateral by placing a lien on a tangible or personal asset, including securities, the realization value of which is sufficient to repay the debt (including accrued interest) or collateral of a party with proven financial responsibility. A debt is "under collection processes" if its collection is properly conducted through a legal proceeding, under the proper circumstances, collection efforts that are non-legal but which are expected to bring about, in the near future, the repayment of the debt or its return to a performing status.
   Off-balance-sheet credit are classified depending on the probability of realizing the contingent liability and if the debts that may be recognized as a result of the realization of the contingent liability meet the criteria for classification into the adequate category.

2. Credit to private individuals, housing loans, and commercial credit in respect of debt the outstanding contractual balance of which (as defined above) is lower than NIS 1 million, except for certain exclusions. Such credit is classified on the basis of their extent of arrears and according to certain automated defined negative indicators. Housing loans are classified as non-performing debt when the principal or interest thereof are in arrears of 90 days or more.

The policies of debt settlements and treatment of changes in terms and conditions for debts of borrowers in financial difficulties

On March 31, 2022, the FASB published ASU 2022-02, concerning "Troubled Debt Restructurings and Vintage Disclosures". On October 19, 2023, a circular was distributed to update the Reporting to the Public Directives, regarding the standard update. The publication revises the accounting treatment of restructurings troubled debt, and increases the disclosure regarding credit quality according to the year the credit was provided.

The revision includes the following changes, among others:

- Replacing the term "Troubled debt restructurings" (or TDRs) with the term - "Financial difficulty modifications" (or FDMs).
- The disclosure requirements for TDRs were replaced by updated disclosure requirements regarding FDMs, including disclosure requirements for any change in debt terms and conditions, for a borrower with financial difficulties, including a waiver of the principal, a reduced interest rate, or an extension of the period that does not cause a negligible delay in payments of each borrower with financial difficulties. In view of this change, the need for an examination as to whether, as part of the restructuring, the borrower was given an economic waiver was revoked. In the updated disclosure requirements, guidelines were integrated for the identification of borrowers with financial difficulties that are similar to the existing guidelines. Due to the regulation of the requirement to examine the existence of an economic waiver, the loans that are classified as FDMs may be different from the loans classified in the past as TDRs.

Note 1 – Significant Accounting Policies (cont.)

- The requirement to calculate the loan loss provision by discounting cash flows with respect to restructured troubled debts was revoked.
- The requirement to take expected restructurings into account and measure separately was revoked. Assessment of the effect of changes in debt terms and conditions carried out as an integral part of the process of estimating the expected loan loss provision.
- A disclosure requirement of gross write-offs, by the year of extension of the credit, was added, as detailed in Note 29.B.1.1.
- For credit to private individuals, housing loans and commercial credit in respect of a debt whose contractual balance is less than NIS 1 million, relevant emphases were adopted from the guidelines published by US regulators with the aim of strengthening the effectiveness of the internal control over changes in the debt terms and conditions of this type of credit.

Reinstatement of non-performing debt as performing debt

Non-performing debt is reclassified as performing debt if one of the following is met:

- Principal or interest are no longer past due and unpaid and the Bank expects full repayment of the outstanding principal and interest pursuant to the terms and conditions of the contract (including charge-offs or amounts that have been provided for).
- The debt is both well secured and in the process of collection.

In addition, concerning a debt of a borrower in financial difficulties that had undergone a change in the terms, which had been classified as a non-performing debt on the date of modification of the terms, the Bank may reinstate the debt as a performing debt, provided that an up-to-date and well-documented credit analysis had been conducted, which supports reinstatement of the debt as a performing debt based on the debtor's financial position and the repayment odds under the updated terms and conditions. It is required that the assessment be based on the historical continued repayment performance of the debtor's payments in cash and cash equivalents over a reasonable period lasting at least six months, as the Bank may take into account payments that were made over a reasonable period prior to the modification of the terms, should the payments be consistent with the updated terms. Otherwise, it is required that a debt of a borrower in financial difficulties that had undergone modification of the terms continue to be classified as a non-performing debt.

Revenue recognition

As at the date of the debt's classification as non-performing, the Bank no longer accrues interest income therefrom. Furthermore, when the debt is classified as non-performing debt, the Bank cancels all interest income which has been accrued but not yet collected which had been recognized as income in profit and loss. The debt is classified as non-performing as long as its "non-performing" classification has not been canceled.. As for performing debts examined and provided for on a collective basis, excluding housing loans, that are in arrears of 90 days or more, the Bank continues to accrue interest income.

Charge-off

The Bank performs charge-offs in the following cases:

- Any debt or part thereof which is assessed on a specific basis and is considered uncollectible and has a low value such that maintaining it as an asset is unjustifiable or a debt which the Bank has attempted to collect over a considerable period of time (normally for more than two years).
- In the case of a collateral-dependent debt, any portion of such debt in excess of the value of the collateral which is identified as uncollectible shall be written off immediately against the loan loss provision.
- Troubled debts which are tested on a collective basis (i.e., non-housing loans for private individuals and commercial credit for a debt the contractual outstanding balance of which, as defined above,

is less than NIS 1 million, except for certain exclusions) and their extent of arrears is 150 days or more. In addition, for changes in the conditions of debts of borrowers experiencing financial difficulties which were tested collectively and failed, are written off when in arrears of 60 days or more under the restructuring terms and conditions and are classified as non-performing. As for housing loans, an up-to-date assessment of the value of the collateral should be made no later than the date in which the debts are in arrears of 180 days or more, and charge off the portion of the recorded outstanding balance that exceeds the collateral's value (less costs to sell).

It should be clarified that charge-offs do not involve a legal concession and reduce the reported outstanding debt for accounting purposes only, while establishing a new cost basis for the debt in the Bank's books of accounts.

Disclosure requirements

The Bank applies the disclosure requirements to the credit quality of debts and to the loan loss provision set forth by ASC 310, "Receivables", and ASC 326, "Financial instruments – Credit Losses", with the required adjustments and as adopted by the Reporting to the Public Directives.

I. Securities

1. The securities in which the Bank invests are classified into four portfolios, as follows:

a. Held-to-maturity bonds

Bonds that the Bank intends to and can hold to maturity, with the exception of bonds that may be repaid early or settled otherwise, so that the Bank will not cover substantially all of its recorded investment. Held-to-maturity bonds are presented on the balance sheet at their par value plus accrued interest, exchange rate and linkage differences, taking into account the premium or discount, pro rata, and deducting losses due to impairment.

Available-for-sale bonds

Bonds not classified as held-to-maturity or held-for-trading. Available-for-sale bonds are stated in the balance sheet at fair value as at the reporting date. The differences between the fair value and amortized cost net of tax reserve are carried to a separate line item in shareholders' equity under other comprehensive income. Realized gains or losses and impairment are stated in the income statement.

Unrealized gains or losses from fair value adjustments in respect of available-for-sale bonds designated as being hedged by fair value hedges were carried to the income statement over the hedging period in respect of the hedged risk.

b. Held-for-trading securities

Securities that were purchased and held intended to be sold in the near future or securities the Bank opted to measure at fair value through profit an loss according to the fair value alternative, except for shares in respect of which there is no available fair value. Held-for-trading securities are stated at fair value on the balance sheet as at the reporting date. Realized and unrealized gains and losses are carried to the income statement.

c. Equity securities not held for trading

Equity securities with an available fair value are stated in the balance sheet at their fair value as at the reporting date. Unrealized gains or losses from fair value adjustments are stated in the income statement.

Equity securities with no available fair value are stated in the balance sheet at cost, less impairment, with the addition or deduction of changes in observable prices in orderly transactions in similar or identical investments of the same issuer. Unrealized gains or losses from adjustments to changes in observable prices are stated, as aforesaid, in the income statement.

Note 1 – Significant Accounting Policies (cont.)

2. Dividend income, accrued interest, linkage and exchange rate differentials, amortization of premium or discount (according to the effective interest method) and impairment losses from amortization are carried to the income statement.

3. Interest income in respect of purchased beneficial interests – e.g. asset-backed financial instruments such as CDO, CLO, MBS and CMO (except for instruments with high quality credit) – is recognized according to the prospective interest method (the future interest rate which also incorporates prospective changes), while adjusting the interest rate used to recognize interest income to reflect changes in the estimated future cash flows. Beneficial interests of high credit quality are beneficial interests issued by the US Government and are guaranteed thereby or by US Government agencies, as well as asset-backed securities whose international credit rating is at least AA.

4. Fair value measurement
Regarding determining fair value, please see Section (G) above.

5. Fair value designation
The Banking Supervision Department's directives allow to elect, on specified dates, to measure financial instruments at fair value, such that unrealized gains and losses in respect of the changes in the fair value of items for which the fair value option was selected, are reported in the income statement on each subsequent reporting date, except for certain exceptions. Furthermore, prepaid costs and fees, which are related to items for which the fair value option was selected, shall be recognized in profit and loss as incurred. The fair value option selection is made on an instrument-by-instrument basis and is irrevocable. Regarding the measurement of a hybrid instrument at fair value, see Section (J) below. For additional information, please see Note 12.

6. Impairment
Regarding the treatment of impairment of available-for-sale or held-to-maturity bonds, please see Section (H) above.

For equity securities not held for trading for which there is no available fair value, the Bank makes a qualitative assessment in order to test the equity securities for impairment, and if needed – assesses the fair value of the investment to determine total impairment loss.

J. Derivatives Including Hedge Accounting

The Bank holds derivative financial instruments in order to hedge foreign currency, interest rate risks and CPI risks; the Bank also carries out derivative activity for purposes other than hedging, including embedded derivatives that have been bifurcated.

Hedge accounting
As part of the Bank's overall strategy for managing the above risk exposures, the Bank designates certain financial instruments as fair value hedges, cash flow hedges and foreign currency hedges. The Bank formally documents the hedge relationships at the hedge's inception. The documentation includes: The hedging instrument, the hedged instrument, the nature of the hedged risk and the method for assessing the hedge effectiveness.

1. Fair value hedges
The Bank designates derivatives as hedging the exposure to changes in the fair value of an asset or liability. Changes in the fair value of derivatives designated to hedge fair value are carried to the income statement on a current basis and presented in the same line item as effects of the hedged item. The hedged item is also stated at fair value and changes in fair value that can be attributed to the hedged risk are carried to the income statement. As part of this hedging the Bank has made use of several hedging techniques such as: partial terms, last of layer and hedging a benchmark component

2. Cash flow hedges

The Bank designates derivatives as hedging the exposure to the change in future expected cash flows which is attributable to a certain risk. Changes in the fair value of a derivative designated as cash flow hedges are carried to the other comprehensive income.

3. Hedging foreign operations – please see Section (D) above.

If the hedging instrument no longer meets the hedge accounting criteria, or if it expires, sold, terminated or exercised, or if the Bank cancels the designation of the hedge ratios, then it is no longer accounted for using hedge accounting.

Economic hedging

Hedge accounting is not applied to derivatives used by the Bank in its Asset and Liability Management (ALM) activities. Changes in the fair value of these derivatives are recognized in profit and loss as incurred.

Other derivatives

Derivatives which do not serve for hedging purposes, are measured at fair value with the changes in the fair value of these derivatives carried immediately to profit and loss.

Embedded derivatives

Embedded derivatives are bifurcated from the host contract and accounted for separately as derivatives in accordance with ASC 815-10 if: (a) There is no clear and close connection between the economic characteristics and risks of the host contract and embedded derivative, including credit risks arising from certain embedded credit derivatives, (b) a separate instrument with the same terms and conditions as the embedded instrument would have qualified as a derivative, and (c) the hybrid derivative is not measured at fair value through profit and loss.

Bifurcated embedded derivatives are presented in the balance sheet together with the host contract and changes in their fair value are carried immediately to profit and loss.

In certain cases, (such as when the Bank is unable to bifurcate an embedded derivative from the host contract), the Bank elects not to bifurcate the embedded derivative and to measure the fair value of the hybrid instrument in its entirety and carry any changes in fair value to the income statement as incurred. Such election is made when the hybrid instrument is purchased or upon the occurrence of certain events in which the instrument is subject to re-measurement (a re-measurement event), such as a result of business combinations or material changes in debt instruments. Such fair value election is irrevocable.

Fair value

Regarding determining fair value, please see Section (G) above.

K. Transfers and Servicing of Financial Assets and Extinguishments of Liabilities

The Bank applies the measurement and disclosure principles prescribed in Subtopic 860-10 – Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, for the purpose of dealing with transfers of financial assets and extinguishment of liabilities. According to these rules, the transfer of an entire financial asset, a group of financial assets or a participating interest in an entire financial asset will be accounted for as a sale, if and only if, all of the following conditions are met: (1) The transferred financial asset has been isolated from the transferor, even under bankruptcy or other type of receivership; (2) each transferee may pledge or exchange the assets it had received, and no condition also restricts the transferee or holder from exercising its right to pledge or exchange and confers upon the transferor more than a trivial benefit to the transferor; (3) the transferor does not maintain effective control over the transferred financial assets.

Note 1 – Significant Accounting Policies (cont.)

In this context, a participating interest has all of the following attributes: (1) As of the transfer date, it represents a pro rata ownership interest in the entire financial asset; (2) as of the transfer date, all of the cash flows received from the entire financial asset are divided pro rate between the holders of the participating interests relative to their respective ownership holdings; (3) the interests of each of the participating interest (including the transferor in its capacity as a holder of participating interests) have the same preference, and none of the interests of any particular interest holder is subordinate to the interest of another holder; and (4) no party has the right to pledge or replace the entire financial asset, unless all of the holders of the participating interests agree to pledge or replace the entire financial asset.

If the transfer meets the criteria for accounting for it as a sale, the transferred financial assets are derecognized from the Bank's balance sheet. The difference between the proceeds and the value of the derecognized asset will be recognized in the income statement. If the transfer does not meet the conditions for accounting as a sale, it shall be accounted for as a secured debt. The financial assets shall continue to be stated in the Bank's balance sheet, without change to their value, and the proceeds of the sale are recognized as a liability of the Bank.

Securities lending transactions

The Bank applies specific provisions included in the Reporting to the Public Directives regarding lending or loaning of securities. The securities are not derecognized from the balance sheet and continue to be presented in the securities line item; the collateral put up to secure the securities is presented in the securities loaned or sold under repurchase agreements line item or under the securities borrowed or purchased under reverse repurchase agreements line item or securities borrowed under repurchase agreements, as applicable and according to their value on the transaction date.

The Bank monitors changes in fair value on a daily basis and where applicable demands collateral. Interest received or paid in respect of such securities is reported under net interest income (expense).

Pursuant to the directives of the Banking Supervision Department, unsecured securities lending or borrowing transactions in which the borrower does not provide the banking corporation with a security margin relating specifically to the securities lending transaction, are accounted for as follows:

a. Unsecured lending out of the Bank's available-for-sale bonds and equity securities not held for trading or from the held-for-trading portfolios – when the Bank lends securities, it derecognizes the borrowed securities and recognizes a loan at the transferred securities' market value as of the transfer date. In subsequent periods, the Bank measures the loans in the same way in which the securities were measured prior to the lending thereof. Income on accrual basis is recognized as interest income on loans; changes in market value (other than accrual basis changes) are classified as noninterest finance income if the relevant securities are held-for-trading securities and equity securities not held for trading or as other comprehensive income if the relevant securities are available-for-sale bonds. At the end of the lending period, the Bank derecognizes the loan and re-recognizes the security.

b. Unsecured borrowing of securities – when the Bank borrows a security in an unsecured borrowing transaction, the Bank recognizes the security and a deposit against that security, at the security's market value as of the borrowing date. Such securities are classified to the held-for-trading portfolio. In subsequent periods, changes in the reporting period arising from changes in the security's market value are classified as noninterest finance income. When the Bank sells a borrowed security short, the Bank recognizes, in noninterest finance income at each reporting date, the difference - only if positive - between the market value of the shorted security at the reporting date and the balance for the unsecured borrowing transaction included in the deposits line item.

Note 1 - Significant Accounting Policies (cont.)

Extinguishing of a liability

The Bank derecognizes a liability if it has been extinguished. The Bank derecognizes a liability if one of the two following conditions has been met: (1) The Bank paid the lender and was released from its obligation in respect of the liability, or (2) the Bank was legally released, through legal proceedings or by obtaining the lender's consent, from being the principal debtor in respect of the liability.

L. Employee Benefits

Retirement benefits - pension, severance pay and other benefits - defined benefit plans

Pension benefit is part of the compensation paid to employees for their services. In a defined benefit pension plan, the Bank undertakes to pay employees' salaries during years of employment as well as post-retirement pension annuities. The amount of the benefit paid depends on certain future events taken into consideration in the plan's benefit formula, including, inter alia, the remaining life of the employees or his/her survivors, the number of the employees' years of service and his/her salary in the work years preceding his/her retirement.

Definitions:

- Discount rate applied to employee benefits liabilities – The discount rate used to calculate the actuarial liability in respect of the Bank's employee benefits is based on market yields according to the option selected by the Bank out of the alternatives set forth by the Bank of Israel, which is the Government of Israel's bonds yield curve plus the spread curve of corporate bonds rated AA or more in the U.S.
- Actuarial gain/loss – the change in the value of a projected obligation or plan assets resulting from the fact that actual payments differ from estimated amounts or arising from a change in an actuarial assumption.
- Expected return on plan assets – the Bank calculates the expected long-term rate of return on plan assets using historical rates of return over a long period of time for a portfolio comprising similar assets.
- Expected benefit obligation – the actuarial present value of all benefits attributed to the employee's service provided prior to the balance sheet date in accordance with the plan's benefit formula.
- Cost of pension, net - the amount recognized in the Bank's financial statements as the cost of a pension plan for a specific period. This cost includes costs charged to profit and loss: Cost of service, interest cost, expected return on plan assets and amortization of net actuarial gain/loss and costs charged to other comprehensive income: i.e., mainly actuarial profit and loss.

Actuarial profits and losses stated in other comprehensive income arise, inter alia, from changes in capitalization rates, changes arising from the difference between the actual experience and the actuarial assumption used to calculate the liability, and from the gap between the expected yield and the actual yield on the plan's assets.
Actuarial gains and losses as outlined below are amortized on a straight-line basis over the average remaining service period of employees expected to receive benefits according to the plan. When all or almost all of the plan participants shall no longer be active, the average remaining life expectancy of the inactive employees shall replace the average remaining service period.

The expected benefit obligation in the balance sheet is recorded net of the fair value of plan assets. When the expected benefit obligation exceeds the fair value of plan assets, the Bank will record in the balance sheet a liability at the total amount of the said difference. If the fair value of plan assets exceeds the expected benefit obligation, the Bank will record in the balance sheet an asset at the total amount of the said difference.

The Bank carries out an actuarial measurement on a quarterly basis.

Note 1 – Significant Accounting Policies (cont.)

Retirement benefits – defined contribution plans

A defined contribution plan is a plan which pays retirement benefits for services rendered. The plan provides an individual account for each participant in the plan and defines how employee's contributions will be determined. In this type of plan, the benefits paid to a participant will receive contingencies depending solely on the amounts contributed to the participant's account, the returns accumulated from investing these contributions, and forfeitures of benefits of other participants that may be allocated to the account of that participant. In this case, the net benefit cost for the period is the contribution required for that period.

The Bank's liability to pay severance pay under Section 14 of the Severance Pay Law is accounted for as a defined contribution plan.

Other post-employment benefits

The Bank accrues the liability, including "substantive liability" across the employment period, under the predetermined terms and conditions.

Paid absences

The Bank accrues a liability for employees' compensation in respect of future absences, if all of the following conditions are met:

- The Bank's obligation is related to services already provided by the employees.
- The obligation relates to vested or accrued rights.
- Payment of the expected compensation.
- The amount can be reasonably estimated.

Paid leave

The liability in respect of paid leave is measured on a current basis without using discount rates and actuarial assumptions. Changes in the liability are immediately attributed to the income statement.

Jubilee vacation leave

Discount rates and actuarial assumptions are taken into account in the calculation of the liability in respect of long-service (jubilee) leave.
Changes in the liability in respect of long-service leave (jubilee) are immediately attributed to the income statement.

Sick leave

The Bank is accruing the liability as absences qualifying for compensation. To calculate the liability, discount rates and actuarial assumptions are taken into account. Changes in the liability are immediately attributed to the income statement.

Discharges

The Bank recognizes gains or losses in respect of discharges in its defined benefit plans, with the non-recurring payments relating to the plan are expected to be, cumulatively during the year, higher than the cost of service and the cost of annual interest. The loss is calculated at the rate on which the actuarial obligation decreases as a result of the discharge, multiplied by the balance of actuarial gains and losses accrued in other comprehensive income.

Stock-based compensation transactions

Stock-based compensation transactions are transactions in which the Bank receives services from the employee and the consideration is provided in equity instruments.
As a rule, the Bank recognizes an expense in respect of the stock-based compensation it grants to its employees on the date in which the services are provided. An expense is recorded if it is probable that the conditions for performance will be met.
The Bank recognizes an increase in capital or liability depending on whether the bonus is equity-settled or liability-based.

Equity-settled awards are measured according to the fair value of the equity instruments issued, on the grant date.
The measurement of the cost of capital instruments that are granted to employees is according to the fair value on the grant date of the capital instruments, which the Bank is obligated to issue on the date the employees will complete the required service and all other conditions required in order to earn the right to benefit from the capital instruments (for example, to exercise options). This estimate is based on the share price and other relevant parameters (such as the expected volatility) on the grant date.
If a grant requires the fulfillment of market conditions, performance conditions or service conditions, one or more, the compensation cost is recognized only if the required service conditions were reached. The Bank does not recognize expenses for bonuses that were forfeited due to the employee's non-fulfillment of service conditions or performance conditions.
Cash-settled awards are measured at fair value on grant date and the liability is remeasured at each balance sheet date until settled.
The tax effects of stock-based compensation transactions are recognized at the extinguishment (or expiry) date through profit and loss.

For further details regarding issuance of option warrants, see Note 23.A.

M. Offsetting Assets and Liabilities

The Bank offsets assets and liabilities arising from the same counterparty and states their net balance in the balance sheet, when the following cumulative conditions are met:

- There is a legally enforceable right to offset the liabilities against the assets in respect of those liabilities;
- There is an intention to settle the liability and realize the assets on a net basis or simultaneously;
- The Bank and the counter-party owe each other determinable amounts.

The Bank offsets deposits whose repayment to the depositor is contingent on the extent of collection of the loans and the loans that were extended out of these deposits, with the Bank having no loan loss risk. The margin on this activity is included in the income statement under the fees and commissions line item.

The Bank offsets derivatives entered into with the same counterparty which are subject to a master netting arrangement, only for the purpose of calculating customer's debt as presented in the various notes to the financial statements. Such offsetting is not carried out in the balance sheet.

N. Buildings and equipment

Recognition and measurement

Buildings and equipment are presented at cost, net of accumulated depreciation and impairment losses. Cost includes expenses directly attributable to the purchase of the asset. The cost of self-constructed assets includes the cost of materials and direct salaries as well as any additional cost directly attributable to bringing the asset to an active state as intended by management. Cost of purchased software that constitutes an integral part of operating the related equipment, is recognized as part of the cost of that equipment.

Held-for-sale buildings are presented at the lower of their carrying amount or fair value less costs to sell.

Profit or loss on sale of property, plant and equipment is included in the "other income" line item in the income statement.

Note 1 – Significant Accounting Policies (cont.)

Subsequent costs

The carrying amount of an item of property, plant and equipment will include the cost of replacing the part of such an item if it is expected that the future economic benefits associated with the replaced part will flow to the Bank and if its cost can be measured reliably. The carrying amount of the replaced part is derecognized.

Current maintenance costs of property, plant and equipment items are carried to profit and loss as incurred.

Software costs

Pursuant to the Reporting to the Public Directives, the Bank classifies under this line item, the costs in respect of software assets acquired or costs capitalized as an asset in respect of internally-developed and used software.

Purchased software is measured at cost net of accumulated depreciation and impairment losses.

Costs associated with the development and customization of internal use software are capitalized when the first phase of the project has been completed and only if the development costs can be measured reliably, if future economic benefits are expected and if the Bank intends to complete the development of the software and use it and has sufficient resources to do so. The Bank has also set a materiality threshold of NIS 750 thousand for capitalization of internally-used software. Capitalized costs include direct costs of materials and services and direct labor costs. These costs are measured at cost net of accumulated depreciation and impairment losses. Other costs are carried to profit and loss as incurred. Subsequent software costs are capitalized only if it is expected that the incurred costs will increase the economic benefits associated with the software. All other costs are carried to the income statement as incurred.

Depreciation and amortization

Depreciation is stated in the income statement according to the straight-line basis over the useful life of the asset as of the date on which the asset is ready for use. The Bank depreciates separately each part of property, plant and equipment with a different useful life. Leasehold improvements are amortized over the shorter of the term of the lease, including an option which is likely to be exercised, or the estimated useful life of the improvements.
The Bank reviews the useful life and residual value when events or changes in circumstances indicate that the current estimates are no longer adequate, in which case they are adjusted as necessary.

Regarding impairment of non-financial assets, please see Section (U) below.

Derecognition

Profit or loss from derecognition of a property, plant and equipment item is the difference between the asset's derecognition amount and book balance. This difference will be recorded net in the other income line item in the income statement.

Leases

Contracts, including lease rights of land from the Israel Land Administration or other third parties, which provide the Bank with control over the use of the assets under a lease for a period of time in return for consideration, are accounted for as leases. Upon initial recognition, the liability is recognized at the present value amount of the future lease payments during the lease period (these payments do not include variable lease payment) and at the same time, the right-of-use asset is recognized at the amount of the lease liability, with the addition of initial costs and lease prepayments, less incentives received. For operating leases, a liability and right-of-use asset shall be recorded if the lease period is greater than twelve months.

Subsequent to initial recognition, a liability for an (operating and finance) lease is measured at amortized cost according to the effective interest method. In addition, the Bank is testing a right-of-use asset (for

an operating and finance lease) for impairment according to the provisions of Topic 360-10-35 of the FASB Accounting Standards Codification, Impairment Testing of Long-Lived Assets.
The lease period is the non-cancelable period in respect of which the lessee has entered into an agreement to lease the asset, together with any other periods in respect of which the lessee has an option to continue the lease for additional payment or without an additional payment, if it is reasonably certain that the lessee will exercise the option.
The Bank chose the practical relief of not bifurcating non-lease components, such as services or maintenance, but rather treating them as a single lease component.

Lease payments

Lease payments made in advance to the Israel Land Administration in respect of operating leases are stated in the income statement on a straight-line basis over the lease period. Fixed and variable rent payments are carried to profit and loss in the period for which they were paid.

O. Contingent Liabilities

The financial statements include adequate provisions for legal claims, in accordance with the assessment of the Bank's management and the managements of its consolidated companies, based on the opinions of their legal counsel.

Contingent liabilities are accounted for in accordance with the directives of the Banking Supervision Department, classifying the claims files so far against the Bank into three groups, according to the probability of the risk exposures materializing, as follows:

- Probable risk – the probability that the risk will materialize exceeds 70 percent. Appropriate provisions are included in the financial statements for legal claims in this risk group; the claims are disclosed according to materiality.
- Possible risk – the probability that the risk will materialize ranges from 20 percent to 70 percent. Provisions are generally not included in the financial statements for legal claims in this risk group; the claims are disclosed according to materiality.
- Remote risk – the probability that the risk will materialize is smaller than or equal to 20 percent. No provisions were included in the financial statements for legal claims included in this risk group and they were not disclosed in the financial statements.

There may be cases, where - in the opinion of the Bank's management, based on the opinion of its legal counsel - it is impossible to assess the prospects of a risk materializing as a result of an ordinary legal claim or a class action certification motion before 4 quarters will have elapsed (including one annual report) from the claim filing date. No provision was made for claims included in this group, and they are disclosed in accordance with their materiality.

The Group is also exposed to legal requirements for which a legal claim has not yet been filed or that it had been informed of. In its assessment of the risk arising from demands/legal claims that have not yet been put forward, the Group's management relies on internal assessments made by management and by the parties responsible; these assessments weigh the prospects that a legal claim will be filed, the chances of the legal claim being successful, if and to the extent that it is filed, and amounts that may be payable if a compromise is reached. The assessment is based on past experience and on an analysis of the legal claims on their own merit. If a legal claim is filed, the actual result may be different than the assessment made prior to the filing of the claim.

A legal claim in respect of which the Banking Supervision Department determines that the Bank is required to make refunds is classified as "probable" and a provision is made in respect of the amount the Bank is required to refund.

Note 1 – Significant Accounting Policies (cont.)

In Note 25, concerning contingent liabilities and special engagements, a disclosure was made in respect of claims against the Bank and consolidated companies the amount claimed in which is material. The materiality threshold is the higher of: 0.5 percent of the Bank's shareholders' equity or 5 percent of the Bank's annual net income.

In addition, disclosure was made to the additional exposure amount arising from legal claims filed against the Bank and the consolidated companies on various issues the amount of each of which exceeds NIS 2 million, and regarding which the chances of the claims succeeding are not remote.

P. Guarantees

Guarantees are contracts which include contingent payments requiring the guarantor to make payments for the guaranteed party upon materialization of the terms and conditions requiring the guarantee to be realized. A liability in respect of a guarantee is recognized in the books at fair value even if no payments are expected to be made. For guarantees that come under ASC 326-20, upon initial recognition, in addition to the liability at fair value to be recognized under ASC 460, a liability for current expected credit losses shall be recognized according to ASC 326-20. For guarantees that do not come under ASC 326-20, if upon initial recognition, the Bank is required to recognize a provision for a contingent loss for the guarantee according to the provision of ASC 450, the liability for the guarantee is measured upon initial recognition according to the higher of the fair value and the provision amount, in accordance with the provisions of ASC 450. The liability is derecognized on the date in which the Bank is released from the risk. The date of release from the risk in respect of the guarantee depends on the nature of the guarantee. Usually, the Bank derecognizes the liability upon extinguishment of the liability. In guarantees where a liability for current expected credit losses was recognized, it shall be measured according to the provisions of ASC 326-20. In addition, where the guarantee was measured upon initial recognition according to the provisions of ASC 450, the subsequent measurement is also made in accordance with ASC 450.

Q. Income Tax

The provision for income tax by the Bank and by those of its consolidated companies which are considered financial institutions for Value Added Tax purposes include a provision for profit tax levied on the income pursuant to the Value Added Tax Law. Value Added Tax levied on salaries in financial institutions is included in the income statement under "Salaries and related expenses". The financial statements include current taxes and deferred taxes.

Current taxes

Current taxes are the amounts of taxes which are expected to be payable (or recoverable) in respect of the taxable income for the year calculated at the applicable tax rates under tax laws that have been enacted or substantively enacted until the end of the reporting period. Current tax expenses also include the changes in the tax payments related to previous years.

Deferred taxes

Deferred tax liabilities and deferred tax assets are created in respect of temporary differences and carried forward losses as at the end of the period.

Deferred tax balances are measured at the tax rates expected to be in effect for the temporary differences at the time the they are utilized, based on the tax rates and tax laws enacted as at the end of the reporting period. A law shall be considered as having been enacted only after its publication in the Official Gazette.

Deferred tax liabilities are recognized by the Bank for all taxable temporary differences except for tax liabilities arising from temporary differences related to goodwill which is not tax deductible or deferred tax liabilities in respect of temporary differences arising from investment in domestic subsidiaries until December 31, 2016. As of January 1, 2017, the Bank recognizes a deferred tax liability in respect of temporary differences accrued as of that date in respect of domestic subsidiaries.

Deferred tax assets will be recognized in respect of all the temporary provisions possible for deduction and transferred losses. When recognizing a deferred tax asset, an entity must determine whether it will have future taxable profit from which to deduct the difference. At the same time, the Bank recognizes a separate valuation allowance in respect of the same amount included in the asset, which more likely than not would not be realized. Sequential changes Subsequent changes in the valuation allowance will be recognized in profit and loss in the current period even if the allowance was initially recorded in equity.

The Bank classifies interest income and expenses in respect of income taxes and fines imposed by the tax authorities to the income taxes item.

Offsetting deferred tax assets and liabilities

The Bank offsets all deferred tax liabilities and assets, as well as all the related valuation allowances for a particular taxable component within the boundaries of a particular tax jurisdiction.

Uncertain tax positions

The Bank recognizes the effect of tax positions only if it is more likely than not that the positions will be accepted by the tax authorities or the Court. Recognized tax positions are measured at the highest amount that has a greater than 50 percent likelihood of being realized. Changes in recognition or measurement of deferred taxes are reflected in the period in which the circumstances leading to a change in judgment occurred. The Bank implements the rules for recognition and measurement set out in ASC 740.

R. Earnings per Share

The Bank presents basic and diluted earnings per share data for the Bank's ordinary share capital. Basic earnings per share is calculated by dividing the profit or loss attributed to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. The diluted earnings per share is determined by adjusting the profit or loss attributed to holders of ordinary shares and the weighted average number of ordinary shares outstanding, to the effects of all dilutive potential ordinary shares.

S. Reporting operating segments

a. Regulatory Operating Segments
   The Bank reports regulatory operating segments using a uniform and comparable format prescribed by the Banking Supervision Department.
   A regulatory operating segment is defined mainly based on the classification of the customers. Retail customers are classified according to total financial assets for the Household Segment and Retail Banking Segment. Customers who are not private individuals are mainly classified according to their turnovers – into business segments (separated into micro- and small businesses, mid-market, and corporations), institutional entities and financial management segment.

b. Operating segments according to management approach
   According to the directives of the Banking Supervision Department, a bank whose operating segments according to management approach are materially different than the regulatory operating segments will also provide disclosure on operating segments according to the management approach.

Note 1 – Significant Accounting Policies (cont.)

An operating segment is a component of a bank engaged in activities from which it may generate income and bear expenses; its operating results are reviewed on an ongoing basis by the bank's CEO in order to make decisions regarding the allocation of resources and assessment of its performance; there is also separate financial information regarding it.
The operating segments reporting according to management approach presents the Bank's results by business line, in accordance with the Bank's organizational structure. The results of the product segment which are not attributable to the relevant customer segments are included in "Other and adjustments".

T. Controlling Shareholders Transactions

The Bank implements the accounting treatment set under US GAAP in its accounting for transactions between a banking corporation and its controlling shareholder and a company controlled by the Bank. In such cases, where the said rules do not refer to the accounting treatment, the Bank implements the rules set out in Standard No. 23 of the Israel Accounting Standards Board on the matter.

Assets and liabilities in respect of which a transaction was carried out with a controlling shareholder are measured at fair value as of the transaction date. Due to the fact that the transaction in question is an equity transaction, the Group carries to equity the difference between the fair value and the consideration from the transaction.

U. Impairment of Non-Financial Assets

1. The Bank assesses the need to record a provision for impairment in respect of non-financial assets (such as: buildings and equipment) when events or changes in circumstances indicate that the book balance of its assets exceed their recoverable amount. Impairment losses are recognized only if the carrying amount of a non-current asset is non-recoverable and exceeds its fair value. In other words, the total undiscounted cash flows expected to arise from the use of the asset and its disposal is lower than its carrying amount.
In this case, the Bank will recognize an impairment loss equal to the difference between the asset's carrying amount and its fair value. This loss will be charged to the income statement.

   When such a loss is recognized, the impaired carrying amount constitutes a new cost basis. The loss recognized will not be reversed in subsequent periods if there will be an appreciation.

2. Impairment of internally-developed software
   The Bank tests for impairment intangible assets remaining from a software project when there are events or changes in circumstance which indicate that the amortized cost may be unrecoverable.

   Set forth below are examples for events or changes in circumstance that indicate an impairment:

   a. Internal-use computer software is not expected to provide substantive service potential;
   b. A significant change occurs in the extent or manner in which the software is used or is expected to be used;
   c. A significant change is made or will be made to the software;
   d. Costs of developing or modifying internal-use software significantly exceed the amount originally expected to develop or modify the software;
   e. It is no longer probable that the development of the software will be completed and that the software will be placed in service.

   The Bank recognizes impairment loss when the carrying amount is unrecoverable and exceeds the fair value. A recognized impairment loss will not be reversed in the subsequent period even if the value appreciates.

Note 1 - Significant Accounting Policies (cont.)

3. Impairment of investments in associates presented according to the equity method

In order to examine whether there are indications of impairment of an investment in an associate, the Bank implements US GAAP, the SEC guidelines and the Israel Securities Authority Decisions 1-4, guidelines for examining the need to reduce fixed investments, *mutatis mutandis*. According to these rules, an investment in an associate is tested for impairment when events or changes in circumstances indicate that the investment's carrying amount is unrecoverable. In such a case, the Bank tests whether the impairment is other-than-temporary, based on the time during which the fair value of the investment is lower than its carrying amount and the severity of the impairment; the financial position of the investee; as well as the intention and ability of the banking corporation to continue to hold the investment until a date on which the investment is not expected to be sold at a loss. Impairment that is other-than-temporary shall be recognized in the income statement under the line item "Bank's share in profits (losses) of associates" and not reversed in subsequent periods.

4. Non-current held-for-sale assets

A non-current asset (or disposal group) shall be classified as held-for-sale when management commits to an active plan to sell the asset, the asset is available-for-sale immediately at its current state, it is expected that the sale of the asset will be completed in one year and the asset is actively marketed for sale purposes.

The asset (or disposal group) shall be presented at the lower of the carrying amounts or fair value less selling costs. An impairment loss recognized upon initial classification of an asset as held-for-sale and subsequent gains or losses resulting from the remeasurement are stated in profit and loss. Appreciation gains are recognized up to total amount of impairment losses recorded since the asset was classified as held-for-sale.

A depreciable asset classified as held-for-sale shall not be amortized as long as it is classified as held-for-sale.

V. Share buyback

At the time of the Bank's share buyback, the amount of the proceeds that is paid, including direct costs, is deducted from equity. When the shares are sold or bought back, the consideration received is recognized as an increase in equity and the surplus or deficit from the transaction is stated in the premium balance.

W. First-Time Application of New Accounting Standards, Accounting Standard Revisions, and New Directives Issued by the Banking Supervision Department

As of the reporting periods commencing on January 1, 2025, the Bank applies the following accounting standards and directives:

1. ASU 2023-09, Income Taxes: Improvements to Income Tax Disclosures

On December 14, 2023, the FASB published ASU 2023-09 , "Improvements to Income Tax Disclosure Requirements". This ASU improves the annual disclosures regarding income tax, and specifically expands the information on risks and tax opportunities existing in the entity's global operations. These improvements pertain mainly to the following requirements:

(1) Expansion of the table of adjustments between the theoretical tax amount that would apply if the profit from ordinary activities would be taxable according to the statutory tax rate and the provision profit tax from ordinary activities as recorded in the income statement, as follows: (a) Adjustment based both on percentages and amounts; (b) Definition of specific categories that constitute sub-details in the adjustment; (c) Determination of a materiality threshold for detailing the adjustment components at a rate of 5 percent or more of the theoretical tax; (d) Description of the adjustment components to be detailed according to their materiality or their place of origin, as relevant.

Note 1 – Significant Accounting Policies (cont.)

(2) A more detailed disclosure, on an annual basis, for net taxes paid, while distinguishing between local and foreign taxes.

(3) An annual disclosure for profit before tax and for taxes on income from ordinary activities, while distinguishing between Israel and abroad.

At the same time, the ASU revokes some of the existing disclosure requirements, such as the amount of the temporary difference that refers to the deferred tax liability that was not recognized in respect of subsidiaries.

The update directives were applied in the Financial Statements for 2025 on a prospective basis. The implementation of the update had no effect on the recognition and measurement in the financial statements. The implementation of the update affects only the manner of disclosure.

X. New accounting standards, revised accounting standards and new directives of the Banking Supervision Department in the period before their application

1. ASU 2024-03 Regarding Specification of the Expenses in the Income Statement

In November, 2024, the FASB published ASU 2024-03 regarding the presentation of the specification of selected sections in the income statement in a separate Note (hereinafter – the "Update"). The principles of the ASU include, *inter alia*, requirements for:

- A quantitative chart detailing certain types of expenses that are included in each relevant expense item in the primary statements, including, employee benefits, fixed asset items impairments and intangible assets.
- A qualitative description of amounts that had not been specified in a quantitative manner.

The provisions of the ASU will be applicable to reports of publicly-traded corporate entities in the US as of the annual periods commencing after December 15, 2026 and to interim periods commencing after December 15, 2027. Earlier adoption is possible. At the time of the first application, it will be necessary to retroactively apply the amendments for all of the periods presented in the financial statements, or from this point forward, at the entity's discretion. The Bank is assessing the effect of the new directives on its financial statements.

2. ASU 2025-06 Regarding Software Costs for Internal Use

In September 2025, the FASB issued ASU 2025-06, which includes revised guidance on the capitalization of internal-use software costs, removing the references to the stages of the software development project.

Accordingly, the revision stipulates that capitalization of software development costs should begin when both of the following conditions are met: (1) Management approved the software project and committed to funding it; and (2) It is probable that the software will be completed and will be used for its intended purpose (the clarified recognition threshold in the update is 'probable-to-complete').

The directives of the revision will apply to entities in the United States for annual and interim periods beginning after December 15, 2027. Earlier adoption is possible. The Bank is assessing the effect of the new directives on its financial statements.

3. ASU 2025-08 Regarding Measurement of the Provision for Credit Losses on Purchased Loans

This revision expands the population of purchased financial assets that are accounted for under the Gross Up Approach. Under the revision, loans (other than credit cards) that were purchases without a deterioration in credit risk (non-PCD) and meet certain 'seasoning' criteria (purchased seasoned loans – PSL) will be accounted for under the gross-up model, similar to loans purchased with a deterioration in credit risk (PCD). Accordingly, for purchased loans that meet these criteria (PSL), the provision for credit losses recognized on the purchase date will be added to the

purchase price, rather than being recorded as a day-one credit loss expense. The definition of PSL includes loans that were purchased (1) in a business combination; or (2) more than 90 days after origination, provided that the purchaser was not involved in the loan's origination.

The directives of the revision will apply to entities in the United States for annual and interim periods beginning after December 15, 2026, possible early adoption. The Bank is assessing the effect of these directives on its financial statements.

Note 2 – Interest Income and Expenses

	For the year ended December 31		
	2025	2024	2023
	In NIS million		
A. Interest income[a]			
From loans to the public	**28,423**	26,864	24,954
From loans to governments	**92**	73	54
From deposits with banks	**631**	610	613
From deposits with the Bank of Israel and cash	**4,143**	4,326	3,480
From securities borrowed or purchased under reverse repurchase agreements	**206**	174	127
From bonds[b]	**5,596**	5,415	4,427
Total interest income	**39,091**	37,462	33,655
B. Interest expenses[a]			
For deposits by the public	**(19,372)**	(18,428)	(15,678)
For deposits by governments	**(2)**	(2)	(2)
For deposits by the Bank of Israel	**(90)**	(89)	(12)
For deposits by banks	**(277)**	(296)	(105)
For securities loaned or sold under repurchase agreements	**(709)**	(633)	(630)
For bonds, promissory notes and subordinated notes	**(1,789)**	(1,505)	(1,231)
Total interest expense	**(22,239)**	(20,953)	(17,658)
Total interest income, net	**16,852**	16,509	15,997
C. Details on the net effect of hedging derivatives[c]			
Interest income	**92**	180	188
Interest expenses	**(60)**	(57)	(17)
d. Details on interest income from bonds, on accrual basis			
Available-for-sale	**4,514**	4,425	3,776
Held-for-trading	**430**	375	260
Held-to-maturity	**652**	615	391
Total included in interest income	**5,596**	5,415	4,427

a) Including the effect of hedge relationships.
b) Including interest in respect of mortgage-backed bonds (MBS) totaling NIS 607 million (2024 – NIS 622 million, 2023 – NIS 422 million).
c) Additional information about the effect of hedging derivatives on subsection a and b.

Note 3 – Noninterest Finance Income

	For the year ended December 31		
	2025	2024	2023
	In NIS million		
A. Noninterest finance income (expenses) for activities Held-for-trading			
A.1. From derivative activities[a]			
(Expenses) income in respect of derivative instruments, net[b]	**(4,783)**	1,895	2,326
Total from derivatives activity	**(4,783)**	1,895	2,326
A.2. From investment in bonds			
Gains due to the sale of available-for-sale bonds[h]	**219**	156	48
Losses on sale of available-for-sale bonds[h]	**(495)**	(568)	(346)
Provision for impairment of available-for-sale bonds[h]	**(25)**	(53)	(33)
Total from investment in bonds	**(301)**	(465)	(331)
A.3. Exchange rate differentials, net	**5,446**	(848)	(1,741)
A.4. Gains (losses) on investment in shares			
Gains on sale of equity securities not held for trading	**419**	485	244
Provision for impairment for equity securities not held for trading	**(128)**	(71)	(16)
Losses on sale of equity securities not held-for-trading	**(105)**	(8)	(17)
Dividend from not held-for-trading equity securities	**154**	120	72
Unrealized gains, net, of shares not held-for-trading[G]	**158**	132	52
Gain on sale of investees' equity	**100**	–	–
Total from investment in equity securities	**598**	658	335
Available-for-sale Held-for-trading	**960**	1,240	589
B. Non-interest finance income for activities for trading			
Income in respect of held-for-trading derivatives, net	**599**	599	600
Realized and unrealized (losses) gains from fair value adjustments of held-for-trading bonds, net[c][f]	**(90)**	(26)	85
Realized and unrealized gains from fair value adjustments of held-for-trading equity securities, net[d][f]	**149**	7	5
Dividend from held-for-trading shares	**19**	–[i]	–
Total from trading activities[E]	**677**	580	690
Net income in respect of ALM derivatives Total from derivatives activity			
Interest rate exposure	**78**	154	70
Foreign exchange exposure	**483**	321	538
Equity exposure	**115**	103	78
Exposure to commodities and other contracts	**1**	2	4
Total	**677**	580	690
Total noninterest finance income	**1,637**	1,820	1,279

Please see comments on the next page.

Note 3 – Noninterest Finance Income (cont.)

Comments:

a) Excluding the effect of hedge relationships.
b) Derivatives which constitute part of the Bank's assets and liabilities management system that are not designated for hedging purposes.
c) Of which the gains of NIS 42 million (2024 – gains of NIS 23 million, 2023 – losses of NIS 10 million) associated with unrealized held-for-trading bonds still held as of the balance sheet date.
d) Of which the gains of NIS 153 million (2024 – gains of NIS 2 million, 2023 – gains of NIS 1 million) are related to held-for-trade bonds still held as of the balance sheet date.
e) For interest income from investments in held-for-trading bonds, please see Note 2.
f) Including exchange rate differentials from trading activities.
g) Including gains and losses from fair value measurement of equity securities for which there is available fair value as well as upward or downward adjustments of equity securities for which there is no available fair value.
h) Reclassification of other accumulating gains.
i) Sums lower than NIS 1 million.

Note 4 – Fees

	For the year ended December 31		
	2025	2024	2023
	In NIS million		
Account management	**592**	582	616
Credit cards	**300**[d]	422	383
Activity in securities and certain derivatives[a]	**782**	654	591
Fees and commissions for distribution of financial products[b]	**243**	205	184
Management, operating and trust services provided to institutional entities[c]	**123**	111	99
Credit handling	**258**	255	248
Exchange rate differentials	**521**	498	501
Foreign trade activity	**140**	148	160
Net income from loan portfolio servicing	**2**	6	5
Management fees and commissions on life and home insurance	**34**	36	41
Financing fees and commissions	**983**	803	801
Other fees and commissions	**106**	103	108
Total operating fees and commissions	**4,084**	3,823	3,737

a) Including fees and commissions from underwriting activity.
b) Primarily mutual funds' distribution fees.
c) Primarily operation of provident funds.
d) Including benefits as part of Bank of Israel's outline.

Note 4A – Revenue from Contracts with Customers[a]

	For the year ended December 31, 2025											
	People Private individuals	Small businesses	Retail banking – total	Mortgages	Commercial	Corporate	Real estate	Capital markets	Other and adjustments	Subsidiaries in Israel	Foreign subsidiaries	Total Total
	In NIS million											
Account management	323	141	464	–	81	27	6	14	–	–	–	592
Credit cards	238	48	286	–	13	1	–	–	–	–	–	300
Activity in securities and certain derivatives	431	58	489	–	25	7	1	244	–	16	–	782
Fees and commissions for financial product distribution	215	17	232	1	8	2	–	–	–	–	–	243
Management, operating and trust services provided to institutional entities	–	–	–	–	–	–	–	–	–	123	–	123
Credit handling	7	26	33	5	65	34	85	–	–	–	36	258
Exchange rate differentials	203	110	313	–	126	23	3	56	–	–	–	521
Foreign trade activity	6	36	42	–	67	24	1	6	–	–	–	140
Management fees and commissions on life and home insurance	–	–	–	–	–	–	–	–	–	34	–	34
Net income from loan portfolio servicing	–	–	–	2	–	–	–	–	–	–	–	2
Financing and other fees and commissions	54	41	95	–	164	275	376	107	22	–	50	1,089
Total fees and commissions from main services	1,477	477	1,954	8	549	393	472	427	22	173	86	4,084

a) The revenue was classified pursuant to the operating segments according to management approach.

Note 4A – Revenue from Contracts with Customers[a] (cont.)

	For the year ended December 31, 2024											
	People Private individuals	Small businesses	Total Banking	Mortgages	Commercial	Corporate	Real estate	Capital markets	Other and adjustments	Subsidiaries in Israel	Foreign subsidiaries	Total Total
	In NIS million											
Account management	309	137	446	–	82	27	6	19	2	–	–	582
Credit cards	348	62	410	–	11	1	–	–	–	–	–	422
Activity in securities and certain derivatives	386	49	435	–	21	5	1	167	–	25	–	654
Fees and commissions for financial product distribution	181	15	196	1	5	2	–	1	–	–	–	205
Management, operating and trust services provided to institutional entities	–	–	–	–	–	–	–	–	–	111	–	111
Credit handling	5	25	30	7	69	26	80	–	–	–	43	255
Exchange rate differentials	187	109	296	–	123	22	3	54	–	–	–	498
Foreign trade activity	5	37	42	–	75	24	1	6	–	–	–	148
Management fees and commissions on life and home insurance	–	–	–	–	–	–	–	–	–	36	–	36
Net income from loan portfolio servicing	–	1	1	3	1	–	–	1	–	–	–	6
Financing and other fees and commissions	52	39	91	–	152	177	331	90	22	–	43	906
Total fees from services primary	1,473	474	1,947	11	539	284	422	338	24	172	86	3,823

a) The revenue was classified pursuant to the operating segments according to management approach.

Note 4A – Revenue from Contracts with Customers[a] (cont.)

	For the year ended December 31, 2023											
	People Private individuals	Small businesses	Total Banking	Mortgages	Commercial	Corporate	Real estate	Capital markets	Other and adjustments	Subsidiaries in Israel	Foreign subsidiaries	Total Total
	In NIS million											
Account management	326	146	472	–	87	27	6	24	–	–	–	616
Credit cards	313	56	369	–	12	1	–	–	1	–	–	383
Activity in securities and certain derivatives	347	41	388	–	18	5	1	161	–	18	–	591
Fees and commissions for financial product distribution	165	13	178	2	4	–	–	–	–	–	–	184
Management, operating and trust services provided to institutional entities	–	–	–	–	–	–	–	–	–	99	–	99
Handling of credit	8	32	40	9	70	25	72	–	–	–	32	248
Exchange rate differentials	184	108	292	–	127	26	3	53	–	–	–	501
Foreign trade activity	7	40	47	–	83	20	1	9	–	–	–	160
Management fees and commissions on life and home insurance	–	–	–	–	–	–	–	–	–	41	–	41
Net income from loan portfolio servicing	1	–	1	4	–	–	–	–	–	–	–	5
Financing and other fees and commissions	78	47	125	3	139	186	304	91	27	–	34	909
Total fees from services primary	1,429	483	1,912	18	540	290	387	338	28	158	66	3,737

a) The revenue was classified pursuant to the operating segments according to management approach.

Note 5 – Other Income

	For the year ended December 31		
	2025	2024	2023
	In NIS million		
Capital gains on sale of buildings and equipment	**14**	856[a]	36
Capital losses on sale of buildings and equipment	**(9)**	(4)	(9)
Gains on central severance pay fund	**3**	7	2
Others, net[b]	**99**	97	136
Total other income	**107**	956	165

a) Including capital gains from the sale of the main office buildings in TelAviv in the sum of approximately NIS 830 million. For more information, please see Note 35.C to the financial statements as at December 31, 2024.
b) Mostly from income from bonuses from credit card companies.

Note 6 – Salaries and Related Expenses

	For the year ended December 31		
	2025	2024	2023
	In NIS million		
Salaries	**2,283**	2,485	2,254
Expense arising from stock-based compensation transactions[b]	**4**	3	7
Other related expenses, including study fund, paid leave and sick leave	**229**	229	223
Long-term benefits	**(3)**	(3)	(1)
National Insurance fees and payroll tax	**711**	725	649
Pension-related expenses (including severance pay and pension):			
Defined benefit - Cost of service	**105**	112	124
Defined contribution	**239**	224	214
Exchange rate differentials Non-pension[a]	**12**	21	14
Total salaries and related expenses	**3,580**	3,796	3,484
Of which: Salaries and related expenses payable abroad	**90**	88	91

a) Of which: Service cost in respect of other post-employment benefits and non-pension retirement benefits for 2025, 2024 and 2023 is NIS 6 million, NIS 6 million and NIS 8 million, respectively. For additional information regarding employee benefits, please see Note 22.
b) Please see Note 23 – Stock-Based Compensation Transactions.

Note 7 – Other Expenses

	For the year ended December 31		
	2025	2024	2023
	In NIS million		
Pension expenses – Defined benefit and other post-employment benefits, excluding service cost	**421**	529	700
Downsizing, discharges	**–**	–	161
Marketing and advertising	**184**	146	139
Professional fees: Legal fees, audit fees	**125**	133	160
Communication: Postage, telephone, couriers, etc.	**115**	122	123
Computer[a]	**39**	42	54
Office supplies	**11**	12	13
Insurance	**26**	24	27
Training and courses	**5**	3	6
Fees and Commissions	**228**	181	148
Fines paid to the Bank of Israel	**7**	4	2
Others[b]	**452**	392	336
Total other expenses	**1,613**	1,588	1,869

a) The line item includes outsourcing expenses, but does not include the Bank's IT expenses since the Operations Division is part of the Bank and its expenses were recorded and classified into the various expense line items.
b) Regarding the compensation of Bank's directors included in this section please see Note 23.A and Note 33.C.

Note 8 – Provision for Profit Tax

A. Composition of the Line Item

	For the year ended December 31		
	2025	2024	2023
	In NIS million		
Current taxes:			
For the reporting year	**5,406**	5,463	4,664
For previous years	**11**	4	18
Current taxes – total	**5,417**	5,467	4,682
Including (excluding) changes in deferred taxes:			
For the reporting year	**253**	26	(694)
For previous years	**–**	(71)	–
Total changes in deferred taxes	**253**	(45)	(694)
Provision for income taxes	**5,670**	5,422	3,988
Of which: Provision for taxes abroad	**94**	123	70

The composition of deferred tax expenses (income) allocated to continuing operations is as follows

	For the year ended December 31		
	2025	2024	2023
	In NIS million		
Deferred tax expenses (income) before the effect of the following items:	**263**	26	(694)
Effect of changes in tax laws	**(10)**	(71)	–
Total deferred tax expenses (income)	**253**	(45)	(694)

The table does not include the tax effect on other comprehensive income. For more information, please see Note 10.

B. Reconciliation of the Theoretical Tax Expense and the Provision for Taxes

	For the year ended December 31	
	2025	
	In NIS million	In %
Profit from continuing operations before taxes	**15,582**	
Income taxes (Tax benefit) based on the statutory tax rate	**5,327**	**34.19**
Local statutory tax:		
Tax credits	**(2)**	**(0.01)**
Items that are non-taxable or non-deductible:		
Exempt income and income taxable at limited rates	**(52)**	**(0.33)**
Other non-deductible expenses	**44**	**0.28**
Other	**28**	**0.18**

Note 8 – Provision for Profit Tax (cont.)

	For the year ended December 31	
	2025	
	In NIS million	In %
Other adjustment items:		
Differences in depreciation, depreciation adjustments and capital gain	(3)	(0.02)
Timing differences in respect of which no deferred taxes arise	2	0.01
Additional amounts payable (receivable) on troubled debts for previous years	11	0.07
Special Payment for Achieving the Budgetary Targets	419	2.69
Other	(109)	(0.70)
Foreign tax effects	5	0.03
Total income taxes	**5,670**	**36.39**

	For the year ended December 31	
	2024	2023
	In NIS million	
Profit before taxes	15,491	11,901
Statutory tax rate applicable to the Bank	34.19%	34.19%
Tax amount based on the statutory tax rate	5,296	4,069
Tax (tax saving) in respect of:		
Income of foreign consolidated companies	6	(50)
Exempt income and income taxable at limited rates	(56)	(11)
Differences in depreciation, depreciation adjustments and capital gain	(94)	(14)
Other non-deductible expenses	18	11
Losses and timing differences in respect of which deferred taxes were not recorded	2	(3)
Income of consolidated subsidiaries in Israel	3	–
Change in deferred taxes due to changes in tax rates	(71)	–
Tax for previous years	4	18
Special tax[A]	435	–
Other	(121)	(32)
Provision for income taxes	5,422	3,988

a) For further information , please see Section L.

b1. Taxes paid

	For the year ended on December 31, 2025
	In NIS million
Local statutory tax	7,257
Foreign taxes paid	154
Total taxes paid	**7,411**

Note 8 – Provision for Profit Tax (cont.)

	For the year ended on December 31, 2025
	In NIS million

b2. Composition of tax expenses

	For the year ended on December 31, 2025
	In NIS million
Profit from continuing operations before taxes	
Local	**15,393**
foreign	**189**
Total	**15,582**
Tax expenses from continuing operations	
Total tax expenses	
Local	**5,576**
foreign	**94**
Total	**5,670**

C. Tax Assessments

The Bank has final tax assessments up to and including the 2018 tax year.
As of the beginning of 2024, the Bank signed partial assessment agreements with the Israel Tax Authority for the 2019–2020 tax years.
Additionally, the Bank was issued an assessment according to its best discretion for 2019 (hereinafter: the "Assessment"). The Bank filed an objection to the Assessment, and the Bank believes that the financial statements include adequate provisions.

The main consolidated subsidiaries have final tax assessments up to and including the 2020 tax year, except for Leumi Partners, which has final assessments up to the 2021 tax year, inclusive.

Note 8 – Provision for Profit Tax (cont.)

D. Changes in Deferred Tax Assets and Liabilities are Attributed to the Following Items

	Balance As of December 2024	Changes carried to profit and loss	Effect of change in tax rate carried to profit and loss	Changes carried to profit Other total	Other	Balance As of December 31, 2025	% tax Average 2025
	In NIS million						In %
Deferred tax assets							
From loan loss provision	2,778	25	5	–	–	2,808	35
From provision for paid leave and bonuses	135	(12)	–	–	–	123	34
From excess of employee benefits liability over plan assets	3,163	(59)	5	(146)	–	2,963	35
Tax credit and losses carried forward for tax purposes	147	(6)	–	–	–	141	27
From securities	53	(19)	–	(8)	–	26	24
Other from non-monetary items	103	(26)	–	9	–	86	18
Balance of deferred tax assets, gross	6,379	(97)	10	(145)	–	6,147	
Provision for deferred tax asset	(113)	1	–	–	–	(112)	
Balance of deferred tax assets less deferred tax provision	6,266	(96)	10	(145)	–	6,035	
Offsettable balances[A]	(321)	–	–	–	–	(505)	
Balance of deferred taxes less provision	5,945	–	–	–	–	5,530	
Deferred tax liability							
For investments in investees	(206)	(111)	–	86	–	(231)	6
Property, plant and equipment and leases	(101)	(154)	–	–	–	(255)	35
Adjustment of non-monetary assets Depreciable	(75)	(5)	–	–	–	(80)	23
Other from non-monetary items	(17)	(4)	–	–	–	(21)	23
Balance of deferred tax liabilities, gross	(399)	(274)	–	86	–	(587)	
Offsettable balances[A]	(321)	–	–	–	–	(505)	
Balance of deferred tax liabilities	(78)	–	–	–	–	(82)	
Balance of deferred taxes, net	5,867	(370)	10	(59)	–	5,448	

a) Balance of deferred taxes are presented in the consolidated balance sheet according to the net balance's classification in the books of accounts of the Bank and its consolidated subsidiaries.

Note 8 – Provision for Profit Tax (cont.)

D. Changes in Deferred Tax Assets and Liabilities Are Attributed to the Following Items (cont.)

	Balance As of December 31, 2023	Changes carried to profit and loss	Effect of change in tax rate carried to profit Other total	Changes carried to profit Other total	Other	Balance As of December 31, 2024	% tax Average 2024
	In NIS million						In %
Deferred tax assets							
From loan loss provision	2,530	212	36	–	–	2,778	35
From provision for paid leave and bonuses	121	11	3	–	–	135	34
From excess of employee benefits liability over plan assets	3,349	(27)	40	(199)	–	3,163	35
Tax credit and losses carried forward for tax purposes	244	(97)	–	–	–	147	27
From securities	55	8	–	(10)	–	53	24
Property, plant and equipment and leases	84	(185)	–	–	–	(101)	34
Other from monetary items	89	7	–	–	7	103	19
Balance of deferred tax assets, gross	6,472	(71)	79	(209)	7	6,278	
Provision for deferred tax asset	(211)	98	–	–	–	(113)	
Balance of deferred tax asset less Provision for deferred taxes	6,261	27	79	(209)	7	6,165	
Offsettable balances[A]	(392)	–	–	–	–	(220)	
Balance of deferred taxes less provision	5,869	–	–	–	–	5,945	
Deferred tax liability							
For investments in investees	(383)	186	–	(9)	–	(206)	6
Adjustment of depreciable non-monetary assets	(76)	1	–	–	–	(75)	23
Other from monetary items	–	(1)	–	1	–	–	23
Other from non-monetary items	(13)	(4)	–	–	–	(17)	21
Balance of deferred tax liabilities, gross	(472)	182	–	(8)	–	(298)	
Offsettable balances[A]	(392)	–	–	–	–	(220)	
Balance of deferred tax liabilities	(80)	–	–	–	–	(78)	
Balance of deferred taxes, net	5,789	209	79	(217)	7	5,867	

a) The balance of deferred taxes are presented in the consolidated balance sheet according to the net balance's classification in the books of accounts of the Bank and its consolidated subsidiaries.

Note 8 – Provision for Profit Tax (cont.)

E. Deferred Tax Liabilities that Were Not Recognized in Respect of Temporary Differences Related to Investments in Local Subsidiaries

Pursuant to the transitional provisions set forth in the Banking Supervision Department's directives, the Bank did not record a deferred tax liability in respect of certain temporary differences related to the Bank's investment in local subsidiaries, which is permanent in nature. The said amount will be taxed only upon disposal or liquidation of the subsidiaries.

Note 8 - Provision for Profit Tax (cont.)

F. Carried Forward Tax Losses and Tax Credits

	For the year ended December 31, 2025				
	Deferred tax assets	Provision for deferred tax assets	Deferred tax assets, net	Balance Loss	First expiry year
	In NIS million				
Losses for tax purposes					
The Bank	**74**	**(74)**	**-**	**321**	**-**
Subsidiaries in Israel	**19**	**(19)**	**-**	**81**	**-**
Foreign subsidiaries	**-**	**-**	**-**	**-**	**-**
Tax credits					
The Bank	**48**	**(19)**	**29**	**-**	**-**

	For the year ended December 31, 2024				
	Deferred tax assets	Provision for deferred tax assets	Deferred tax assets, net	Balance Loss	First expiry year
	In NIS million				
Losses for tax purposes					
The Bank	70	(70)	-	306	-
Subsidiaries in Israel	17	(17)	-	74	-
Foreign subsidiaries	-	-	-	-	-
Tax credits					
The Bank	60	(26)	34	-	-

A. Deferred tax balances are measured at the tax rates expected to be in effect for the temporary differences at the time the they are utilized, based on the tax rates and tax laws enacted as at the end of the reporting period. A law shall be considered as having been enacted only after its publication in the Official Gazette.

B. In July 2025, a sectoral principles agreement was signed between the Bank and the Tax Assessor regarding the tax recognition of credit losses relating to provisions recorded since January 1, 2022 (hereinafter: the "Agreement").

Following are the main points of the Agreement:

Provision for specifically assessed large non-accrual debts – the provision is deductible for tax purposes in the year in which it was recorded as an expense in the financial statements. In a tax year in which the outstanding loan loss provision decreased (for reasons other than an accounting "write-off" or "loan forgiveness"), an "additional tax" will be added to the Bank's tax liability with the addition of interest and linkage differentials; such "additional tax" will trigger the collection of the tax that would have been collected had the deductible provision not been recorded in the first place.

Debts which are not sizable – half of the expenses in respect of net "charge-offs" (net of collections during that year) will be deductible for tax purposes in the first tax year after the tax year in which they were recorded; the other half will become deductible in the second tax year after the tax year in which the expenses were recorded.

Note 8 – Provision for Profit Tax (cont.)

Housing loans – Expenses equal to the net credit loss provision for housing loans will be deductible for tax purposes in the year in which the provision is recorded.

Collective provision – not deductible for tax purposes except as noted above with respect to housing loans.

C. Settlement agreement that regulates tax payments in Israel in respect of profits of the Bank's foreign subsidiaries, signed between the Bank and the Assessing Officer for Large Enterprises, from August 1987.

D. As a rule, the Bank, under agreement with the tax authorities, is taxed based on the appreciation of its securities, according to their presentation in the financial statements financial entities.

E. Tax rate

The taxes applicable to the profit of banking corporations include corporate tax levied pursuant to the Income Tax Ordinance and profit tax levied pursuant to the Value Added Tax Law, and in 2024 and 2025, additional tax pursuant to the Special Tax Payment Law. Set forth below are the statutory tax rates applicable to banking corporations:

- Corporate tax rate: 23 percent.
- Profit tax rate – 17 percent (commencing 2026 – 18 percent).
- Special tax rate:
  2024 – 4.5 percent.
  2025 – 6 percent (See Section L below).
- Overall tax rate:
  For the years 2024–2025 – 34.19% adding a special tax as specified in Section L. below).
  2026 and onward – 34.75 percent.

The deferred tax balances were calculated in accordance with the new tax rates applicable at the date of reversal.

F. Special Payment for Achieving the Budgetary Targets Law (Temporary Order – Iron Swords), 2024 and a change in the payroll and profit tax rate.

On March 17, 2024 – as part of the Balancing Plan Law (Legislative Amendments for Obtaining the Budgetary Targets for the 2024 Budget Year), 2024 the Law of Special Payment for Achieving the Budgetary Targets (Temporary Order – Iron Swords), 2024 (hereinafter – the "Law") had been published; according to which, a bank whose scope of assets is not small (a bank whose assets are valued more than 5% of Israeli banks' total assets, (a "Paying Bank") shall pay the State Treasury – for the period commencing April 1, 2024 and ending on December 31, 2025 (hereinafter – the "effective period") – an annual payment equal to 6% of the profits generated for its activity in Israel (the "Annual Payment Sum").

If the total annual payment of all the paying banks exceeds NIS 1.2 billion for 2024 or NIS 1.3 billion for 2025 (hereinafter: "Payment Ceiling"), paying banks will be refunded the difference between the annual payment amount of all the paying banks and the maximum amount for 2024 or 2025, as the case may be, multiplied by the relative share of the said paying bank from the total annual payment of all paying banks.

In addition, the tax payable by a bank for its activity in Israel in 2025 will be 17 percent of the salaries it paid and the profit it generated.

The Bank had assessed the estimate of the sum of the annual payment for 2025 at the sum of NIS 419 million. Calculation of the estimate has been performed noting the payment ceiling.

At the same time, on February 28, 2024, the Value Added Tax Ordinance (Tax Rate on Transactions and Imports of Goods) (Amendment), 2024 was published, according to which the VAT rate will be raised to 18% commencing January 1, 2025.

Note 8 - Provision for Profit Tax (cont.)

Accordingly, on March 11, 2024, the Knesset approved the Value Added Tax Ordinance (Tax Rate on NPOs and Financial Institutions) (Amendment), 2024, according to which the salary tax and profit tax will be revised in accordance with the increase in VAT as from 2025 (hereinafter - the "Additional Ordinance"). The Additional Ordinance was published in the Official Gazette on April 14, 2024 and its influence on the aforementioned tax rates will begin as of 2026.

G. Proposed legislative amendment regarding the tax rate after the balance-sheet date

On January 19, 2026, a bill titled the Economic Plan Law (Legislative Amendments for the Implementation of the Economic Policy for the 2026 Budget Year) was published. The bill includes, inter alia, a temporary order for the years 2026-2030 regarding the statutory tax rate imposed on banks, and establishes an additional special tax at a statutory rate of 15% on the Bank's taxable profits to the extent that they exceed the Bank's average profit for the years 2018-2022, adjusted for the change in gross domestic product and increased by 50% of that amount.

Note 9 – Earnings per Ordinary Share

A. Basic Earnings Attributable to Shareholders

The Bank's basic earnings per share are calculated by dividing the gain attributed to the Bank's ordinary shareholders by the weighted average of the number of the Bank's outstanding ordinary shares, as follows:

	For the year ended December 31		
	2025	2024	2023
Basic earnings			
Net income attributable to the Bank's shareholders (in NIS million)	**10,262**	9,798	7,027
Weighted average of the number of shares (in thousands of shares)			
Balance as at beginning of period[a]	**1,503,528**	1,522,856	1,543,805
Weighted effect of exercised employee options and issuance of shares	**288**	11	–
Weighted effect for share buyback	**(8,943)**	(6,416)	(8,456)
Weighted average of number of shares	**1,494,873**	1,516,451	1,535,349
Basic earnings per share (in NIS)	**6.86**	6.46	4.58

a) Balance as at the beginning of period less share buyback until the cutoff date.

A. Diluted Earnings Per Share

The calculated diluted earnings per share is divided by the weighted average of the number of the Bank's outstanding ordinary shares, after adjustment for all the potentially dilutive ordinary shares, as follows:

	For the year ended December 31		
	2025	2024	2023
Diluted earnings			
Net income attributable to the Bank's shareholders (in NIS million)	**10,262**	9,798	7,027
Weighted average of the number of shares (in thousands of shares)			
Weighted average of the number of ordinary shares used to calculate basic earnings per share Calculation of Basic Earnings Per Share	**1,494,873**	1,516,451	1,535,349
Weighted effect of unrealized employee options	**1,966**	925	49
Weighted average of the number of shares, fully diluted	**1,496,839**	1,517,376	1,535,398
Diluted earnings per share (in NIS)	**6.86**	6.46	4.58

A. Share Capital

As of December 31, 2025, the Bank's issued and paid up share capital less the Bank's share buyback plan during 2018 to 2023 is 1,483,534,456 ordinary shares of NIS 1 p.v. each.

B. Buyback after the financial statements date

From January 1, 2026 to January 22, 2026, the Bank performed a buyback of 2,119,819 shares of NIS 1 p.v. each of the Bank's issued share capital.

For more information regarding the Banking Supervision Department's approval for the buyback, please see Note 24A.

Note 10 – Other total cumulative income (loss)

A. Changes in Accumulated Other Comprehensive Income (Loss) After Tax Effect

	Other comprehensive income (loss) before attribution to non-controlling interests							
	Adjustments in respect of presentation of available-for-sale bonds at fair value	Net gains (losses) for cash flow hedges	Impact of changes in the credit risk of the liabilities	Oher comprehensive (loss) income of equity-accounted investees[a] [b]	Adjustments in respect of employee benefits[c]	Total	Other comprehensive income (loss) attributable to non-controlling interests[d]	Other comprehensive income (loss) attributable to the Bank's shareholders
	In NIS million							
Balance on January 1 2023	(1,944)	(2)		(10)	(1,397)	(3,353)	–	(3,353)
Net change during the year	427	3		26	250	706	–	706
Balance as at December 31, 2023	(1,517)	1	–	16	(1,147)	(2,647)	–	(2,647)
Net change during the year	183	(1)	2	20	407	611	–	611
Balance as at December 31, 2024	(1,334)	–	2	36	(740)	(2,036)	–	(2,036)
Net change during the year	**1,106**	**2**	**(13)**	**(37)**	**292**	**1,350**	**–**	**1,350**
Balance as at December 31, 2025	**(228)**	**2**	**(11)**	**(1)**	**(448)**	**(686)**	**–**	**(686)**

a) Adjustments arising from the translation of financial statements of foreign operations whose functional currency is different from the Bank's functional currency.
b) Net gains (losses) for hedging a net investment in foreign currency.
c) The adjustments for employee benefits are net of adjustments for plan assets.
d) Sums lower than NIS 1 million.

Note 10 – Accumulated Other Comprehensive Income (Loss) (cont.)

B. Changes in accumulated other comprehensive income (loss) components, before and after tax effect

	For the year ended December 31								
	2025			2024			2023		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
	In NIS million								
Changes in other comprehensive income (loss) components before attribution to non-controlling interests:									
Adjustments in respect of presentation of available-for-sale bonds at fair value:									
Unrealized gains (losses), net, from fair value adjustments	**1,518**	**(595)**	**923**	(167)	62	(105)	310	(101)	209
Net losses in respect of available-for-sale bonds reclassified to the income statement[a]	**301**	**(118)**	**183**	465	(177)	288	331	(113)	218
Net change during the period	**1,819**	**(713)**	**1,106**	298	(115)	183	641	(214)	427
Cash flow hedges									
Net gains (losses) for cash flow hedges	**4**	**(2)**	**2**	(2)	1	(1)	5	(2)	3
Net change during the year	**4**	**(2)**	**2**	(2)	1	(1)	5	(2)	3
Non-performing credit risk									
Impact of changes in the credit risk of the liabilities	**(21)**	**8**	**(13)**	3	(1)	2	–	–	–
Net change during the period	**(21)**	**8**	**(13)**	3	(1)	2	–	–	–
Equity-accounted investees									
Other comprehensive gain (loss) due to equity-accounted investees[b]	**(272)**	**95**	**(177)**	31	(10)	21	141	(58)	83
Hedges[c]	**231**	**(91)**	**140**	(34)	13	(21)	(86)	29	(57)
Net gains reclassified to the income statement	**–**	**–**	**–**	31	(11)	20	–	–	–
Net change during the year	**(41)**	**4**	**(37)**	28	(8)	20	55	(29)	26
Employee benefits:[d]									
Net actuarial gain	**320**[f]	**(107)**	**213**	462[f]	152	310	65[f]	(21)	44
Net losses reclassified to the income statement[e]	**118**	**(39)**	**79**	144	(47)	97	313	(107)	206
Net change during the year	**438**	**(146)**	**292**	606	(199)	407	378	(128)	250
Total change during the year, net	**2,199**	**(849)**	**1,350**	933	(322)	611	1,079	(373)	706
Less changes in other comprehensive income components attributable to non-controlling interests									
Total change during the year, net[g]	**–**	**–**	**–**	–	–	–	–	–	–
Changes in other comprehensive income attributable to the Bank's shareholders									
Total change during the year, net	**2,199**	**(849)**	**1,350**	933	(322)	611	1,079	(373)	706

a) The before-tax amount is reported in the income statement under the noninterest finance income line item. Please see Note 3.
b) Including translation adjustments of financial statements of foreign operations whose functional currency is different from the Bank's functional currency.
c) Net gains (losses) for hedging a net investment in foreign currency.
d) Adjustments for employee benefits are net of adjustments for plan assets.

e) The pre-tax amount is reported in the income statement under the "Expenses for pension" line item. For additional information, please see Note 22.
f) For additional information regarding the net actuarial gain amount, please see Note 22.
g) Sums lower than NIS 1 million.

Note 11 – Cash and Deposits with Banks

	December 31	
	2025	2024
	In NIS million	
Cash and deposits with the Bank of Israel	**131,904**	137,571
Deposits with commercial banks[a]	**22,743**	18,257
Total[b]	**154,647**	155,828
Of which: Cash, deposits with banks and deposits with the Bank of Israel for an original period Up to three months	**151,119**	150,641

a) Less loan loss provision.
b) Of which: pledged cash amounting to NIS 2,751 million (December 31, 2024 – NIS 4,069 million).

Note: For information on pledges, please see Note 26.

Note 12 – Securities

	December 31, 2025					
	Balance sheet value	Amortized cost	Balance Loan loss provision	Gains not yet Recognized from fair value adjustments	Losses not yet Recognized from fair value adjustments	Fair value[a]
	In NIS million					
Held-to-maturity bonds:						
Of the Israeli Government	**11,602**	**11,602**	**–**	**126**	**(430)**	**11,298**
Of foreign financial institutions	**871**	**871**	**–**	**2**	**(1)**	**872**
Asset-backed (ABS) or Mortgage-backed (MBS)	**4,576**	**4,576**	**1**	**41**	**(310)**	**4,308**
Of other foreign entities	**269**	**269**	**–**	**–**	**(3)**	**266**
Total bonds Held-to-maturity[e]	**17,318**	**17,318**	**1**	**169**	**(744)**	**16,744**

	December 31, 2024					
	Balance sheet value	Amortized cost	Balance Loan loss provision	Gains not yet Recognized from fair value adjustments	Losses not yet Recognized from fair value adjustments	Fair value[a]
	In NIS million					
Held-to-maturity bonds:						
Of the Israeli Government	10,835	10,835	–	21	(737)	10,119
Of foreign financial institutions	1,460	1,460	–	–	(19)	1,441
Asset-backed (ABS) or Mortgage-backed (MBS)	6,235	6,235	1	4	(493)	5,747
Of other foreign entities	337	337	1	–	(15)	323
Total bonds Held-to-maturity[e]	18,867	18,867	2	25	(1,264)	17,630

Please see notes on page 183.

Note 12 – Securities (cont.)

	December 31, 2025					
				Accumulated Other Comprehensive Income (Loss)		
	Balance sheet value	Amortized cost	Balance Loan loss provision	Gains	Losses	Fair value[a]
	In NIS million					
Available-for-sale bonds:						
Of the Israeli Government	**72,151**	**72,653**	**–**	**595**	**(1,097)**	**72,151**
Of foreign governments	**21,193**	**21,165**	**–**	**30**	**(2)**	**21,193**
Of Israeli financial institutions	**222**	**219**	**–**	**4**	**(1)**	**222**
Of foreign financial institutions	**7,919**	**7,829**	**–**	**123**	**(33)**	**7,919**
Asset-backed (ABS) or Mortgage-backed (MBS)	**10,785**	**11,120**	**–**	**73**	**(408)**	**10,785**
Of other Israeli entities	**930**	**907**	**–**	**31**	**(8)**	**930**
Of other foreign entities	**3,273**	**3,234**	**–**	**67**	**(28)**	**3,273**
Total bonds Available-for-sale[e]	**116,473**	**117,127**	**–**	**923[c]**	**(1,577)[c]**	**116,473**

	December 31, 2024					
				Accumulated Other Comprehensive Income (Loss)		
	Balance sheet value	Amortized cost	Balance Loan loss provision	Gains	Losses	Fair value[a]
	In NIS million					
Available-for-sale bonds:						
Of the Israeli Government	47,725	49,562	–	151	(1,988)	47,725
Of foreign governments	17,555	17,593	–	23	(61)	17,555
Of Israeli financial institutions	176	178	–	1	(3)	176
Of foreign financial institutions	8,487	8,553	–	58	(124)	8,487
Asset-backed (ABS) or Mortgage-backed (MBS)	11,502	12,090	–	33	(621)	11,502
Of other Israeli entities	1,022	1,018	–	22	(18)	1,022
Of other foreign entities	4,033	4,201	–	19	(187)	4,033
Total bonds Available-for-sale[e]	90,500	93,195	–	307[c]	(3,002)[c]	90,500

Please see notes on page 183.

Note 12 – Securities (cont.)

	December 31, 2025					
	Balance sheet value	Amortized cost (in securities – cost)	Balance Loan loss provision	Gains not yet Realized from adjustments to fair value	Losses not yet Realized from adjustments to fair value	Fair value[a]
	In NIS million					
Investments in securities and mutual funds not held-for-trading:						
Equity securities and mutual funds	**7,030**	**6,862**	**–**	**631**	**(463)**	**7,030**
Of which: equity securities and mutual funds for which there is no available fair value[b]	**4,654**	**4,908**	**–**	**178**	**(432)**	**4,654**
Total equity securities and mutual funds not held-for-trading:	**7,030**	**6,862**	**–**	**631[d]**	**(463)[d]**	**7,030**
Total securities not held-for-trading:	**140,821**	**141,307**	**1**	**1,723**	**(2,784)**	**140,247**

	December 31, 2024					
	Balance sheet value	Amortized cost (in securities – cost)	Balance Loan loss provision	Gains not yet Realized from adjustments to fair value	Losses not yet Realized from adjustments to fair value	Fair value[a]
	In NIS million					
Investments in securities and mutual funds not held-for-trading:						
Equity securities and mutual funds	7,178	7,028	–	482	(332)	7,178
Of which: equity securities and mutual funds for which there is no available fair value[b]	3,999	4,278	–	18	(297)	3,999
Total equity securities and mutual funds not held-for-trading:	7,178	7,028	–	482[D]	(332)[D]	7,178
Total securities not held-for-trading:	116,545	119,090	2	814	(4,598)	115,308

Please see notes on page 183.

Note 12 – Securities (cont.)

	December 31, 2025					
	Balance sheet value	Cost Fair value(a) Balance sheet value Fair value(a)	Balance Loan loss provision	Gains not yet Realized from adjustments to fair value	Losses not yet Realized from adjustments to fair value	Fair value[a]
	In NIS million					
Held-for-trading securities: Bonds -						
Of the Israeli Government	**5,260**	**5,220**	**–**	**40**	**–**	**5,260**
Of Israeli financial institutions	**206**	**204**	**–**	**2**	**–**	**206**
Of foreign financial institutions	**78**	**77**	**–**	**1**	**–**	**78**
Asset-backed (ABS) or Mortgage-backed (MBS)	**207**	**208**	**–**	**–**	**(1)**	**207**
Of other Israeli entities	**100**	**99**	**–**	**1**	**–**	**100**
Of other foreign entities	**75**	**75**	**–**	**–**	**–**	**75**
Total held-for-trading bonds	**5,926**	**5,883**	**–**	**44**	**(1)**	**5,926**
Held-for-trading equity securities and mutual funds	**1,373**	**1,220**	**–**	**161**	**(8)**	**1,373**
Total held-for-trading securities[f]	**7,299**	**7,103**	**–**	**205[d]**	**(9)[d]**	**7,299**
Total securities	**148,120**	**148,410**	**1**	**1,928**	**(2,793)**	**147,546**

	December 31, 2024					
	Balance sheet value	Cost Fair value(a) Balance sheet value Fair value(a)	Balance Loan loss provision	Gains not yet Realized from fair value adjustments	Losses not yet Realized from fair value adjustments	Fair value[a]
	In NIS million					
Held-for-trading securities: Bonds -						
Of the Israeli Government	6,825	6,793	–	38	(6)	6,825
Of foreign governments	307	313	–	–	(6)	307
Of Israeli financial institutions	61	63	–	–	(2)	61
Of foreign financial institutions	132	131	–	1	–	132
Asset-backed (ABS) or Mortgage-backed (MBS)	12	13	–	–	(1)	12
Of other Israeli entities	137	136	–	2	(1)	137
Of other foreign entities	71	72	–	–	(1)	71
Total held-for-trading bonds	7,545	7,521	–	41	(17)	7,545

Note 12 – Securities (cont.)

	December 31, 2024					
	Balance sheet value	Cost Fair value(a) Balance sheet value Fair value(a)	Balance Loan loss provision	Gains not yet Realized from fair value adjustments	Losses not yet Realized from fair value adjustments	Fair value[a]
	In NIS million					
Held-for-trading equity securities and mutual funds	11	11	–	–	–	11
Total held-for-trading securities[f]	7,556	7,532	–	41[d]	(17)[d]	7,556
Total securities	124,101	126,622	2	855	(4,615)	122,864

Please see comments on the next page.

Note 12 – Securities (cont.)

Comments:

a) In most cases, fair value inputs are based on quoted share prices, which do not necessarily reflect the price that can be obtained from selling large blocks of securities.

b) Shares for which no fair value is available are presented at cost less impairment, adjusted upwards or downwards for observable prices in similar transactions or identical transactions of the same issuer. In 2025, upward adjustments were made in a total of NIS 160 million, and the total cumulative upward adjustments amounted to approximately NIS 178 million. Additionally, in 2025 downward adjustments and amortizations in the amount of approximately NIS 128 million were made, as well as cumulative downward adjustments and amortizations in the amount of approximately NIS 432 million.

c) Included in equity under the "Adjustments in respect of the presentation of available-for-sale bonds at fair value, net" under other comprehensive income, except for securities designated to be hedged at fair value.

d) Carried to the income statement but as yet unrealized.

e) Total of NIS 14.1 billion out of total foreign currency securities are rated SSA (Super-nationals, Sovereign and Agencies) (December 31, 2024 – NIS 15.5 billion).

f) Of which bonds in the amount of approx. NIS 181 million classified as held-for-trading securities since the Bank chose to measure them according to the fair value alternative, although they were not acquired for trading purposes (as of December 31, 2024 – NIS 1,224 million).

General comments:

Loaned securities in the amount of NIS 3,516 million (December 31, 2024 – NIS 1,163 million) are presented under the loans to the public line item.

Pledged securities totaled NIS 14,222 million (December 31, 2024 – NIS 13,007 million). Please see Note 26.

For information on the financial performance results of investments in bonds, shares, and mutual funds, please see Notes 2 and 3.

The distinction between Israeli and foreign bonds was made according to the issuer's country of residence.

Note 12 - Securities (cont.)

Further details on amortized costs and losses that had not been yet recognized, by duration and impairment rate, of held-to-maturity bonds in a deferred loss position, loss that had not been recognized without a provision for credit losses

	December 31, 2025							
	Less than 12 Months[a]				12 months or more[b]			
		Unrealized losses from fair value adjustments				Unrealized losses from fair value adjustments		
	Amortized cost	0-20%[c]	20%-40%[d]	Total	Amortized cost	0-20%[c]	20%-40%[d]	Total
	In NIS million							
Bonds								
Of the Israeli Government	-	-	-	-	6,213	282	148	430
Asset-backed (ABS) or Mortgage-backed (MBS)	-	-	-	-	2,244	270	40	310
Of foreign financial institutions	-	-	-	-	746	1	-	1
Of other foreign entities	16	-[e]	-	-	253	3	-	3
Total bonds Held to maturity	16	-	-	-	9,456	556	188	744

	December 31, 2024							
	Less than 12 Months[a]				12 months or more[b]			
		Unrealized losses from fair value adjustments				Unrealized losses from fair value adjustments		
	Amortized cost	0-20%[c]	20%-40%[d]	Total	Amortized cost	0-20%[c]	20%-40%[d]	Total
	In NIS million							
Bonds								
Of the Israeli Government	1,202	27	-	27	8,485	358	352	710
Asset-backed (ABS) or Mortgage-backed (MBS)	2,505	23	-	23	3,316	227	243	470
Of foreign financial institutions	37	1	-	1	1,359	18	-	18
Of other foreign entities	-	-	-	-	338	15	-	15
Total bonds Held to maturity	3,744	51	-	51	13,498	618	595	1,213

a) Investments in a continuous unrealized loss position for a period of less than 12 months.
b) Investments in a continuous unrealized loss position for a period of 12 months or more.
c) Investments whose unrealized loss represents up to 20 percent of their amortized cost.
d) Investments whose unrealized loss represents over 20 percent but no more than 40 percent of their amortized cost.
e) Sums lower than NIS 1 million.

Note 12 – Securities (cont.)

Further details on Fair Value and Unrealized Losses, by Duration and Impairment Percentage, of Available-for-Sale Bonds in an Unrealized Loss Position without Loan Loss Provision

	December 31, 2025							
	Less than 12 Months[a]				12 months or more[b]			
		Unrealized losses				Unrealized losses		
	fair value	0–20%[c]	20%–40%[d]	Total	fair value	0–20%[c]	20%–40%[d]	Total
	In NIS million							
Bonds								
Of governments and foreign financial and institutions	**2,485**	**12**	**–**	**12**	**13,245**	**582**	**539**	**1,121**
Asset-backed (ABS) or Mortgage-backed (MBS)	**1,139**	**4**	**–**	**4**	**3,335**	**223**	**181**	**404**
Of others	**361**	**10**	**–**	**10**	**554**	**26**	**–**	**26**
Total bonds Available for sale	**3,985**	**26**	**–**	**26**	**17,134**	**831**	**720**	**1,551**

	December 31, 2024							
	Less than 12 Months[a]				12 months or more[b]			
		Unrealized losses				Unrealized losses		
	fair value	0–20%[c]	20%–40%[d]	Total	fair value	0–20%[c]	20%–40%[d]	Total
	In NIS million							
Bonds								
Of governments and foreign financial and institutions	21,330	276	–	276	20,360	1,124	776	1.900
Asset-backed (ABS) or Mortgage-backed (MBS)	3,098	33	–	33	5,034	236	352	588
Of others	1,477	32	3	35	1,914	142	28	170
Total bonds Available for sale	25,905	341	3	344	27,308	1,502	1,156	2,658

a) Investments in a continuous unrealized loss position for a period of less than 12 months.
b) Investments in a continuous unrealized loss position for a period of 12 months or more.
c) Investments whose unrealized loss represents up to 20 percent of their amortized cost.
d) Investments whose unrealized loss represents over 20 percent but no more than 40 percent of their amortized cost.

Note 12 - Securities (cont.)

Further information regarding available-for-sale, mortgage-backed and asset-backed bonds in an unrealized loss position

	December 31, 2025					
	Less than 12 Months[a]		12 months or more[b]		Total	
	fair value	Unrealized losses from fair value adjustments	fair value	Unrealized losses from fair value adjustments	fair value	Unrealized losses from fair value adjustments
	In NIS million					
Mortgage-backed bonds (MBS)	**101**	**-**	**1,473**	**(244)**	**1,574**	**(244)**
Other mortgage-backed bonds (including CMOs, REMICs and stripped MBSs)	**77**	**-**	**1,084**	**(135)**	**1,161**	**(135)**
Asset-backed bonds (ABS)	**961**	**(4)**	**778**	**(25)**	**1,739**	**(29)**
Total	**1,139**	**(4)**	**3,335**	**(404)**	**4,474**	**(408)**

	December 31, 2024					
	Less than 12 Months[a]		12 months or more[b]		Total	
	fair value	Unrealized losses from fair value adjustments	fair value	Unrealized losses from fair value adjustments	fair value	Unrealized losses from fair value adjustments
	In NIS million					
Mortgage-backed bonds (MBS)	1,601	(22)	2,058	(380)	3,659	(402)
Other mortgage-backed bonds (including CMOs, REMICs and stripped MBSs)	869	(10)	1,468	(184)	2,337	(194)
Asset-backed bonds (ABS)	628	(1)	1,508	(24)	2,136	(25)
Total	3,098	(33)	5,034	(588)	8,132	(621)

a) Investments in a continuous unrealized loss position for a period of less than 12 months.
b) Investments in a continuous unrealized loss position for a period of 12 months or more.

Note 12 - Securities (cont.)

Further details on Held-to-Maturity Mortgage-Backed and Asset-Backed Bonds

	December 31							
	2025				2024			
	Amortized cost[a]	Unrealized gains from fair value adjustments	Unrealized losses from fair value adjustments	fair value	Amortized cost[a]	Unrealized gains from fair value adjustments	Unrealized losses from fair value adjustments	fair value
	In NIS million							
Mortgage-backed bonds (MBS)								
Held-to-maturity bonds								
Pass-through (Pass through securities)	**3,261**	**22**	**(310)**	**2,973**	4,188	2	(472)	3,718
Of which: bonds for which there is GNMA-guaranteed securities	**2,164**	**17**	**(180)**	**2,001**	2,815	2	(273)	2,544
Bonds issued by FNMA and by FHLMC	**1,097**	**5**	**(130)**	**972**	1,373	–	(199)	1,174
Other mortgage-backed bonds (including REMICs, CMOs, REMICs) AndStripped MBSs)	**1,258**	**19**	**–**	**1,277**	1,793	2	(21)	1.774
Of which: Bonds issued by GNMA, FNMA, or FHLMC – –	**1,258**	**19**	**–**	**1,277**	1,793	2	(21)	1,774
Total Mortgage-backed bonds Mortgage-backed (MBS)	**4,519**	**41**	**(310)**	**4,250**	5,981	4	(493)	5,492
Asset-backed bonds (ABS)	**58**	**–**	**–**	**58**	255	–	–	255
Of which: Loans to other than individuals - CLO-type bonds	**58**	**–**	**–**	**58**	255	–	–	255
Total held-to-maturity mortgage-backed and asset-backed bonds	**4,577**	**41**	**(310)**	**4,308**	6,236	4	(493)	5,747

a) including a loan loss provision balance totaling NIS 1 million.

Note 12 - Securities (cont.)

More Information on Mortgage-Backed and Asset-Backed Available-for-Sale Bonds

	December 31							
	2025				2024			
		Accumulated other comprehensive income (loss)[a]				Accumulated other comprehensive income (loss)[a]		
	Amortized cost	Gains	Losses	fair value	Amortized cost	Gains	Losses	fair value
	In NIS million							
Mortgage-backed bonds (MBS)								
Pass-through bonds (Pass through securities)	**4,242**	**40**	**(244)**	**4,038**	4,250	2	(402)	3,850
Of which: bonds backed by GNMA	**3,237**	**26**	**(164)**	**3,099**	2,680	2	(262)	2,420
Bonds issued by FNMA and by FHLMC	**1,005**	**14**	**(80)**	**939**	1,570	–	(140)	1,430
Other mortgage-backed bonds (including CMOs,REMICs andstripped MBSs)	**3,607**	**22**	**(135)**	**3,494**	3,436	6	(194)	3,248
Of which: Bonds issued by GNMA, FNMA, or FHLMC – –	**3,282**	**20**	**(134)**	**3,168**	3,049	4	(193)	2,860
Total Mortgage-backed bonds (MBS)	**7,849**	**62**	**(379)**	**7,532**	7,686	8	(596)	7,098
Asset-backed bonds (ABS)	**3,271**	**11**	**(29)**	**3,253**	4,404	25	(25)	4,404
Of which: non-consumer credit CLO-type bonds	**2,036**	**6**	**(1)**	**2,041**	2,882	17	(2)	2,897
Other non-consumer credit - Of which: bonds backed by SBA	**859**	**1**	**(24)**	**836**	1,073	3	(20)	1,056
Total mortgage-backed and asset-backed available-for-sale bonds	**11,120**	**73**	**(408)**	**10,785**	12,090	33	(621)	11,502

a) Amounts carried to the capital reserve as part of other comprehensive income, net, after the tax effect.

Note 12 - Securities (cont.)

Further details on Mortgage-Backed and Asset-Backed Held-for-Trading Securities

	December 31							
	2025				2024			
	Amortized cost	Unrealized gains from fair value adjustments (a)	Unrealized losses from fair value adjustments (a)	fair value	Amortized cost	Unrealized gains from fair value adjustments (a)	Unrealized losses from fair value adjustments (a)	fair value
	In NIS million							
Mortgage-backed securities (MBSs)								
Pass-through securities (Pass through securities)	**198**	**–**	**–**	**198**	1	–	–	1
Of which: GNMA-guaranteed securities	**197**	**–**	**–**	**197**	–	–	–	–
Securities issued by Securities issued by FNMA or FHLMC	**1**	**–**	**–**	**1**	1	–	–	1
Other mortgage-backed securities (Including REMICs, CMOs and stripped MBSs)	**5**	**–**	**(1)**	**4**	6	–	(1)	5
Of which: GNMA, FNMA, or FHLMC – –	–	–	–	–	–	–	–	–
– – 36 –(3) 33 Mortgage-backed (MBS)	**203**	**–**	**(1)**	**202**	7	–	(1)	6
Total asset-backed securities (ABS)	**5**	**–**	**–**	**5**	6	–	–	6
Total mortgage-backed and asset-backed held-for-trading securities	**208**	**–**	**(1)**	**207**	13	–	(1)	12

a) Gains (losses) carried to the income statement.

Movement in outstanding loan loss provision for available-for-sale bonds

	For the year ended December 31, 2025			
	Governments and institutions Financial	Asset-backed or backed by Mortgages	Of others	Total
	In NIS million			
Balance of loan loss provision as at the beginning of the year	–	–	–	–
Balance of loan loss provision as at year end	**–**	**–**	**–**	**–**

	For the year ended December 31, 2024			
	Governments and institutions Financial	Asset-backed or backed by Mortgages	Of others	Total
	In NIS million			
Balance of loan loss provision as at the beginning of the year	–	–	–	–
Balance of loan loss provision as at year end	–	–	–	–

Note 13 - Credit Risk, Loans to the Public and Loan Loss Provision

a) Debts,[(a)] held-to-maturity bonds and available-for-sale bonds, loans to the public and balance of loan loss provision

	December 31, 2025					
	Loans to the public				Banks, Governments and Bonds	Total
	Commercial	Housing	Private Other	Total - public		
	In NIS million					
Recorded outstanding debt:						
Examined on a specific basis	320,182	-	214	320,396	160,000	480,396
Examined on a collective basis	21,105	154,247	31,052	206,404	-	206,404
Total[1]	341,287	154,247	31,266	526,800	160,000	686,800
[1]Of which:						
Non-performing debts	1,144	770	196	2,110	-	2,110
Debts in arrears of 90 days or more	142	-	66	208	-	208
Other troubled debts	3,551	19	641	4,211	-	4,211
Total troubled debts	4,837	789	903	6,529	-	6,529
Outstanding loan loss provision in respect of debts:						
Examined on a specific basis	4,242	-	104	4,346	60	4,406
Examined on a collective basis	970	668	866	2,504	-	2,504
Total loan loss provision[2]	5,212	668	970	6,850	60	6,910
[2]Of which:						
For non-performing debts	437	116	127	680	-	680
For other troubled debts	664	2	211	877	-	877

(a) Loans to the public, loans to governments, deposits with banks (excluding deposits with the Bank of Israel) and other debts, excluding securities borrowed or purchased under reverse repurchase agreements.

Note 13 – Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

A. Debts,[a] held-to-maturity bonds and available-for-sale bonds, loans to the public, and loan loss provision balance (cont.)

	December 31, 2024					
	Loans to the public				Banks, Governments and Bonds	Total
	Commercial	Housing	Private Other	Total – public		
	In NIS million					
Recorded outstanding debt:						
Examined on a specific basis	257,989	–	653	258,642	130,156	388,798
Examined on a collective basis	29,241	144,633	29,890	203,764	–	203,764
Total[1]	287,230	144,633	30,543	462,406	130,156	592,562
[1]Of which:						
Non-performing debts	1,413	677	205	2,295	–	2,295
Debts in arrears of 90 days or more	91	–	87	178	–	178
Other troubled debts	3,592	23	607	4,222	–	4,222
Total troubled debts	5,096	700	899	6,695	–	6,695
Outstanding loan loss provision in respect of debts:						
Examined on a specific basis	4,247	–	219	4,466	23	4,489
Examined on a collective basis	1,047	640	734	2,421	–	2,421
Total loan loss provision[2]	5,294	640	953	6,887	23	6,910
[2]Of which:						
For non-performing debts	464	109	134	707	–	707
For other troubled debts	829	3	207	1,039	–	1,039

a) Loans to the public, loans to governments, deposits with banks (excluding deposits with the Bank of Israel) and other debts, excluding securities borrowed or purchased under reverse repurchase agreements.

Note 13 – Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

B. Change in outstanding loan loss provision

	For the year ended December 31, 2025					
	Loan loss provision					
	Loans to the public				Banks, Governments and Bonds Held to maturity	Available for sale	Total
	Commercial	Housing	Private Other	Total – public		
	In NIS million					
Balance of loan loss provision as at the beginning of the year	**6,048**	**669**	**988**	**7,705**	**47**	**7,752**
Loan loss expenses	**100**	**30**	**280**	**410**	**40**	**450**
Charge-offs	**(624)**	**(12)**	**(588)**	**(1,224)**	**–**	**(1,224)**
Collection of debts written off in previous years	**519**	**7**	**326**	**852**	**–**	**852**
Net charge-offs	**(105)**	**(5)**	**(262)**	**(372)**	**–**	**(372)**
Balance of loan loss provision as at year end[1]	**6,043**	**694**	**1,006**	**7,743**	**87**	**7,830**
[1]Of which: in respect of off-balance-sheet credit instruments	**831**	**26**	**36**	**893**	**27**	**920**

	For the year ended December 31, 2024					
	Loan loss provision					
	Loans to the public				Banks, Governments and Bonds Held to maturity	Available for sale	Total
	Commercial	Housing	Private Other	Total Public		
	In NIS million					
Balance of loan loss provision as at the beginning of the year	5,873	634	957	7,464	17	7,481
Loan loss expenses	250	36	397	683	30	713
Charge-offs	(624)	(4)	(620)	(1,248)	–	(1,248)
Collection of debts written off in previous years	549	3	254	806	–	806
Net charge-offs	(75)	(1)	(366)	(442)	–	(442)
Balance of loan loss provision as at year end[1]	6,048	669	988	7,705	47	7,752
[1]Of which: in respect of off-balance-sheet credit instruments	754	29	35	818	24	842

Note 13 – Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

B. Change in balance of provision for loan losses (cont.)

	For the year ended December 31, 2023					
	Loan loss provision					
	Loans to the public				Banks, Governments and Bonds Held to maturity	
	Commercial	Housing	Private Other	Total Public	Available for sale	Total
	In NIS million					
Balance of loan loss provision as at the beginning of the year	4,420	419	732	5,571	54	5,625
Loan-loss expenses (income)	1,550	221	649	2,420	(37)	2,383
Charge-offs	455	(6)	(662)	(1,123)	–	(1,123)
Collection of debts written off in previous years	358	–	238	596	–	596
Net charge-offs	(97)	(6)	(424)	(527)	–	(527)
Balance of loan loss provision as at year end[1]	5,873	634	957	7,464	17	7,481
[1]Of which: in respect of off-balance-sheet credit instruments	697	12	38	747	–	747

Note 14 – Loans to Governments

	December 31	
	2025	2024
	In NIS million	
Loans to the Israeli Government	**1,590**	650
Loans to foreign governments	**1,816**	1,859
Total loans to governments	**3,406**	2,509

Note 15 – Investments in Investees and Details Thereof

A. The Bank's investment in Valley National Bancorp

Commencing April 1, 2022, the Bank held approximately 14.2 percent of Valley National Bancorp's share capital ("Valley") and it is not a controlling shareholder.

The Bank handles its investment in Valley according to the equity method and classifies the investment in Valley as a foreign operation whose functional currency is other than the new shekel.

On November 8, 2024, Valley conducted an issuance of ordinary share capital in the scope of approximately USD 450 million. Following the issuance, the Bank's holding rate of Valley shares decreased to the rate of 13.05%. The decrease in the holding rate of Valley had no significant impact on the Bank's results in 2024.

Impairment recognized in 2024

In the second quarter of 2024 the Bank recorded a depreciation due to the investment in Valley in the sum of approximately NIS 0.6 billion after the tax effect. The impairment was made in view of the impairment of the Valley shares as from the beginning of 2024.

The Bank examined indicators related to Valley's performance and to the performance of the shares, taking into consideration the general situation in the markets, and in the US banking system in particular, with emphasis on mid-sized banks.

In view of the above, the Bank estimates that the decrease in fair value is not temporary, and accordingly, the difference between the fair value of the investment and its value in the books has been recognized as an impairment loss for the second quarter of 2024.

The fair value of the investment in Valley was determined according to the quoted market value of the share as of June 30, 2024 without adjustments, which was USD 6.98 per share, and as of that date – amounted to approx. NIS 1.9 billion.

The impairment losses was recorded in the income statement under the "Bank's share in associates' profits (losses)" line item and are reported under the financial management segment. The impairment was accompanied by a renewed allocation of the composition of the investment account, pursuant to the updated revaluations as of the impairment date.

For the losses from impairment, the Bank recognized a deferred tax asset, which may be utilized as a deduction from the taxable income upon disposal of the investment. The reductions in the value did not have a significant effect on the Bank's regulatory capital adequacy.

Subsequent to the balance sheet date and up to shortly before the report publication date, the market value of Valley's shares held by the Bank was within the range of NIS 2.7–3.1 billion.

For more information regarding the impairment of investments in equity-accounted associates, please see Note 1.U.3.

B. Composition of Associates

	December 31	
	2025	2024
	Associates	
	In NIS million	
Total investments in equity securities accounted for by the equity method (including goodwill)	**3,908**	3,580
Of which – Gains (losses) accrued since the acquisition date	**(762)**	(1,112)
Items accrued in equity since the acquisition date:		
Adjustments for associates	**198**	375
Information regarding goodwill:		
The original amount	**1,399**	1,344
Balance	**683**	669

Note 15 – Investments in Investees and Details Thereof (cont.)

Details Regarding the Carrying Amounts and the Market Value of Tradable Investments

	December 31			
	2025		2024	
	Carrying amount	Market value	Carrying amount	Market value
	In NIS million			
Valley National Bancorp	**2,107**	**2,715**	2,042	2,407
Teralight Ltd.	**72**	**162**	77	79
Sunflower Sustainable Investments Ltd.	**36**	**67**	48	44
Total	**2,215**	**2,944**	2,167	2,530

C. Group's Share in Associates' Profits or Losses

	For the year ended December 31		
	2025	2024	2023
	In NIS million		
Group's share in associates' profits (losses)[a]	**472**	(468)	(970)
Provision for taxes	**(122)**	197	84
Group's share in associates' profits (losses) after Tax effect	**350**	(271)	(886)

a) In 2024 the Bank recorded a depreciation due to the investment inValley in the sum of approximately NIS 0.6 billion after the tax effect (2023 – approx. NIS 1.1 billion).

Note 15 – Investments in Investees and Details Thereof (cont.)

D. Details Regarding Major Investees

		December 31			
		2025	2024	**2025**	2024
		Net original amount Carrying the right to receive Gains		a portion in the rights for voting	
Company	Information about the company	In %			
Consolidated subsidiaries[a]					
In Israel					
Leumi Partners Ltd.	Business and financial services	**100.0**	100.0	**100.0**	100.0
LeumiTech Ltd.	Shareholders' equity management	**99.8**	99.8	**99.8**	99.8
Leumi Capital Market Services Ltd.	Development and operational services for provident and education savings funds	**100.0**	100.0	**100.0**	100.0
Leumi Financial Holdings Ltd.	Financial holdings	**100.0**	100.0	**100.0**	100.0
Abroad					
Leumi UK Group	Financial Services – registered in the UK	**100.0**	100.0	**100.0**	100.0
Leumi Re Limited	Insurance – registered in the Channel Islands	**100.0**	100.0	**100.0**	100.0
Associates					
Valley National Bancorp	Banking	**13.0**	13.0	**13.0**	13.0

a) Data regarding consolidated companies reflect the Bank's investment therein net of each company's investment in other Group companies and the Bank's share in their results of operations net of each company's share in the financial performance of operations of other Group companies in respect of said investments.
b) Other equity investments include capital notes.
c) Carrying amount includes attributable excess cost balances and goodwill in the amount of NIS (494) million and NIS 303 million, respectively (2024 – NIS (765) million and NIS 346 million, respectively). The contribution to the profit includes deduction of excess cost. In 2023 and 2024, provisions were allocated for impairment as aforementioned.

2025	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024
Share in voting rights Company Information about the company In Israel		Leumi Partners Ltd.(c) Business and financial services Others[b]		Contribution to profit Net loss) Attributable to the Bank's shareholders		Dividend received		Profit (loss) Other total		General banking – registered in the USA Bank Leumi (UK) PLC(f) General banking – registered in the UK Leumi Re Limited	
In NIS million											
5,711	5,259	**230**	230	**467**	461	**–**	–	**(15)**	2	**1,320**	1,739
1,095	1,061	**–**	–	**30**	21	**–**	–	**4**	12	**–**	–
107	78	**–**	–	**29**	19	**–**	–	**–**	–	**–**	–
1,648	1,645	**–**	–	**1**	1	**–**	–	**2**	2	**–**	–
883	778	**3,337**	3,428	**104**	202	**–**	–	**1**	(4)	**–**	–
98	106	**–**	–	**(8)**	13	**–**	–	**–**	–	**163**	186
2,107[C]	2,042[c]	**–**	–	**292[c]**	(328)[c]	**111**	118	**(244)**	99	**–**	–

Note 16 – Buildings and Equipment

A. Composition

	Buildings and real estate	Equipment, furniture and vehicles	Software costs	Total
	In NIS million			
Cost of assets				
Balance as at December 31, 2023	2,683	3,259	4,726	10,668
Additions	40	74	623	737
Derecognitions	(418)	(112)	(294)	(824)
Balance as at December 31, 2024	2,305	3,221	5,055	10,581
Additions	**62**	**52**	**780**	**894**
Derecognitions	**(45)**	**(184)**	**(106)**	**(335)**
Balance as at December 31, 2025	**2,322**	**3,089**	**5,729**	**11,140**
Depreciation and impairment losses				
Balance as at December 31, 2023	1,366	2,495	3,933	7,794
Depreciation for the year	48	93	472	613
Derecognitions	(243)	(111)	(294)	(648)
Balance as at December 31, 2024	1,171	2,477	4,111	7,759
Depreciation for the year	**53**	**89**	**398**	**540**
Impairment loss	**8**	**–**	**–**	**8**
Derecognitions	**(39)**	**(181)**	**(100)**	**(320)**
Balance as at December 31, 2025	**1,193**	**2,385**	**4,409**	**7,987**
Carrying amount as at December 31, 2023	1,317	764	793	2,874
Carrying amount as at December 31, 2024	1,134	744	944	2,822
Carrying amount as at December 31, 2025	**1,129**	**704**	**1,320**	**3,153**

a) Including installations and leasehold improvements.
b) Including expenses capitalized in connection with costs of development of internal use software totaling NIS 1.038 million as of December 31, 2025 (2024 – NIS 785 million).

B. Average Depreciation Rate

	December 31	
	2025	2024
Buildings and land	**2.57%**	2.09%
Equipment, furniture and vehicles	**13.45%**	13.06%
Software costs	**23.30%**	30.54%

C. Buildings and land not used by the Group, mainly leased buildings, are stated in the balance sheet at NIS 36 million (December 31, 2024 – NIS 29 million).

D. Assets amounting to NIS 34 million (December 31, 2024 – NIS 34 million) have not been registered in the Bank's name with the Land Registry Office, the main reasons being the lack of land registry arrangements in the area ("parcellation") and a building project that was not registered as a condominium by the contractor/developer.

Note 16 - Buildings and Equipment (cont.)

E. The book balance of held-for-sale buildings and equipment as of December 31, 2025 is NIS 14 million (December 31, 2024 – NIS 3 million. No loss is expected due to realization of available-for-sale buildings and equipment).

F. As at December 31, 2025 and 2024 there is no book balance of fixed assets at establishment stages.

G. The buildings and equipment line item includes leasehold improvements and lease rights, including payments in respect of some of the buildings on leased land.

H. Information on Leases

1. Expenses for leases

	December 31	
	2025	2024
	In NIS million	
Expenses for operating leases	**106**	117
Expenses short-term leases	**–**	–
Expenses for variable lease payments	**4**	2
Total expenses for leases	**110**	119

2. Additional Information on Leases

	December 31	
	2025	2024
	In NIS million	
Cash paid for balances included in measurement of lease liabilities:		
Cash flow for operating activities for operating leases	**142**	136
Right of use assets recognized for new operating leases	**93**	75
Remaining weighted average term (in years):		
For operating leases	**5.0**	3.8
Weighted average discount rate (in %):		
For operating leases	**1.00**	1.00

3. Undiscounted cash flows and liabilities for operating leases by repayment term

	December 31			
	2025		2024	
	Undiscounted cash flows	Lease liability Up to one year	Undiscounted cash flows	Lease liability Up to one year
	In NIS million			
Up to one year	**115**	**115**	117	118
Over one year and up to two years	**93**	**92**	93	90
Over two years and up to 3 years	**78**	**76**	71	68
Over 3 years and up to 4 years	**68**	**66**	59	57
Over 4 years and up to 5 years	**51**	**49**	46	44
Over 5 years	**218**	**191**	212	194
Total	**623**	**589**	598	571

Note 17 – Other Assets

	December 31	
	2025	2024
	In NIS million	
Deferred tax receivable, net – please see Note 8(d)	**5,530**	5,945
Excess of advance tax payments over current provisions	**29**	16
Central severance pay fund	**73**	73
Assets received for repaid loans	**28**	26
Balance of amortizable issuance expenses of bonds, promissory notes Subordinated notes	**89**	77
Assets for activity in the MAOF Clearing House[a]	**1**	24
Prepaid expenses	**261**	235
Receivables	**244**	215
Other receivables and debt balances	**178**	110
Right of use assets for operating lease[b]	**620**	594
Total other assets	**7,053**	7,315

a) Stated at fair value.
b) For information regarding leases, please see Note 1.N.and Note 16.H.

Note 18 – Public Deposits

A. Types of Deposits by Location and Type of Depositor

	December 31	
	2025	2024
	In NIS million	
In Israel		
Demand deposits		
Non-interest bearing deposits	**139,258**	142,366
Interest-bearing deposits	**129,064**	142,950
Total demand deposits	**268,322**	285,316
Fixed deposits	**418,565**	332,985
Total deposits in Israel[1]	**686,887**	618,301
Total deposits by the public	**686,887**	618,301
[1]Of which:		
Deposits by private individuals	**175,813**	175,583
Deposits by institutional entities	**211,935**	171,993
Deposits by corporations and others	**299,139**	270,725

B. Deposits by the Public by Amount

	December 31	
	2025	2024
Maximum deposit	In NIS million	
Up to 1	**129,439**	130,770
Over 1 and up to 10	**135,391**	130,613
Over 10 and up to 100	**107,483**	106,136
Over 100 and up to 500	**96,525**	79,544
Over 500	**218,049**	171,238
Total	**686,887**	618,301

Note 19 – Deposits by Banks

	December 31	
	2025	2024
	In NIS million	
In Israel		
Commercial banks:		
Demand deposits	**6,272**	7,671
Fixed deposits	**3,711**	3,539
Acceptances	**707**	959
Central banks:[a]		
Fixed deposits	**2,433**	5,874
Total deposits by banks	**13,123**	18,043

a) Deposits by the Bank of Israel.

Note 20 – Bonds, Promissory Notes and Subordinated Bonds[a]

	Demand deposits Fixed deposits Average[b]	Central banks: Demand deposits Internal[c]	December 31	
			2025	2024
	Years	In %	In NIS million	
Total deposits by banks that cannot be converted to shares:				
In Israeli currency unlinked to the CPI	**2.2**	**4.8**	**11,639**	5,007
CPI-linked	**3.7**	**1.6**	**23,471**	17,115
In USD	**1.5**	**5.7**	**1,614**	1,803
Total[1]			**36,724**	23,925
[1]Of which: held-for-trading	–	–	**32,268**	21,956
Promissory notes that may be converted to shares:				
CPI-linked	**5.3**[d]	**2.8**	**3,464**	3,497
In USD	**1.0**[d]	**5.7**	**4,019**	4,547
Convertible bonds: In Israeli currency unlinked to the CPI			**44,207**	31,969
CPI-linked Tier 2 capital[e]			**4,970**	7,594

a) The balance of discount net of the premium on bonds and subordinated notes not yet carried to the income statement was offset against the bonds.
b) Average duration is the average of the payments periods weighted by the projected cash flows discounted at the internal rate of return.
c) Internal rate of return is an interest rate that discounts the projected payments flow to the book balance stated in the financial statements.
d) The average duration as of interest rate change date is based on calculation of the effective average duration as calculated for purposes of the exposure to changes in interest rates. In subordinated bonds, in CPI-linked – 5.14 years, in USD – 0.97 years (as of December 31, 2024 – CPI-linked – 1.64 years, and USD – 1.88 years).
e) Tier 2 capital according to Basel III's transitional provisions.

Comment:
For further information, please see Note 24A.

Note 21 – Other Liabilities

	December 31	
	2025	2024
	In NIS million	
Reserve for deferred tax, net – please see Note 8(d)	**82**	78
Excess of current provisions for income tax over advances paid	**1,105**	2,282
Excess liabilities in respect of employee benefits over plan assets – see Note 22(K)	**6,809**	7,379
Prepaid income	**637**	649
Payables for credit card activities	**1,477**	1,555
Accrued expenses for salaries and related expenses	**569**	709
Market value of securities sold short	**220**	414
Loan loss provision for off-balance-sheet items	**920**	842
Accrued expenses	**317**	273
Other provisions for employee benefits	**288**	324
Provision for paid leave	**203**	215
Accrued jubilee vacation leave	**13**	16
Liabilities for activity in the MAOF Clearing House[(a)]	**1**	24
Other payables and credit balances	**884**	634
Liabilities for operating leases[(b)]	**589**	571
Total other liabilities	**14,114**	15,965

a) Stated at fair value.
b) For information regarding leases, please see Note 1.N. For information on liabilities for operating leases by repayment terms, please see Note 16.H.3.

Note 22 – Employee Rights

a. Signing of a collective agreement

On April 16, 2023, the Bank signed a special collective agreement with the Workers' Union for 2023–2026.

As part of the agreement the principles of constructing the annual budget for promoting salaries were set for 2023–2026; the period of employment without tenure had been extended gradually pursuant to the collective agreement up to 10 years; it had been agreed upon increasing the quota of employees the Bank may employ as part of the technological agreement; an outline had been set for settling the treatment of employees whose position became redundant in a manner that would enable the continuation of the streamlining trend at the Bank; ancillary and social conditions for various populations had been improved; it had been agreed that new employees hired by the Bank would be employed pursuant to Section 14 of the Severance Pay Law, and more.

For further information, please see Note 23.A to the financial statements as of December 31, 2023.

b. Pension and Severance Pay

1. Overview

Employees who began working with the Bank as from January 1, 1999 and have not yet received permanent employee status as at the signing of the 2000 collective bargaining agreement regarding the pension agreement (hereinafter – "Generation B Employees") make ongoing contributions to an external pension plan. The Bank shall have no pension obligations toward these Generation B Employees, except for supplementary contributions towards severance pay, in certain cases, pursuant to the agreement.

Employees who started working for the Bank before January 1 1999 and were granted permanent employee status before the date of signing the aforementioned agreement (hereinafter – "Generation A Employees"), and who retire from the Bank at retirement age, except those mentioned above and in Section C. below, may choose between receiving severance pay and retirement savings or a pension from the Bank while waiving the severance pay and savings, all subject to the provisions of the law. Entitlement to a pension is calculated at a rate of 40 percent in respect of the first fifteen years of employment, i.e. 2.67 percent per annum, and 1.5 percent for each additional year, up to a maximum rate of 70 percent.

The pension reserves are based on an actuarial calculation that factors in the retirement age pursuant to studies and based on past experience. The actuarial calculation was made according to the accrued benefits valuation method, taking into account various parameters including the probability, based on past experience, as to the rate of utilization of pension benefits and the rate of withdrawal of severance pay and pension savings, disability benefits, etc. The calculation also factors in a nominal pay increase, which is based on past experience.

The liability is accrued on a straight-line basis until the early retirement age (the average of actual retirement ages of Generation A Employees in recent years, both men and women). After this date, additional benefits attributed to subsequent years are accrued based on the formula of Generation A Employees' benefit plan.

The actuarial calculation is based on revised directives of the Ministry of Finance regarding mortality rates, published in July 2024, which were established for insurance companies by the Commissioner of the Capital Market, Insurance and Savings and applied to the Bank's employees.

The employee benefits liability amount is affected by several key variables, which include market variables (discount rates of the liabilities for various periods) and actuarial variables, with some of the actuarial variables being associated with employee behavior. There may be a correlation between changes in market variables and changes in the behavioral actuarial variables.

Note 22 - Employee Rights (cont.)

The Bank's actuarial liability for pension was calculated based on the yield on Israeli Government bonds plus an average spread on corporate bonds rated AA or higher as of the reporting date. It was decided that the calculation of the spread will be based on spreads of US corporate bonds.

The Bank's pension liability for retired employees who have opted for pension and the Bank's liability mentioned in Section C. below are partially covered by a pension provision calculated according to the present value of the liability, as calculated by an actuary.

2. Leumi Alumni

Leumi Alumni are former employees who were employed under the collective bargaining agreement, and who left their jobs at the Bank after 25 years, or whose age is at least 50 and have left the Bank after 15 years of service.

c. Employment and Retirement Terms and Conditions of Employees with Personal Employment Contracts

1. Overview

The accepted terms and conditions of employment and retirement for employees with personal contracts with the Bank include fixed compensation components, such as a monthly salary, social benefits, related benefits, such as study fund, health insurance, insurance arrangements, exemption and indemnification, as well as terms and conditions of retirement and severance and termination of employment, such as paid early notice. Employees who have personal contracts with the Bank also enjoy variable compensation components, such as any award that is not given on a regular basis, i.e., annual performance bonus, personal mission bonus, and special bonus for special events and equity compensation by way of options and/or shares and/or share-based instruments. Key employees who are not officers may be entitled to additional bonuses such as retention bonus and outstanding excellence award. Members of Bank's management may also be entitled to an adaptation bonus of up to 6 monthly salaries on termination of their employment by the Bank. In addition, employees with personal contracts at the Bank may be required to sign a non-compete clause of up to six months.

Retirement and pension arrangements for employees with personal contracts

The retirement and pension benefits of Bank employees with personal contracts are determined according to their classification into the Bank's employment period categories and according to the circumstances under which their employment ended (such as redundancy, resignation or retirement). The Bank's retirement arrangement with these employees includes entitlement to their severance pay fund, in accordance with Section 14 of the **Severance Pay Law, 1963** or to severance pay ranging between 100 percent and 250 percent, in addition to the funds accrued in their pension savings, and the possibility, in certain cases, of receiving a monthly annuity. This right is in lieu of the employees' legal severance pay benefits and includes the funds and benefits accrued in the employee's severance pay funds during his/her employment period (including any gains).

In case of termination of employer-employee relations (due to redundancy, resignation or retirement, as relevant and according to the terms and conditions of the personal contract), Generation A Employees may waive the benefits and funds which they have accrued in their severance pay and pension savings (in respect of Generation A benefits) in return for being eligible for unfunded pension from the Bank (hereinafter - the "Pension Annuity"). Employees are eligible for a Pension Annuity on reaching retirement age or, alternatively - subject to meeting seniority and age criteria - to receive the Pension Annuity immediately or at a later stage (in full or adjusted, as relevant).

Some contracts stipulate that, in case of termination of employer-employee relations (due to redundancy, resignation or retirement, as relevant and according to the personal contract's terms

Note 22 – Employee Rights (cont.)

and conditions) and subject to meeting certain conditions, including seniority and/or age conditions, some Generation B employees may opt to receive an Interim Annuity from the Bank (in full or adjusted, as relevant) in lieu of severance pay, until they become eligible for the amount saved pursuant to the pension fund's Articles of Association and the provisions of the law.

The percentage of the Pension Annuity or interim annuity, as relevant, is 2.67 percent per annum for the first 15 years of employment. Subsequently – 1.5 percent per annum for each year until a personal contract is signed; 2 percent per annum for each year of employment under a personal contract and 2.5 percent per annum for each year of service as member of management, up to a maximum of 70 percent. Eligibility for Pension Annuity from the Bank is subject to the employee having all the benefits and funds accrued in the pension savings and severance pay fund (in respect of Generation A benefits) in his/her name available as the source from which the Pension Annuity will be paid by the Bank as aforesaid.

The maximum additional expense incurred by the Bank, assuming that the employees included in this section are made redundant effective immediately and according to the eligibility for each period, shall total NIS 72 million (including salary tax payable on pension) (2024 – NIS 121 million).

2. President and CEO

Mr. Hanan Friedman serves as an officer with the Bank as of September 1, 2014, and as the Bank's President and CEO from November 1, 2019 (in this Section – the "Effective Date"). On December 23, 2019, the Bank's general meeting approved the service and employment terms and conditions of the Bank's President and CEO, which become effective on the Effective Date. The service and employment terms and conditions of the President and CEO are in line with the Bank's Officer Compensation Policy, and in line with Directive 301A and the limitations prescribed in the Compensation Limitation Law.

The President and CEO's service and employment terms and conditions:

1. Salary – The monthly salary of the CEO is determined so that the total annual compensation for the CEO will be the maximum possible compensation amount pursuant to the Compensation Limitation Law. Compensation for the CEO is linked to the increase in the known Consumer Price Index[1] as well as to the Bank's lowest compensation increase rate as set out in the Compensation Limitation Law and subject to its provisions (hereinafter: the "Salary"). As of the end of 2025, the maximum possible compensation pursuant to the Compensation Limitation Law at the Bank stood at approx. NIS 3.9 million, not including severance pay and benefits as per the law.

   The President and CEO is eligible to an additional fixed compensation component that will be calculated such that the total amount of the compensation components payable to the President and CEO (excluding compensation the payment of which is not expected under generally accepted accounting principles) will not exceed the ceiling set forth in Section 2(b) of the Compensation Limitation Law.[2] No provisions for social benefits will be made in respect of this fixed component, except for provisions for severance pay and pension savings as required by law.

1 It is hereby clarified, that if the CPI decreases, the Salary will not be decreased accordingly.

2 It should be noted that the contributions for severance pay and pension as required by law will not be included in the calculation of the ceilings set forth in the Compensation Limitation Law. It should also be noted that since the total cost of the President and CEO's compensation exceeds the ceiling set forth in Section 2(A) of the Compensation Limitation Law, a portion of the compensation is not deductible for tax purposes as set forth in Section 32(17) of the Income Tax Ordinance.

Note 22 – Employee Rights (cont.)

2. **Termination of employment by giving advance notice** – The employment term of the President and CEO's employment agreement is indefinite. Each of the parties may terminate the agreement by giving a six-month advance notice.

3. **Contributions and deductions for pension, severance pay and social benefits** – the Bank shall make contributions towards pension and disability insurance for the President and CEO; these contributions, amounting to 7.5 percent of the President and CEO's Salary, will be transferred, on a monthly basis, to managers' insurance policies, provident funds and/or a pension arrangement, as agreed between the parties from time to time; the Bank will also deduct an additional 6 percent of the President and CEO's Salary in respect of pension contributions (hereinafter – "Pension Contributions"). The Bank will make contributions towards severance pay, which will be transferred, on a monthly basis, to a severance pay fund, at a rate of 8⅓ percent of the Salary[3] of the President and CEO; the Bank will also make monthly contributions to a study fund for the President and CEO at a rate of 7.5 percent of the Salary; at the same time, the Bank shall deduct a total of 2.5 percent, at the expense of the President and CEO, from the Salary, up to the maximum tax deductible amount and shall remit it to a study fund.

4. **Retirement terms and conditions** – as aforesaid, the President and CEO serves as an officer with the Bank as of September 1 2014. On the date on which the Compensation Limitation Law entered into effect, on October 12, 2016 (the "Determining Date") the service and employment terms and conditions of office and employment of the incumbent Bank officers according to the provisions of the said Law were updated, including the service and employment terms and conditions of Mr. Friedman, including his benefits in the event of retirement. Therefore, in the event of retirement, the President and CEO will be entitled to retirement benefits for his service term with the Bank from the Effective Date of his service with the Bank until the Effective Date, and to retirement benefits for his terms of office with the Bank from the Effective Date until the termination of his employment relations with the Bank, as specified below: In the event that the employment relations between the President and CEO and the Bank are severed (dismissal, resignation or retirement), the President and CEO will be entitled to the following benefits (cumulatively):

   (1) For the term of the President and CEO's employment as of the Effective Date: The President and CEO will be entitled to severance pay in an amount equal to 100 percent [4] of the last known monthly Salary on the termination of employment relations with the Bank multiplied by the number of years from the Effective Date until the termination date of the employment relations as aforesaid, plus the funds and benefits accumulated in the pension funds from pension contributions made by the Bank and by the President and CEO in respect of the President and CEO's term of employment during the abovementioned term (from the Effective Date until the termination date of the employment relations).

   (2) For the term of the President and CEO's employment until the Effective Date: The President and CEO will be entitled to severance pay in an amount equal to 250 percent of the monthly Salary immediately prior to the Effective Date multiplied by the number of years he will have been employed by the Bank until the Effective Date, plus the funds and benefits accumulated in the pension funds from pension contributions made by the

[3] Including all components in respect of which severance pay is payable by law.

[4] Entitlement to severance pay as aforesaid is conditional on the transfer to the Bank of the contributions towards severance pay made during that period, or of an amount equal to the amount of those contributions.

Note 22 - Employee Rights (cont.)

Bank and by the President and CEO for the President and CEO's term of employment during the above period (until the Effective Date).[5]

5. **Non-compete** - The President and CEO will undertake towards the Bank to maintain a six-month non-compete period from the date of termination of his office (hereinafter - the "Non-Compete Period"). During the Non-Compete Period the President and CEO will be entitled to receive a Salary and all other related benefits, excluding contributions for social benefits.

6. **Exemption, insurance and indemnification** - The President and CEO will be entitled to exemption, insurance and indemnification of officers, as is customary at the Bank, from time to time.

7. **Paid leave, convalescence pay and sick leave** – as normally paid to the Bank's senior officers according to Bank's procedures.

8. **Related benefits** - The CEO is entitled to benefits as is customary for senior executives of the Bank.

9. **Provisions regarding** annual bonuses - The President and CEO will not be entitled to an annual variable bonus.

3. The Bank's Chairman of the Board

Mr. Uri Alon began serving as a director of the Bank as of August 30, 2023, and began serving as Chairman of the Board of the Bank on December 18, 2024 (in this Section, the "Effective Date").

The Chairman of the Board's service terms and conditions as described below were ratified by the Compensation Committee and the Bank's Board of Directors, and at the general meeting of the Bank held on March 13, 2025. The terms and conditions of the Chairman of the Board will become effective on the Effective Date, as long as he serves a Chairman of the Board. The Chairman of the Board's service terms and conditions may be updated by the authorized organs of the Bank subject to the provisions of the law and regulations. The service terms and conditions of the Chairman of the Board are in compliance with the Bank's officer compensation policy and in accordance with Directive 301A, regarding structure of compensation for chairman of the board in a banking corporation without a controlling core, and pursuant to the Compensation Limitation Law.

Pursuant to the service terms and conditions of the Chairman of the Board, the Chairman of the Board will provide services to the Bank through a management company he owns, against a tax invoice provided to the Bank. In return for these services, the Chairman will be entitled to a fixed compensation only[6], of NIS 3.9 million per annum, with added VAT as required by law; the amount is linked to the increase in the known CPI[7]. It is clarified that, in respect of the Chairman of the Board's tenure for part of a year, he will be paid the proportional part of the annual compensation.

Moreover, pursuant to the service terms and conditions of the Chairman of the Board, the Chairman will also be entitled to exemption, insurance and indemnification arrangements of officers, as is the practice in the Bank, from time to time, as well as to benefits for the reimbursement of reasonable expenses according and subject to that stipulated in Directive 301A. The Chairman of the Board will not receive, in addition to the annual compensation and the reimbursement of expenses as aforementioned, any direct or indirect consideration for his term

[5] Entitlement to severance pay as aforesaid is subject to the transfer to the Bank of the contributions to the severance pay fund.
[6] It is clarified that the Chairman of the Board of Directors is not entitled to a variable annual bonus.
[7] It is hereby clarified, that if the CPI decreases, the consideration amount will not be decreased accordingly.

Note 22 - Employee Rights (cont.)

of office as Chairman of the Board or for the end of his term of office. The Chairman of the Board will not be eligible for an advance notice at the end of tenure and for a non-compete payment.

d. Provision for Paid Leave

The "other liabilities" line item includes a provision in respect of unutilized paid leave, calculated based on the last salary plus related benefits. The Bank also provides for sick leave that will be converted to paid leave, calculated on an actuarial basis. As of December 31, 2025, these provisions amount to NIS 203million (December 31, 2024 – NIS 215 million).

e. Pension and Severance Pay for the Bank's Employees

The Bank pays contributions towards severance pay and pension for Generation A Employees into the Bank employees' provident fund towards severance pay and pension, which is administered by a management company held by fund's members (hereinafter – the " Management Company").

Retirement and pension benefits are determined according to a classification of different employment periods at the Bank, and as outlined in Section B.1 above, Generation B Employees are entitled to ongoing pension and provident fund contributions, for which the Bank has no pension liability, except for supplementary severance pay under the relevant circumstances. Generation A employees - on reaching retirement age, under certain circumstances - have the right to either receive severance pay and compensation from the Bank or a pension annuity, or a combination of the above, all in accordance with, and subject to, the provisions of the various agreements applicable to these employees. For these employees, the Bank deposits contributions in the employees' provident, pension and severance pay funds, which are managed by the management companys. During 2019, the Bank entered into an agreement with additional institutional entities to transfer the severance pay and pension funds which accumulated or will be accumulated in the severance and pension funds of employees who have opted for or will opt for a pension to a paying fund. The Bank also entered into agreements to purchase insurance policies for the retirees, payable by the Bank.

f. The Bank's Officer Compensation Policy

On September 15, 2025, the Bank's general meeting approved the updated compensation policy for the Bank's officers (hereinafter - the "Compensation Policy"). The Compensation Policy went into effect as of the beginning of 2026 and will be in force until the end of 2028. The Compensation Policy is based on the provisions of Amendment No. 20 to the Companies Law regarding the Bank's officers' service and employment terms and conditions, on Proper Conduct of Banking Business Directive 301A regarding compensation policy in a banking corporation and on the provisions of the Law for Compensation of Officers in Financial Corporations (Special Approval and Disallowing the Deduction of Exceptional Bonus for Tax Purposes), 2016 (hereinafter - the "Compensation Limitation Law").

Note 22 – Employee Rights (cont.)

The Compensation Policy sets out a framework for the compensation of the Bank's officers and refers, among other things, to fixed compensation components, which is the principal compensation paid to officers and includes: A fixed salary, social benefits, related benefits, as well as severance and retirement benefits, as well as variable compensation components which include any compensation which is not fixed in nature, such as a measurable annual performance bonus comprised of a bonus component based on the Bank's return on equity, based on the weighted earnings per share of the Bank compared to the return of the TA-Banks Index, a bonus component based on the Bank's weighted efficiency ratio, and additional components, to the extent that the Compensation Committee and Board of Directors will decide to determine additional components regarding officers other than the Bank's President and CEO; a qualitative personal mission bonus, based on the achievement of personal targets and qualitative criteria according to the relevant officer's areas of responsibility; and a retention bonus. It should be noted that Board members, including the Chairman of the Board, are not entitled to variable annual bonuses. The Bank's President and CEO is not entitled to an annual variable bonus, unless decided otherwise by the Bank's competent organs.

The total amount payable in variable bonuses to an officer is limited to 8 monthly salaries per year; as under special circumstances, the Compensation Committee and the Board of Directors may approve an additional special bonus to any of the officers, that would not exceed two monthly salaries, up to an aggregate cap of NIS 5 million for special bonuses for all officers per year.

The Bank's Board of Directors may also reduce (due to special considerations) the amount of the variable annual bonus, after obtaining the approval of the Compensation Committee, at its discretion. Furthermore, the Compensation Policy prescribes, based on Directive 301A, a mechanism for repayment of variable bonuses, including repayment criteria and circumstances and a repayment period.

The Compensation Policy also sets out arrangements for deferral of payment of variable bonus to officers, payment of which is subject to the Bank's meeting the required capital adequacy ratios according to the directives of the Banking Supervision Department immediately prior to each vesting date (or the fixed vesting conditions in a equity compensation, to the extent that the deferred part of the variable bonus payments is given as a equity compensation).

The Compensation Policy includes various mechanisms and arrangements designed to allow the Compensation Committee and the Board of Directors to revise the Compensation Policy or service and employment terms and conditions of officers to whom the Compensation Policy applies, without being required to obtain the approval of the Bank's general meeting for every such revision. Such revisions will be made when, in the opinion of the Compensation Committee and the Bank's Board of Directors, they are justified under the circumstances on revision date.

According to the Compensation Policy, the compensation of any of the officers at the Bank (other than the Chairman of the Board or President and CEO) which will exceed, according to a decision by the Compensation Committee and Board of Directors the ceiling set out in Section 2(a) of the Compensation Limitation Law, and in such a case, part of the salaries of these officers will not be tax deductible, subject to Section 32(17) of the Income Tax Ordinance. The compensation policy also includes a mechanism enabling an increase in the amount of compensation to which the Chairman of the Board and the President and CEO will be entitled automatically with an increase in the lowest compensation at the Bank, as stated in the Compensation Limitation Law (where to the extent that the revised compensation amount to the Chairman of the Board and/or to the President and CEO will exceed 5% due to the linkage to the rate of increase of the lowest compensation at the Bank, as stated in the Compensation Limitation Law, the revision will be brought for approval of the Compensation Committee and Board of Directors).

In addition, the compensation policy includes the option according to which, subject to approval by the Bank's competent organs and subject to the provisions of any law, the Bank's officers (including directors) may be entitled to equity compensation in the form of options, shares or share-based instruments.

Note 22 – Employee Rights (cont.)

g. Compensation Policy for Key Employees

A revised compensation policy for "key employees" at the Bank who are not officers was approved by the Compensation Committee and the Board of Directors in February 2026 and will be in effect until the end of 2028. The policy sets out a compensation framework for key employees, including, inter alia, the salary component, related benefits, social benefits, the annual bonus component, the possibility of granting equity-based compensation and retirement terms and conditions. This policy was formed bearing in mind the principles of the Compensation Policy for the Bank's officers, with the required adjustments and according to the Compensation Limitation Law and the provisions of Proper Conduct of Banking Business Directive No. 301A.

h. Compensation Policy for All Employees

The Revised Compensation Policy for all employees (who are not key employees) was approved by the Compensation Committee and the Board of Directors in February, 2026 and is based on the provisions of Proper Conduct of Banking Business Directive No. 301A.

The Compensation Policy for all such Bank employees is designed to serve as a tool to promote the achievement of the Bank's business targets, including facilitating the recruitment and retention of high-quality employees, motivating them to improve performance and achieve the Bank's business objectives and targets while staying within the Bank's risk appetite.

The Compensation Policy deals, inter alia, with salary, related benefits, social benefits and bonuses, retirement terms and conditions and other compensation components payable to all employees.

i. Issuing of Securities

For details regarding the issuance of shares/option warrants not listed for trading to employees of the Bank and/or of the subsidiaries of the Bank and the directors, please see Note 23.A.

In March 2026, the Bank's Board of Directors approved that all Bank employees (who are not key employees or office holders) entitled to an annual bonus for 2025 may choose to convert 20% of the cash value of their bonus into options for the Bank's shares under an options plan to be adopted. Employees who choose to receive this portion of the bonus in options will be granted additional options by the Bank, beyond the options converted as described above, of an equivalent value, in accordance with the options framework that will be published later.

j. Legislative amendments regarding tax rates

On February 28, 2024, the Value Added Tax Ordinance (Tax Rate on a Transaction and on Imports of Goods) (Amendment), 2024 was published in the Official Gazette, by which the Value Added Tax rate would increase to 18% as of January 1, 2025. Accordingly, on March 11, 2024, the Knesset approved the Value Added Tax Ordinance (Tax Rate on NPOs and Financial Institutions) (Amendment), 2024, according to which the salary tax and profit tax will be revised in accordance with the increase in VAT as from 2025 (hereinafter – the "**Additional Ordinance**"). The Additional Order was published in the Official Gazette on April 14, 2024 and its impact on the Bank will commence in 2026[8].

[8] See Note 8.L.

Note 22 – Employee Rights (cont.)

A. Composition of Benefits

1. Employee benefits

	As at December 31		
	2025	2024	2023
	In NIS million		
Retirement benefits – pension and severance pay			
Liability amount	**16,791**	16,899	17,210
Fair value of plan assets	**9,982**	9,520	9,018
Excess of liability over plan assets	**6,809**	7,379	8,192
Accrued jubilee vacation leave			
Liability amount	**13**	16	18
Excess of liability over plan assets (included in "other liabilities")	**13**	16	18
Other benefits			
Liability amount	**472**	518	505
Excess of liability over plan assets	**472**	518	505
Total			
Excess employee benefits liability over plan assets that were included in the Other Liabilities[1] item	**7,308**	7,928	8,733
[1]Of which: for employee benefits abroad	**10**	11	10
Excess assets for employee benefits that were included in the Section "Other Assets"[2]	**14**	15	18

2. Defined benefit plan

A. Obligation and Funding Status

Liability amount Change in the Obligation for expected benefit

	For the year ended December 31		
	2025	2024	2023
	In NIS million		
Obligation for expected benefit as at the beginning of the year	**16,899**	17,210	17,214
Service cost	**105**	112	124
Interest cost	**848**	896	858
Contributions by plan holders	**18**	21	23
Actuarial loss (gain)	**12**	(307)	(209)
Changes in foreign exchange rates	**(7)**	(1)	10
Paid benefits	**(1,084)**	(1,032)	(971)
Downsizing, discharges, special and contractual benefits for severance	**–**	–	161
Obligation for expected benefit as at the end of the year	**16,791**	16,899	17,210
Obligation for cumulative benefit as at the end of the year	**15,980**	16,020	16,235

Note 22 – Employee Rights (cont.)

A. Composition of Benefits (cont.)

2. Defined benefit plan (cont.)

A. Obligation and funding status (cont.)

2. Change in the fair value of plan assets and plan's funding status

	For the year ended December 31		
	2025	2024	2023
	In NIS million		
Fair value of plan assets as at the beginning of the year	**9,520**	9,018	8,816
Actual return on plan assets[a]	**857**	669	339
Plan contributions by the banking corporation	**246**	407	365
Contributions by plan holders	**18**	21	23
Changes in foreign exchange rates	**(7)**	(3)	8
Paid benefits	**(652)**	(592)	(533)
Fair value of plan assets as at the end of the year	**9,982**	9,520	9,018
Funding status – Net liability recognized at the end of the year	**6,809**	7,379	8,192

a) Including the effect of the transition to a paying fund in respect of the retirees. See Section E of this Note.

3. Amounts recognized in the consolidated balance sheet

	As at December 31		
	2025	2024	2023
	In NIS million		
Amounts recognized in the "Other liabilities" item	**6,809**	7,379	8,192
Net liability recognized at the end of the year	**6,809**	7,379	8,192

4. Amounts recognized in accumulated other comprehensive income before the tax effect

	As at December 31		
	2025	2024	2023
	In NIS million		
Net actuarial loss	**732**	1,142	1,737
Closing balance of accumulated other comprehensive income	**732**	1,142	1,737

Note 22 – Employee Rights (cont.)

A. Composition of Benefits (cont.)

2. Defined benefit plan (cont.)

B. Expenditures for the period

1. Components of the benefit cost included in profit and loss

	2025	2024	2023
	In NIS million		
Service cost	**105**	112	124
Interest cost	**848**	896	858
Expected return on plan assets	**(559)**	(528)	(487)
Amortization of unrealized amounts – net actuarial loss	**124**	147	311
Other, including loss due to downsizing or discharge	**–**	–	161
Total benefit cost, net	**518**	627	967
Total expense for defined contribution pension plan	**239**	224	214
Total expenses included in profit and loss	**757**	851	1,181

2. Changes in plan assets and obligation for benefit recognized in other comprehensive income before tax effect

	For the year ended December 31		
	2025	2024	2023
	In NIS million		
Net actuarial gain per year	**(286)**	(448)	(61)
Amortization of unrealized amounts – net actuarial loss	**(124)**	(147)	(311)
Total recognized in other comprehensive income	**(410)**	(595)	(372)
Total benefit cost, net	**518**	627	967
Total recognized in net benefit cost for the period and gain (loss) Other total	**108**	32	595

Note 22 – Employee Rights (cont.)

A. Composition of Benefits (cont.)

3. Assumptions[a]

a. The assumptions, based on the weighted average, used for calculating the benefit obligation and for measuring the benefit's net cost for the years ended December 31.

1. The main assumptions used to measure the benefit obligation

	December 31		
	2025	2024	2023
	In %		
Discount rate	**2.64**	2.64	2.39
Rate of increase in the CPI	**2.13**	2.49	2.61[b]
Departure rate	**0–20.3**	0–35.9	0–38.8
Rate of compensation increase[c]	**0–6.67**	0–6.28	0–6.41

2. The main assumptions used for calculating the net benefit cost for the period

	For the year ended December 31		
	2025	2024	2023
	In %		
Discount rate	**2.74**	2.74	2.17
Expected return on long-term plan assets	**6.00**	6.00	5.63
Rate of compensation increase[c]	**0–6.67**	0–6.28	0–6.41

B. The effect of a one percentage point change on the expected benefit obligation before the tax effect

	Increase by one percentage point			Decrease by one percentage point		
	As at December 31			As at December 31		
	2025	2024	2023	**2025**	2024	2023
	In NIS million					
Discount rate	**(1,967)**	(2,004)	(2,056)	**2,372**	2,428	2,500
Rate of increase in the CPI	**(273)**	(334)	(356)	**308**	381	406
Departure rate	**114**	210	204	**(131)**	(143)	(232)
Rate of compensation increase	**348**	372	397	**(313)**	(334)	(355)

a) The assumptions are based solely on the Bank's data.
b) Restated as an informative figure, with no effect on the reported results.
c) In real terms.

The employee benefits liability amount is affected by several key variables, which include market variables (discount rates of the liabilities for various periods) and actuarial variables, with some of the actuarial variables being associated with employee behavior. There may be a correlation between changes in market variables and changes in the behavioral actuarial variables.

Note 22 – Employee Rights (cont.)

A. Composition of Benefits (cont.)

4. Plan assets

A. Composition of fair value of plan assets

	As at December 31, 2025			
	Level 1	Level 2	Level 3	Total
	In NIS million			
Cash and Deposits with Banks	**289**	**–**	**–**	**289**
Shares	**1,076**	**–**	**7**	**1,083**
Government bonds	**77**	**64**	**–**	**141**
Corporate bonds	**389**	**83**	**–**	**472**
Other[a]	**44**	**43**	**7,910**	**7,997**
Total	**1,875**	**190**	**7,917**	**9,982**

	As at December 31, 2024			
	Level 1	Level 2	Level 3	Total
	In NIS million			
Cash and Deposits with Banks	228	–	–	228
Shares	1,053	–	17	1,070
Government bonds	85	85	–	170
Corporate bonds	316	64	–	380
Other[a]	58	46	7,568	7,672
Total	1,740	195	7,585	9,520

a) Including deposits in a paying provident fund and insurance policies purchased for retired employees. See Section E of this Note.

B. Fair value of plan assets by type of asset and allocation target for 2026

	Allocation target	Percentage of plan assets	
	As at December 31		
	2026	**2025**	2024
	In %		
Cash and deposits with banks	**2**	**3**	2
Shares	**10**	**11**	11
Government bonds	**2**	**1**	2
Corporate bonds	**6**	**5**	4
Other	**80**	**80**	81
Total	**100**	**100**	100

Note 22 – Employee Rights (cont.)

A. Composition of Benefits (cont.)

4. Plan assets (cont.)

C. Changes in the fair value of plan assets whose value is measured based on significant unobservable inputs (Level 3)

	For the year ended December 31, 2025					
		Actual return on plan assets				
	Balance Opening	Realized gains/ (losses)	Unrealized gains/ (losses)	Purchases/ sales and discharges, net	Transfers Into/From Level 3	Balance Realized gains/ (losses)
	In NIS million					
Shares	**17**	**(8)**	**–**	**(2)**	**–**	**7**
Other	**7,568**	**(3)**	**296**	**(209)**	**258**	**7,910**
Total	**7,585**	**(11)**	**296**	**(211)**	**258**	**7,917**

	For the year ended December 31, 2024					
		Actual return on plan assets				
	Balance Opening	Realized gains/ (losses)	Unrealized gains/ (losses)	Purchases/ sales and discharges, net	Transfers Into/From Level 3	Balance Realized gains/ (losses)
	In NIS million					
Shares	20	–	–	(3)	–	17
Other	7,018	–	117	126	307	7,568
Total	7,038	–	117	123	307	7,585

5. Cash flows

A. Contributions

		Actual contributions		
	Forecast[a]	For the year ended December 31		
	2026	**2025**	2024	2023
	In NIS million			
Contributions	**308**	**264**	428	388

a) The estimated contributions the Bank expects to deposit for the defined benefit plan during 2026.

B. Benefits the Bank expects to pay in the future[a]

Year	In NIS million
2026	1,075
2027	968
2028	906
2029	878
2030	862
2031–2034	4,094
2035 onwards	9,201
Total	17,984

a) In discounted values.

Note 23 – Stock-based Compensation Transactions

A. Overview

Issuance of option warrants for officers who are not directors and for employees of the Bank and/or the Bank Group

On August 16, 2022, the Bank published an outline for a securities offering to officers and employees of the Bank group totaling up to 5,000,000 option warrants, of which 2,460,399 option warrants were allocated in 2022 to employees and officers (other than directors or the President and CEO).

For further information, please see Note 24.A. to the financial statements as of December 31, 2022.

On March 30, 2023, 239,502 additional option warrants, that are not listed for trading on the Tel Aviv Stock Exchange Ltd., were allocated to 13 employees of the Bank, of which three are senior officers at the Bank (other than directors or the President and CEO), including options out of the said amount, which shall be allocated and shall expire or for which the right of the offeree shall be revoked and shall not be exercised into shares and shall be returned to the option pool, all as detailed in the Outline.

On June 28, 2023, the Bank's Board of Directors approved the allocation of 117,585 additional option warrants, which are not listed for trading on the Tel Aviv Stock Exchange Ltd., to nine employees of the Bank (who are not directors or the CEO), including options out of the said amount, which shall be allocated and shall expire or for which the right of the offeree would be revoked and shall not be exercised into shares and shall be returned to the option pool, all as detailed in the Outline.

On June 28, 2023, the Bank's Board of Directors approved the allocation of 1,135,570 option warrants to the Bank's CEO and to 12 officers of the Bank who are members of the Bank's management and one employee of a subsidiary of the Bank according to an outline published by the Bank on August 16, 2022. Of all the said option warrants, the CEO is entitled to 145,794 option warrants, the allocation of which had been approved on August 10, 2023 by the Bank's general meeting.

For further information about allocations in 2023, please see Note 24.A. to the financial statements as of December 31, 2023.

On August 14, 2024, 156,591 additional option warrants, not listed for trading on the Tel-Aviv Stock Exchange, were allocated to 4 employees of the Bank and to 3 senior officers of the Bank (other than members of the Board of Directors or the President and CEO), including options out of the said amount, which shall be allocated and shall expire, or for which the right of the offeree shall be revoked, and shall not be exercised into shares and shall be returned to the option pool, as noted in detail in the Outline.

For further information about allocations in 2024, please see Note 23.A. to the financial statements as of December 31, 2024.

On June 12, 2025, the Bank published an outline for a securities offering to officers (who are not directors) and employees of the Bank and/or the Bank group up to 5,000,000 registered option warrants, that are not listed for trading on the Tel Aviv Stock Exchange Ltd.; the option warrants are exercisable up to 5,000,000 of the Bank's ordinary shares of NIS 1 par value each, according to the Bank's 2022 option plan.

On June 11, 2025 the Board of Directors of the Bank approved an allocation of up to 1,726,781 option warrants to the Bank's employees and/or employees of the Bank's subsidiaries, of which 12 are officers at the Bank (who are not directors), including the Bank's CEO. The allocation to the Bank's CEO is vis-a-vis and on account of the existing cost of his employment by the Bank, and it is subject to the approval of the Bank's General Meeting. On July2, 2025 1,697,535 option warrants were allocated to the Bank's employees and/or employees of the Bank's subsidiaries, of which 11 officers at the Bank (who are not directors). On September 15, 2025, the Bank's General Meeting approved, inter alia, allocation of 29,231 Series 2 option warrants to the Bank's CEO, which were allocated on September 30, 2025 and fully vested upon grant.

The option warrants that were allocated on July 2, 2025 had been divided into 3 different series:

1. Series 1 – 788,793 option warrants. The first portion (413.783 option warrants) will mature two years following the allocation date and expire 24 months following the maturity date, as aforementioned;

the second portion (the remaining Series 1 options) will mature three years following the allocation date and expire 24 months following the maturity date, as aforementioned.

2. Series 2 – 464,551 option warrants. All Series 2 options had matured at the date of allocation thereof.
3. Series 3 – 444,191 option warrants. Series 3 options will mature according to the performance targets set out in the outline as aforesaid.

Note 23 – Stock-based Compensation Transactions (cont.)

The Series 2 and 3 options replace the salary components of the offerees and may be exercised over the period of 60 months following the date of allocation thereof, however, in the event where upon the expiration of 48 months following the date of the allocation the internal value of the options would be equal or higher than their fair value, the exercisable period will be shortened and options that had not been exercised by this date will be exercised automatically. After the exercise of each tranche period ends, the option warrants for that tranche shall expire (if they have not expired or have not been exercised prior to that in accordance with the provisions of the option plan) and the option warrants shall not be exercisable as from that date.

The Series 1 option warrants were offered to the offerees free of charge, as part of their terms of employment at the Bank. The exercise price of the option warrants that were allocated on July 2, 2025 and September 30, 2025 stands at NIS 54 per share, according to the average closing price of the Bank's share during the 30 trading days that preceded the date of the Board of Directors' approval of the allocation of the option warrants.

In respect of the issuance of the abovementioned Series 1 option warrants, the Bank records payroll expenses according to the fair value of the option warrants. This expense shall be recorded in the Bank's financial statements over the options' vesting period. Issuance of Series 2 and 3 option warrants concerns a conversion of entitlement to other salary components, as aforesaid, and therefore no additional expense will be recorded in respect of them.

The estimate of the fair value of the option warrants that were offered according to the outline (including the option warrants that had been allocated to the CEO, as of the date of approval of the allocation thereof stands at approximately NIS 21.7 million. The estimate of the fair value of the option warrants had been calculated based on the Monte Carlo model, and all according to the assumptions as included in the outline.

As stated, the Bank received approval from the Israel Tax Authority to designate the plan as a "plan to allocate options through a trustee", under Section 102 of the Income Tax Ordinance, using the capital gains taxation track.

Option Allocation – Leumi Partners

On March 2, 2026, the Bank's Board of Directors approved the allocation of up to 20,312,500 registered, non-listed warrants to six officers of the subsidiary Leumi Partners and to one officer of the Bank, exercisable into up to 1,845,717 shares[1].

The first tranche of the warrants will vest one year after the grant date, the second tranche will vest two years after the grant date, and the third tranche will vest three years after the grant date. However, 1,708,894 of the warrants allocated to the Bank's officers were granted in lieu of components of the offeree's salary and will vest on the grant date.

The options will be exercisable for a period of 60 months from their allocation date. However, if upon the completion of 48 months from the allocation date the intrinsic value of the options is equal to or higher than the minimum threshold for the increase in the Bank's share market value, as determined in the grant, the exercise period will be shortened, and any options not exercised by that date will be exercised automatically. Upon the end of the exercise period, the warrants will expire (unless they have expired or been exercised earlier in accordance with the provisions of the option plan), and the warrants will no longer be exercisable from that date onward.

The exercise and number of the options that will vest, are subject to the cumulative fulfillment of conditions relating to the Bank's capital adequacy ratio, a minimum threshold for the increase in the

[1] Subject to adjustments and in accordance with the net-exercise mechanism and the vesting conditions detailed below.

Bank's share market value, and the increase in the fair value of Leumi Partners, (up to a cap of NIS 3 billion in fair-value appreciation by the intrinsic value of the warrants at the exercise date.

Upon the issuance of the warrants, Leumi Partners will recognize compensation expenses based on the fair value of the warrants. This expense will be recorded in the company's financial statements over the vesting period of the options.

The estimated fair value of the warrants as of the date of approval of their allocation is approximately NIS 23.76 million.

Granting fixed equity compensation to the Bank's directors other than the Chairman of the Board

On June 30, 2025, the Bank's Board of Directors ratified a material private offering of securities to 9 members of the Bank's Board of Directors, and on January 7, 2026, the Bank's Board of Directors approved a material private offering of securities to 10 members of the Bank's Board of Directors (who constitute all of the Bank's directors on the above dates, with the exception of the Chairman of the Board) (hereinafter jointly: the "Offerees"), pursuant to an outline to grant fixed capital benefits to directors at the Bank (who are not the Chairman of the Board), ratified by the Bank's general meeting on August 10, 2023. According to the outline ratified at the general meeting, the equity compensation is fixed and the Offeree Directors will be allocated, on pre-determined dates, shares of the Bank of NIS 1 p.v. each, in an amount that reflects an identical value for each Offeree at a fixed-amount value of NIS 25,000 per quarter (linked to increase in the Consumer Price Index) (i.e. not by way of a fixed number of shares, hereinafter - the "**Fixed Equity Compensation**"). The number of shares that is granted to the Offeree Directors on each grant date will be determined according to the average closing price of the Bank's share on the 30 trading days preceding each grant date.

The Offeree Directors' eligibility for the fixed equity compensation is not contingent, including not contingent upon performance or on the continued tenure of the relevant Offeree Director in the Bank subsequent to the grant date of the equity compensation. It is clarified that the fixed equity compensation will be granted only to directors who will serve on the Bank's Board of Directors on each of the grant dates.

As part of the material private offering, on June 30, 2025 the Bank allocated to the Offerees 8,343 of its ordinary shares of 1 p.v. each, and as part of the material private offering dated January 7, 2026, the Bank allocated to the Offerees 6,785 of its ordinary shares of NIS 1 p.v. each (hereinafter: the "Shares"). The Shares were allocated without any consideration, except for payment for the minimum price per share pursuant to the Stock Exchange's articles, namely 30 agorot per share.

With the exception of the foregoing, the Offerees did not pay the par value of the shares. The Bank will discount as share capital the balance of the par value of the Shares from the earnings, as defined in Section 302(b) of the Companies Law, instead of from a premium on shares, or any other source included in its equity, subject to the provisions of Section 304 to the Companies Law.

In general, allocation of the Shares to the Offerees was performed in the capital gains track (with a trustee) pursuant to Section 102 of the Income Tax Ordinance (New Version), 1961 (hereinafter: the "Ordinance"), except for regarding Offerees who provide services to the Bank via a company under their ownership, and pursuant to the capital benefits plan adopted by the Bank on June 1, 2022, and therefore, the allocated Shares will be subject to a certain tax blockage period of two years, during which the Shares will be entrusted with a trustee appointed by the Bank; all subject to the provisions of the Ordinance and the rules of the tax laws applicable at the time of their granting and realization.

Note 23 – Stock-based Compensation Transactions (cont.)

B. Details Regarding Equity-Settled Stock-based Compensation Transactions

	For the year ended December 31	
	2025	2024
Change in options for shares:	No. of units	
Outstanding at beginning of year	**2,993,390**	3,561,149
Awarded during the year	**1,726,766**	156,591
Expired during the year	**134,176**	39,192
Forfeited during the year	**917,257**	153,865
Exercised during the year	**561,246**	531,293
Outstanding as at year-end	**3,107,477**	2,993,390

C. Details regarding the consideration cost of share-based compensation

	For the year ended December 31	
	2025	2024
	In NIS million	
Amounts carried to profit and loss before tax	**4**	3
Tax effect	**–**	–
Amounts carried to profit and loss after tax	**4**	3

Note 24A – Capital

A. Share Capital

	December 31, 2025		December 31, 2024	
	Authorized	Issued and paid up[a]	Authorized	Issued and paid up[a]
	NIS			
Ordinary shares of NIS 1.0 p.v. each	**3,215,000,000**	**1,616,330,949**	3,215,000,000	1,615,761,360

a) All the issued shares were registered shares. The shares which have been (or will be) issued have been (or will be) converted to ordinary shares transferrable in NIS 1.0 p.v. units. The rights attached to the Bank's shares are prescribed by the Bank's Articles of Association.

Changes in the Bank's Equity

Equity Compensation for Directors

For details regarding the outline for capital benefits ratified by the general meeting on August 10, 2023, and allocation of the Shares to directors at the Bank, see Note 23.a.

Allocation of option warrants

For details regarding the issuance of option warrants not listed for trading to employees and officers of the Bank, including the Bank's CEO, please see Note 23.A.

The ordinary shares are listed on the Tel Aviv Stock Exchange.

Subordinated notes

NIS 209,100,000 par value in Subordinated Bonds (Series 402) were issued by the Bank on July 8, 2018, convertible under certain circumstances to up to 21,664,717 ordinary shares of the Bank, respectively, as at December 31, 2025.

USD 750,000,000 par value in Subordinated Notes (Series Leumi $ 2031) were issued by the Bank on January 29, 2020. On December 8, 2025, the Bank's Board of Directors decided to exercise full early redemption of these Bonds. Accordingly, on January 29, 2026 promissory notes had been redeemed in the total sum of USD 750,000,000. The redeemed amount is not recognized in regulatory capital starting from the financial statements as of December 31, 2025.

For more information, please see Section F.

NIS 631,950,000 par value in Subordinated Bonds (Series 405) were issued by the Bank on March 27, 2022, and an additional NIS 771,950,000 p.v. in Subordinated Bonds (Series 405) were issued by the Bank on September 12, 2022 by way of series expansion. These Subordinated Bonds are convertible, under special circumstances, to up to 87,899,824 ordinary shares of the Bank, as at December 31, 2025.

USD 500,000,000 p.v. in Subordinated Notes (Series Leumi $ 2033) were issued by the Bank on January 18, 2023, convertible under certain circumstances to up to 118,750,000 ordinary shares of the Bank as of December 31, 2025.

NIS 1,535,042,000 p.v. in Subordinated Notes (Series 406) were issued by the Bank on January 23, 2025. These Subordinated Bonds are convertible, under special circumstances, to up to 69,906,709 ordinary shares of the Bank, as at December 31, 2025.

On January 22, 2026, an additional NIS 777,014,000 p.v. of subordinated bonds 406 were issued by the Bank through a series expansion, which are convertible under special circumstances into additional 33,882,832 ordinary shares of the Bank as of the issue date.

For more information, please see Section E.

Note 24.A – Capital (cont.)

B. The Bank's Share Buyback Plan

The Bank's share buyback plan 2024

On May 27, 2024, the Bank's Board of Directors approved a share buyback plan for a total of up to NIS 1 billion, from May 29, 2024 until May 22, 2025, or until the total buyback amount has been reached, whichever is earlier (herenafter: "the 2024 Share Buyback Plan".

The 2024 Share Buyback Plan had been executed as part of the trading on the Tel Aviv Stock Exchange (TASE) and/or through transactions outside the TASE, in accordance with the safe harbor mechanism published by the Israel Securities Authority in four separate stages, each of which irrevocable, in accordance with the safe harbor mechanism.

The 2024 Share Buyback Plan was fully executed, ending on May 14, 2025, as part of which 25,821,601 Bank shares were purchased, amounting to NIS 1 million under the said plan.

The Bank's share buyback plan 2025

On May 19, 2025, the Bank's Board of Directors approved a share buyback plan in a total not to exceed NIS 1.5 billion, commencing May 21, 2025 up to May 7, 2026 or until the total buyback amount has been reached, the earlier of the two.

The share buyback plan will be executed as part of the trading on the Tel Aviv Stock Exchange (TASE), through an external, independent member of the TASE, who will act under an irrevocable power of appointment, in accordance with the safe harbor mechanism published by the Israel Securities Authority. The buyback plan is executed in four separate stages, each of which irreversible, in accordance with the safe harbor mechanism (hereinafter – "Stage A", "Stage B", "Stage C" and "Stage D"). The maximum scope of the buyback at any stage will not exceed 25% of the rate of the total distribution approved for that quarter, and in any event will be as follows:

The implementation of Stage A commenced on May 21, 2025 and ended on July 16, 2025, during which time the Bank purchased (through the independent Stock Exchange member it had engaged with) 4,081,931 Bank shares amounting to NIS 240 million under the said plan.

The implementation of Stage B commenced August 14, 2025 and ended on October 21, 2025, during which time the Bank purchased (through the independent Stock Exchange member it had engaged with) 5,182,183 Bank shares amounting to NIS 326 million under the plan.

The implementation of Stage C began on November 19, 2025 and ended on January 22, 2026, during which time the Bank purchased (through the Stock Exchange Member) 7,057,330 Bank shares totaling NIS 506 million under the plan.

Immediately prior to publishing this report, the Bank decided to proceed to Stage D, granting the Stock Exchange Member an irreversible order to initiate Stage D on March 5, 2025.

Stage D will end on the earlier of: (a) May 7, 2026; or (b) Completion of the Bank's share buyback in an amount not exceeding approx. NIS 382.4 million.

Approval of the Banking Supervision Department to carry out the buyback plan, as required under Proper Conduct of Banking Business Directive No. 332, was received on May 11, 2025, subject to meeting the restrictions and capital targets, including the condition whereby the plan will be discontinued effective immediately if, during the plan term, the most recent financial statements published by the Bank will not comply with a Common Equity Tier 1 capital ratio of at least 10.9 percent, subject to the determination of the buyback amount in each stage taking into account the geopolitical situation as well as the Bank's actual capital ratios and the capital cushions required in the various scenarios.

As of the report publication date, the Bank owns 134,916,312 treasury shares.

Note 24.A - Capital (cont.)

C. Capital adequacy targets

Under Proper Conduct of Banking Business Directive No. 201, Capital Measurement and Adequacy - Introduction, Application and Calculation of Requirements, a large banking corporation whose consolidated on-balance sheet assets total at least 24 percent of the Israeli banking system's total assets, is required to meet a Common Equity Tier 1 capital ratio of at least 10 percent and a total capital ratio of at least 13.5 percent. This requirement applies to Bank Leumi.

In addition to the Common Equity Tier 1 capital is a capital requirement of 1 percent of the outstanding housing loans, for the purpose of financing rights in land, excluding housing loans for which a relief was granted during the temporary order for dealing with the coronavirus crisis for the period ended September 30, 2021.

Accordingly, the minimum capital requirements applicable to the Bank as of December 31, 2025 are 10.24 percent for Common Equity Tier 1 capital ratio (including capital requirement for outstanding housing loans) and 13.50 percent for total capital ratio.

The Group's policy, which was approved by the Board of Directors, is to maintain a capital adequacy level that is higher than the minimum threshold set by the Bank of Israel from time to time and no less than the rate of capital required to cover the risks as assessed using the ICAAP process. In addition, the Group has set capital targets in case of a stress scenario event.

On November 17, 2025, the Bank's Board of Directors approved an increase in the Bank's internal Tier 1 capital target, setting it at 10.85 percent instead of 10.6 percent.

Draft Revising Proper Conduct of Banking Business Directive No. 201, "Introduction to Measurement and Capital Adequacy, Applicability and calculation of requirements.

On February 11, 2025, a draft directive was sent to banking corporations for their comments. The draft proposes replacing Banking Supervision Directive No. 201 with a new directive, aiming to improve the alignment between the regulatory capital requirements applicable to banking corporations in Israel and the recommendations of the Basel Committee, as well as internationally accepted practices.

The draft directive includes references to regulatory capital ratio requirements, according to which the banking corporation would be required to meet minimum capital ratios and maintain capital buffers and adding capital above the minimum capital ratios.

Draft Revising Proper Conduct of Banking Business Directive No. 203, "Measurement and Capital Adequacy" - the Standardized Approach - Credit Risk

On February 11, 2025, the Banking Supervision Department sent a survey to banking corporations to assess the quantitative impact of the reform (QIS) on the calculation of risk-weighted assets under the standardized approach - "Measurement and Capital Adequacy - Calculation of Risk-Weighted Assets for Credit Risk". The survey results were sent to the Bank of Israel in June 2025.

On April 6, 2025, the Bank of Israel published a circular stating that to the list exposures weighted at 150% risk, credit provided under a financing agreement for a residential construction project will be added, in cases, where the proportion of apartment sale contracts in which a significant portion of the sale price (40% or more) is deferred to the delivery date (non-linear payment) exceeds 25%. Regarding existing projects in which this rate exceeds 25%, they will only be weighted at 150% when the proportion of contracts increases by more than 5 percent points compared with the rate at the starting date. The refund is valid as at December 31, 2026. Implementation of the new Directive is not expected to have a material effect on the Bank's capital ratios.

Revision of Proper Conduct of Banking Business Directive No. 218 - Leverage Ratio

On July 10, 2025 the Bank of Israel published a circular draft according to which the validity of the relief regarding minimum leverage ratio of 5.5% (rather than 6%) had been extended by a year up to December

Note 24.A – Capital (cont.)

31, 2026. A corporation which will utilize the easement until that date will be required to once again meet the required leverage ratio that was in place prior to the relief in two quarters' time, by June 30, 2027.

D. Dividend Distribution Policy

On March 2, 2026, the Bank's Board of Directors approved a dividend distribution policy, under which the Bank will distribute, each quarter, a total dividend of between 50 and 65 percent of the Bank's net income, of which up to 50% may be distributed in cash from the net profit, in accordance with the Bank's financial statements for the previous quarter. This was subject to, inter alia, the Bank's meeting its capital adequacy targets, even after the dividend distribution. The actual dividend distribution is subject to the specific resolutions being passed by the Board of Directors prior to each distribution, and to the provisions of the law which apply to dividend distribution, including the provisions of the Companies Law and directives of the Bank of Israel.

On March 2, 2026, the Board of Directors approved a dividend consisting of 65 percent of the quarter's net income in respect of Q4 quarter in the year 2025. Of which, approximately 50 percent of the net profit as a cash dividend totaling to approximately NIS 1,275 million, and the remaining balance through share buyback in the sum of to approximately NIS 382 million, as detailed hereinafter. The sum of the dividend approved for each NIS 1 par value share is approximately 86.05 agorot. The final dividend amount per share will be adjusted to changes due to a share buyback and the exercise of the Bank's convertible securities, and will be published two days prior to the effective date. The Board of Directors designated March 12, 2026 as the record date for purposes of dividend payment and March 19, 2026 as the payment date.

Details of paid cash dividend

Declaration date	Payment date	Dividend per share	Paid cash dividend
		In agorot	In NIS million
March 19, 2024	April 11, 2024	23.97	365
May 28, 2024	June 20, 2024	54.91	835
August 14, 2024	September 5, 2024	44.99	681
November 19, 2024	December 5, 2024	45.63	688
March 4, 2025	March 20, 2025	47.02	706
May 20, 2025	June 10, 2025	48.16	721
August 13, 2025	September 3, 2025	65.52	979
November 18, 2025	December 2, 2025	102.04	1,518

E. Shelf Prospectus, Bond Issue and Commercial Securities

Shelf Prospectus, Issue of bonds, subordinated bonds, and commercial securities

On May 28 2024, the Bank published a shelf prospectus in accordance with a permit granted by the Israel Securities Authority. The shelf prospectus will be in effect for a period of two years from its publication date.

On January 23, 2025, the Bank issued a total of NIS 1,535 million par value Subordinated Notes (Series 406).

The Series 406 Subordinated Bonds are linked to the Consumer Price Index and carry a fixed annual interest rate of 3.1 percent payable on February 28 of each year. The Subordinated Bonds are redeemable by a lump sum on February 28, 2036, with an early repayment option for the issuer exercisable not before January 28, 2031 and no later than February 28, 2031. At that date, if the Bank does not exercise its early redemption option, the bond's nominal interest rate shall be revised according to the difference

Note 24.A – Capital (cont.)

between the benchmark interest rate at the issue date and the benchmark interest rate at the interest revision date, as defined by the shelf offering report.

If circumstances of a trigger event (a point of non-viability or trigger event for absorption of the principal loss amount, the earlier of the two) were to occur, the Series 406 Subordinated Bonds shall be converted into ordinary shares according to the average closing prices of the Bank's shares on the Tel Aviv Stock Exchange in the 14 consecutive trading days preceding the date on which the conversion notice was issued or according to the set minimum rate (NIS 21.39[2] per share, subject to adjustments), the highest of the two.

These Subordinated Bonds (Series 406) are eligible for inclusion in Tier 2 capital as of the issue date.

In addition, on January 23, 2025, the Bank issued a total of approx. NIS 1,346 million p.v. in bonds (Series 185) linked to the Consumer Price Index and bearing a fixed annual interest rate of 1.86 percent, issued by way of expanding a Series in consideration of approx. NIS 1,387 million, and a total of approx. NIS 1,501 million p.v. in commercial securities (Series 7) issued by way of issuance of a new Series.

The principal of the Series 7 Commercial Securities and interest in respect thereof shall be payable in one lump sum on January 23, 2026; it is not linked, and carries interest at a rate of 0.02 percent over the Bank of Israel's interest rate.

On April 8, 2025, the Bank issued a total of approx. NIS 1,748 million nominal value, commercial securities (Series 8), issued by way of issuance of a new Series.

The principal of the Series 8 Commercial Securities and interest in respect thereof shall be payable in one lump sum on April 8, 2026; it is not linked, and carries interest at a rate of 0.03 percent over the Bank of Israel's interest rate.

On May 26, 2025, the Bank issued a total of approx. NIS 1,801 million p.v. in bonds (Series 183), linked to the Consumer Price Index and bearing a fixed annual interest rate of 0.1 percent, issued by way of expansion of a series in consideration of approx. NIS 1,826 million, as well as a total of approx. NIS 835 million p.v. in bonds (Series 184), unlinked and bearing a fixed annual interest rate of 2.76 percent, issued by way of expansion of a series in consideration of approx. NIS 796 million.

On September 8, 2025, the Bank issued a total of approx. NIS 1,869 million p.v. in bonds (Series 187), unlinked and bearing a fixed annual interest rate of 4.59 percent, a total of approx. NIS 1,836 million p.v. in bonds (Series 188), linked to the Consumer Price Index and bearing a fixed annual interest rate of 2.6 percent and a total of approx. NIS 1,474 million p.v. in commercial securities (Series 9) issued by way of issuance of a new Series.

The Commercial Securities Fund Series 9 and the interest on it will be payable in one lump sum on September 8, 2026, it is not linked, and bears interest at the rate of 0.01% in addition to the Bank of Israel's interest rate.

Bonds (Series 183–185 and Series 187–188) and commercial securities (Series 7–9) are not recognized for supervised capital purposes.

[2] In accordance with the terms of the Subordinated Bonds (Series 406), the floor price is NIS 22.34, subject to adjustments. The floor price stated above reflects the adjusted floor price as of January 20, 2026.

Note 24.A – Capital (cont.)

The issuance of credit-linked notes

On May 21, 2025 the Bank issued a total of approximately NIS 1,566 million p.v in credit linked notes, Leumi Variable Rate Bonds Series 4.

The Bonds' principal of Leumi Bonds Series 4 v.r. will be payable in one installment on June 24, 2029, as long as no credit event has occurred or as long as the Bank does not carry out early redemption, as detailed in the terms of the issuance.

The unpaid balance of the bonds' principal will bear annual fixed interest at the Bank of Israel's rate plus 2.2%. The bonds (principal and interest) will not be linked to any linkage base.

The proceeds of the issuance of 4 v.r. bonds are recognized as a qualified financial collateral in accordance with Proper Conduct of Banking Business Directive No. 203, as well as collateral deductible in calculating indebtedness of a customer under Proper Conduct of Banking Business Directive No. 313.

Issuance of bonds, subordinated bonds, and commercial securities after the report date

On January 22, 2026, the Bank issued a total of approx. NIS 744 million p.v. in Subordinated Notes Series 406, issued by way of expanding a Series in consideration of approx. NIS 802 million, linked to the Consumer Price Index and bearing a fixed annual interest rate of 3.1 percent and a total of approx. NIS 2,521 million p.v. in Bonds (Series 187), unlinked and bearing a fixed annual interest rate of 4.59 percent issued by way of expanding a Series in consideration of approx. NIS 2,632 million, as well as the sum of NIS 1,489 million p.v. Commercial Bonds (Series 10), which were issued by way of issuance of a new Series.

The principal of the Series 10 Commercial Securities and interest in respect thereof shall be payable in one lump sum on January 22, 2027; it is not linked, and carries interest at a rate of 0.02 percent over the Bank of Israel's interest rate.

Commercial Securities (Series 10) are not recognized for regulatory capital purposes.

The issuance of covered bonds to institutional investors outside Israel after the reporting date

On January 22, 2026 the Bank issued covered bonds in the sum of EUR 750 million. The bonds shall bear a fixed annual interest rate of 3.197 percent, and shall be payable in one lump sum on January 22, 2031.

The backed-up bonds were recorded in an institutional sequence system of the Tel Aviv Stock Exchange Ltd.

F. Early redemption of subordinated notes

On January 29, 2025, the Bank's Board of Directors decided to exercise full early redemption of Subordinated Bonds (Series 403), which were issued to the public in January and March 2019. Accordingly, on February 28, 2025, a total of approximately NIS 1,706 million in letters of undertaking were redeemed (including linkage differentials).

Early Redemption of Deferred Notes After the Date of the Report

On December 8, 2025, the Bank's Board of Directors decided to exercise full early redemption of Subordinated Bonds (Series 2031), which were issued to the public in January 2020. Accordingly, on January 29, 2026, Subordinated Bonds were redeemed in the total sum of USD 0.75 billion. The sum that was redeemed is not recognized in the supervisory capital commencing the financial statements as at December 31, 2025.

Note 24B - Capital Adequacy, Leverage and Liquidity

Overview

In May 2013, the Banking Supervision Department amended Proper Conduct of Banking Business Directives Nos. 201-211 on Capital Measurement and Adequacy, in order to adapt them to the Basel III rules.

It should be noted that Basel III rules introduce significant changes in the calculation of regulatory capital requirements, inter alia, in relation to the following:

- Regulatory capital components.
- Capital deductions and regulatory capital adjustments.
- Treatment of exposures to financial corporations.
- Treatment of exposures to credit risk for impaired debts.
- Capital allocation for CVA risk.

Volatile Capital Components

The employee benefits standard, which was first applied in January 2015, has had a material effect on Leumi's CET1 capital, mainly due to the fact that the liability was measured in accordance with market interest rates, which caused substantial volatility in the Bank's regulatory capital measurement.

In this context, on September 5, 2022, the Bank's Board of Directors approved, after obtaining the approval of the Banking Supervision Department, to change the manner in which pension liabilities are measured for regulatory capital purposes. According to the new measurement method, each quarter, the Bank will calculate the change in the pension liabilities resulting from changes in the discount rate, net of the change in the value of assets pre-designated to hedge these liabilities. The change in the net pension liabilities, after tax, will be spread in a linear fashion, over four quarters, as of the quarter for which the calculation had been made. The new method will be implemented starting on July 1, 2022 and will be in effect until the earlier of the two: a) The financial statements as at December 31, 2029 (inclusive) or b) The reporting date on which the average pension liabilities across the last four quarters will be lower than NIS 10 billion, linked to the CPI (from the known CPI as of July 1, 2022 to the known CPI on the relevant reporting date).

On November 15, 2016, the Bank's Board of Directors decided, based on the recommendation of the Audit Committee, to calculate the liabilities for employee pensions according to the fixed spread of internationally AA-rated bonds.

Following is an analysis of the effects of the changes on Common Equity Tier 1 capital as at December 31, 2025:

- Change of the scope of risk assets - as of December 31, 2025, risk assets amount to approximately NIS 561.1 billion, an increase of NIS 1 billion in risk assets will reduce the CET1 capital ratio and the total capital ratio by approximately 0.02%.
- A change of CET1 capital - As of December 31, 2025, the CET1 capital amounts to approximately NIS 67.6 billion. An NIS 100 million decrease in the CET1 capital will decrease the CET1 capital ratio by approximately 0.02% and the total capital ratio by approximately 0.01%.

Note 24B – Capital Adequacy, Leverage and Liquidity (cont.)

	December 31	
	2025	2024
	In NIS million	
a		
Capital for capital ratio calculation purposes		
CET1 capital, after regulatory capital deductions and adjustments[b][c]	**67,596**	61,255
Tier 2 capital, after deductions	**11,422**	13,372
Total capital – total	**79,018**	74,627
Balance of risk-weighted assets		
Credit risk[d][e]	**515,111**	460,765
Market Risks	**8,161**	7,332
Operational risk	**37,821**	35,182
Total balance of risk-weighted assets	**561,093**	503,279
Ratio of capital to risk-weighted assets		
Ratio of CET1 capital to risk-weighted assets	**12.05%**	12.17%
Ratio of total capital to risk-weighted assets	**14.08%**	14.83%
Minimum CET 1 capital ratio set by the Banking Supervision Department[a]	**10.24%**	10.24%
Minimum total capital ratio set by the Banking Supervision Department[a]	**13.50%**	13.50%

a) The minimum Common Equity Tier 1 capital ratio required and the minimum total capital ratio required as of December 31, 2025 are 10 percent and 13.5 percent, respectively. In addition to the Common Equity Tier 1 capital is a capital requirement of 1 percent of the outstanding housing loans, excluding housing loans granted during the temporary order term. For more information about the temporary order for addressing the coronavirus crisis, please see Note 24A above.

b) These data include adjustments in respect of the effect of first-time application of GAAP for current expected credit losses, which were gradually reduced until December 31, 2024. For further details regarding the adjustments for expected credit losses, please see section C below.

c) In the capital ratio calculations, adjustments in respect of the implementation of the new measurement method relating to certain actuarial liabilities were taken into account. For further details regarding the effect of the transition to the new method, please see the section entitled "Volatile Capital Components" above.

d) Credit risk was calculated after implementing the revisions to Proper Conduct of Banking Business Directives 203 and 203A, "Measurement and Capital Adequacy – The Standardized Approach – Credit Risk".

e) As of January 1, 2025, Directive 208A on the subject of capital allocation for CVA risk has been implemented, establishing a basic BA-CVA approach that replaced the existing directive. It is based primarily on risk considerations as a function of the economic sector and the credit quality of the counterparty.
The directive's implementation has no material impact on the capital ratio.

Note 24B – Capital Adequacy, Leverage and Liquidity (cont.)

B. Capital Components for the Calculation of Capital Ratios

	December 31	
	2025	2024
	In NIS million	
1. Common Equity Tier 1 capital		
Shareholders' equity	**68,130**	61,658
Adjustments in respect of the transition from the accounting curve to the regulatory curve[a]	**(178)**	(124)
Total CET1 capital before regulatory adjustments and deductions	**67,952**	61,534
Regulatory adjustments and deductions:		
Goodwill and intangible assets	**(336)**	(379)
Regulatory adjustments and other deductions – CET1 capital	**(20)**	(20)
The total regulatory adjustments and deductions before adjustments in respect of expected credit losses – Equity Tier 1	**(356)**	(399)
Total adjustments for current expected credit losses[b]	**–**	120
Total CET1 capital, after regulatory adjustments and deductions	**67,596**	61,255
2. Tier 2 capital		
Tier 2 capital: Instruments before deductions	**4,970**	7,594
Tier 2 capital: Provisions for loan losses, before deductions	**6,452**	5,778
Total Tier 2 capital	**11,422**	13,372
Total capital – total	**79,018**	74,627

a) For further details, please see the section entitled "Volatile Capital Components" above.
b) Adjustments in respect of the effect of first-time application of GAAP for current expected credit losses, which were gradually reduced until December 31, 2024. For further details regarding the adjustments for expected credit losses, please see section C below.

Comment: The total capital is calculated in accordance with Proper Conduct of Banking Business Directives No. 201–211, and 299, Capital Measurement and Adequacy, which became effective on January 1, 2014.

Note 24B – Capital Adequacy, Leverage and Liquidity (cont.)

C. Effect of adjustments on CET1 capital ratio

	December 31	
	2025	2024
Ratio of capital to risk-weighted assets		
Ratio of CET1 capital to risk-weighted components before adjustments for expected loan losses	**12.05%**	12.15%
Adjustments for expected loan losses[(a)]		0.02%
Ratio of CET1 capital to risk-weighted assets	**12.05%**	12.17%

(a) These data include adjustments in respect of the effect of first-time application of GAAP for current expected credit losses, which were gradually reduced until December 31, 2024. For more information, please see Note 1.S.1. to the financial statements as at December 31, 2022.

D. Leverage ratio pursuant to the Banking Supervision Department's directives

On April 28, 2015, the Banking Supervision Department issued Proper Conduct of Banking Business Directive No. 218, "Leverage Ratio". The directive sets a simple, transparent and non-risk based leverage ratio to serve as a supplementary and reliable measure for risk-based capital requirements, with the purpose of limiting excess leverage in banking corporations.

The leverage ratio is expressed as a percentage, and is defined as the ratio between capital measurement and exposure measurement. As defined in Proper Conduct of Banking Business Directive No. 202, Tier 1 capital is used for calculating the leverage ratio, taking into account the transitional provisions. A bank's total exposure is the sum of its balance sheet exposures, exposure to derivatives, exposure to securities financing transactions and to off-balance-sheet items. As a rule, the measurement is consistent with the accounting values, and no risk-weighting is applied. In addition, unless specifically permitted to do so under the Directive, the Bank may not use physical or financial collaterals, guarantees or other credit risk mitigation techniques to reduce the exposure measurement. Balance sheet assets deducted from Tier 1 capital (in accordance with Directive No. 202) are deducted from the exposure measurement. Pursuant to the Directive, the Bank calculates the exposure to derivatives according to Appendix C of Proper Conduct of Banking Business Directive No. 203A, and the exposures for off-balance-sheet items – by converting the items' notional amount by credit conversion coefficients, as stipulated in Proper Conduct of Banking Business Directive No. 203.

Pursuant to the Directive, banking corporations shall have a consolidated leverage ratio of no less than 5 percent. A banking corporation whose total consolidated assets constitute at least 24 percent of the Israeli banking system's total assets shall have a consolidated leverage ratio of no less than 6 percent. Thus, the Bank is required to have a minimum leverage ratio of 6 percent.

On November 15, 2020, the Bank of Israel published a circular outlining further amendments to Proper Conduct of Banking Business Directives for Handling the Coronavirus (Temporary Order) (Directive No. 250). The circular sets adjusts Proper Conduct of Banking Business Directive No. 218, "Leverage Ratio", such that a banking corporation whose consolidated on-balance sheet assets is 24 percent or more than the total on-balance sheet assets of the banking system, shall comply with a leverage ratio of no less than 5.5 percent. According to the above, the Bank is required to have a minimum leverage ratio of 5.5 percent. For more information about the temporary order for addressing the coronavirus crisis, please see Note 24A above.

Regarding the reduction of the leverage requirements, on December 20, 2023, the reduction was anchored in Proper Conduct of Banking Business Directive No. 218, Leverage Ratio, and the validity of the relief was extended to December 31, 2025.

Note 24B – Capital Adequacy, Leverage and Liquidity (cont.)

On July 10, 2025 the Bank of Israel published a circular draft according to which the validity of the relief had been extended by a year up to December 31, 2026. A corporation which will utilize the easement until that date will be required to once again meet the required leverage ratio that was in place prior to the relief in two quarters' time, by June 30, 2027.

Note 24B – Capital Adequacy, Leverage and Liquidity (cont.)

	December 31	
	2025	2024
	In NIS million	
Consolidated data[b]		
Tier 1 capital[a]	**67,596**	61,255
Total exposures[c]	**990,833**	882,958
Leverage ratio		
Leverage ratio	**6.82%**	6.94%
Minimum total leverage ratio set by the Banking Supervision Department	**5.50%**	5.50%

a) When calculating the leverage ratio, adjustments in respect of the implementation the new measurement method in respect of certain actuarial liabilities, were taken into account. For further details regarding the effect of the transition to the new method, please see section of Volatile Capital Components above.

b) The data include adjustments in respect of CECL, in accordance with the directives of the Banking Supervision Department.

c) Total exposures were calculated after implementing the revisions to Proper Conduct of Banking Business Directive 218, "Leverage Ratio", following the revision of Directives 203 and 203A, "Measurement and Capital Adequacy – the Standardized Approach – Credit Risk".

E. Liquidity coverage ratio pursuant to the directives issued by the Banking Supervision Department

On September 28, 2014, a circular was published adding Proper Conduct of Banking Business Directive No. 221, "Liquidity Coverage Ratio", which applies the recommendations of the Basel Committee regarding liquidity coverage ratio to the banking system in Israel. The liquidity coverage ratio examines a time-horizon of 30 days under a stress scenario, and is intended to ensure that a banking corporation has an inventory of high-quality liquid assets that is able to cover the corporation's liquidity requirements in this time horizon. The Directive prescribes the manner of calculating the liquidity coverage ratio, including the characteristics and operational requirements for an "inventory of high-quality liquid assets" (the numerator) and sufficient buffers for them; it also prescribes the net cash outflow expected under the stress scenario defined in the Directive for 30 calendar days (the denominator).

The stress scenario set forth in the directive includes a shock scenario combining a corporation-specific shock and a systemic shock; in this context, standard withdrawal and deposit rates were defined for outflows and inflows, respectively, according to the various balance categories.

As from January 1, 2017, the required minimum liquidity coverage ratio is 100 percent. However, in a period of financial pressure, a banking corporation may fall below these minimum requirements.

	For the three months ended As at December 31	
	2025	2024
	Average in %	
a. Consolidated data		
Liquidity coverage ratio	**127**	123
Minimum liquidity coverage ratio required by the Banking Supervision Department	**100**	100
b. The Bank's data		
Liquidity coverage ratio	**125**	120
Minimum liquidity coverage ratio required by the Banking Supervision Department	**100**	100

	For the three months ended As at December 31	
	2025	2024
	Average in %	

Note: Based on an average of daily observations.

The Bank is in compliance with a regulatory requirement as of December 31, 2025.

F. Stable funding ratio pursuant to the Banking Supervision Department's directives

The Bank reports the Net Stable Funding Ratio (NSFR) Directive No. 222, which is based on a publication of the Basel Committee. The NSFR is aimed at improving the resilience of banking corporations' liquidity risk profile in the long term, by requiring them to maintain a stable financing profile according to the composition of their assets and their off-balance-sheet activities. The ratio prevents banking corporations from over-reliance on short-term wholesale financing. The measurement is made both on the consolidated and separate levels each quarter; the requirement is to meet a 100 percent ratio.

	As at December 31	
	2025	2024
	In %	
a. Consolidated data		
Net stable funding ratio	**115**	118
Minimum net stable funding ratio set by the Banking Supervision Department	**100**	100

The Bank is in compliance with the regulatory requirement as of December 31, 2025. The Bank set internal Net Stable Funding Ratio restrictions, in addition to the internal Liquidity Risk Management restrictions.

Note 25 - Contingent Liabilities and Special Commitments

A. Off-Balance-Sheet Commitment for Activity by Extent of Collection[a]

Outstanding loans extended out of deposits by extent of collection[b]

	As at December 31	
	2025	2024
	In NIS million	
Non-linked NIS	**115**	110
CPI-linked NIS	**1,036**	1,077
Total	**1,151**	1,187

Cash flows arising from collection fees and interest spreads in respect of loans extended out of deposits by extent of collection as at December 31

	To Year	Over Year To three Years	Over three To Five Years	Over Five To Ten Years	Over Ten To Twenty Years	Over twenty years	Total for 2025	Total for 2024
	In NIS million							
In the CPI-linked segment[c]								
Future cash flows	**2**	**2**	**2**	**3**	**4**	**1**	**14**	15
Projected future cash flows after the management's estimate of early repayments	**2**	**2**	**2**	**3**	**4**	**-**	**13**	15
Discounted projected cash flows after management's estimate of early repayments[d]	**2**	**2**	**2**	**3**	**3**	**-**	**12**	13

a) Loans and deposits out of loans the repayment of which is conditional upon collection of the loans (or the deposits) with spreads or collection fees and commissions (instead of spreads).
b) Non-recourse loans and government deposits extended at the total amount of NIS 295 million (2024 – NIS 320 million) were not included in this table.
c) Including foreign currency segment.
d) Capitalization was carried out at a rate of 2.64 percent (2024 – at a rate of 2.70 percent).

Information regarding loans extended during the year by mortgage banks

	2025	2024
	In NIS million	
Loans out of deposits according to the extent of collection	**94**	134
Non-recourse loans	**28**	37

B. Contingent Liabilities and Other Special Commitments

	As at December 31	
	2025	2024
	In NIS million	
Commitments to purchase securities	**2,310**	2,411
Commitments to invest in, and purchase of, buildings and equipment	**22**	6

Note 25 – Contingent Liabilities and Special Commitments (cont.)

C. Legal Claims

During the regular course of business, legal claims have been filed against the Bank and certain consolidated companies, including class actions certification motions.

In the opinion of the management of the Bank and the managements of the consolidated companies, the total additional exposure arising from legal claims filed against the Bank and the consolidated companies on various issues, the amount of each of which exceeds NIS 2 million and regarding which the chances of the claims materializing are not remote, totals approximately NIS 383 million.

1. Set forth below are details of legal claims filed against the Bank, whose amounts are material. In the opinion of the management of the Bank, which is based on legal opinions regarding the expected results of such claims, the financial statements reflect adequate provisions, if needed, to cover any damages resulting from such claims.

   Pending legal claims filed in previous reporting periods:

   a. On March 29, 2017, a motion for class certification was filed against the Bank and similar legal claims were filed against other banks. Alternately, the applicant, the Bank may not charge a "correspondent bank fee" when transferring foreign currency from a customer's account to a bank account abroad, contrary to the provisions of The Banking Bill (Customer Service), 1981 and the rules pursuant thereto (hereinafter – the "Banking Grounds"); alternatively, the applicant claims that the Bank may only charge a correspondent bank fee in the amount of the expense it actually incurred (the amount that it actually paid to the correspondent bank); to the extent that the Bank did not act accordingly, this constitutes a breach of contract, unjust enrichment, and is contrary to the provisions of the Agency Law, 1965 (hereinafter – the "Agency Law Grounds"). The applicant claims that, the personal damage he has incurred is USD 30, and the damage incurred by the class of plaintiffs cannot be estimated. On February 16, 2023, a court decision was handed down certification of the claim as a class action lawsuit only on the Agency Law Grounds, and rejecting the Banking Grounds. On May 30, 2023, a request for leave to appeal was filed on behalf of the Bank (as well as several other banks) on the decision certifying the claim as a class action under the Agency Law. On August 5, 2025 the Supreme Court's ruling had been handed down, according to which the Banks application leave to appeal (as well as additional banks) would be dismissed given the parties' consent, and the proceedings would be returned to the District Court for continuing hearing thereof. On June 1, 2023, an appeal was filed by the applicant against the decision rejecting the certification of the claim as a class action regarding the banking grounds. The applicant's appeal was rejected by the Supreme Court on January 8, 2024.

   b. On May 6, 2018, a motion for class certification was filed in the Tel Aviv District Court against the Bank. The applicant claims that the Bank does not fulfil its obligation to make a reasonable effort to locate inactive accounts with a balance exceeding the investment requirement under the Banking Ordinance (Inactive Deposits), 2000, and that it is insufficient that the Bank revalues the accounts according to the provisions of the Ordinance and that the Bank should revalue the accounts at higher amounts. According to the applicant, the total class damage assessment is unquantifiable. On November 10, 2022, a decision was handed down by the court, approving the motion for class certification. On February 5, 2023, a leave to appeal was filed on behalf of the Bank. On January 11, 2024, the application for leave to appeal was rejected by the Supreme Court and the claim continues to be held at the District Court.

Note 25 – Contingent Liabilities and Special Commitments (cont.)

c. On January 21, 2020, a motion for class certification was filed with the Tel Aviv District Court against the Bank and against other banks. The motion claims that the Bank allegedly charges all of its customers (whether private individuals, small businesses or corporations) for transactions to purchase products and/or services overseas, whether for private use or in order to transfer them overseas or import them into Israel, according to Chapter 7 of the Foreign Trade price list, rather than charge lower fees and commissions in accordance with Chapter 5 of the Foreign Currency price list. The plaintiffs value the damage incurred by all members of the group they purport to represent at tens of millions of shekels. On March 29, 2024, the Tel Aviv District Court dismissed the motion for class certification. On June 4, 2024, the plaintiffs appealed the ruling to the Supreme Court.

d. On May 10, 2020, a motion for class certification was filed with the Tel Aviv District Court against the Bank and against two other banks. According to the plaintiffs, the banks are compromising their customers' privacy and are violating their duty of secrecy by transferring identifying information to companies such as Facebook and Google. It was also claimed that the banks use third party tools in order to surveil their customers while they perform activities on the banking websites and applications for the purpose of conducting advertising campaigns. The claimants assess the personal damages caused to them in the amount of NIS 1,000 and do not state a damage assessment for the class.

e. In mid-2020, a claim was filed by borrowers with a New York, US, court, against a consortium of senior lenders which financed a project to construct a residential tower in New York (hereinafter – the "Project"), including the Bank. The claim involves the call for immediate repayment of the debt by the consortium of lenders and the violation of the financing agreement by the borrowers. In November 2022, the borrowers filed an amended claim, in which the original claim amount was revised to USD 165 million (against all defendants). In April 2024, the court decided to remove the Bank as a defendant in the proceedings. At the same time, another legal proceeding is being heard in connection with the project – a legal proceeding that was filed on September 2, 2022 with the New York, US court by the mezzanine lender in the project against the consortium of lenders, including the Bank. The claim amount in this proceeding, is in the sum of USD 170 million. On January 22, 2025, the court ordered on the removal of the Bank as a defendant in this proceeding. It should be clarified that the rulings regarding removal of the Bank as a defendant in these proceedings does not change the Bank's exposure related to the claims due to the Bank's commitment to indemnify one of the other defendants in the consortium of lenders in respect of the claim, in line with the Bank's share in the financing.

f. On November 16, 2020, a motion for class certification was filed with the Tel Aviv District Court against the Bank, claiming that the Bank is violating the provision of the law when charging its customers third party expenses in amounts that are not listed in Part 11 of the price list. According to the motion, the violation is for each of the 22 components/topics listed in Part 11 of the price list, and for which customers are charged third-party expenses. The specific claim relating to the applicant is for charging a delivery fee using a courier when ordering check books (despite giving it full fair disclosure). The plaintiffs note that the damage caused to the plaintiff is NIS 125.74 and do not state the damage assessment for the class.

g. On April 11, 2021, a motion for class certification was filed with the Tel Aviv District Court against the Bank and against other banks and additional financial institutions. The plaintiffs claim that the defendants are compromising their clients' privacy and violating the duty of secrecy they are bound by, by transferring private information about the clients to third parties, in particular to Google. The claimants assess the personal damages caused to them in the amount of NIS 2,000 and do not state a damage assessment for the class.

Note 25 – Contingent Liabilities and Special Commitments (cont.)

h. On June 4, 2023, a motion for class certification was filed in the Tel Aviv District Court against the Bank and against other banks. The motion argued, among other things, that banks must grant customers daily interest on credit balances or inform them of the possibility of depositing the funds in an interest-bearing daily deposit. The applicants estimate the class damages at over NIS 1 billion (for all the defendant banks).

i. On June 21, 2023, a motion for approval of a class action had been filed with the Tel Aviv District Court against the Bank and against other banks. The subject of the motion is the Bank's raising of the Prime interest rate, for the purpose of determining the debit interest on current account balances, interest for delay and interest on loans and on any type of debit balances, at the rate of the Bank of Israel's interest rate increase rather than according to the change in interest on the sources used to finance the credit in the period beginning in April 2022. The applicants estimate the class damages at over NIS 5 billion (for all the defendant banks).

j. On July 19, 2023, a motion for class certification was filed in the Tel Aviv District Court against the Bank and against other banks. The motion claimed, among other things, that the interest rate paid on deposits made through the website or app is lower than the average interest rates and the customary and accepted interest rate and the actual interest paid on deposits made through a clerk, without informing the customers regarding the possibility of receiving higher interest and without inviting them to negotiate the terms and conditions with the Bank. The applicants estimate the class damages at over NIS 984 million (for all the defendant banks).

k. On February 19, 2024, a motion for class certification was filed with the Haifa District Court, alleging that the Bank is charging its customers exchange rate differentials for conducting foreign exchange transactions without disclosing the spread rate in the Bank's price list, the Bank's documents, or agreement with the customers. The plaintiffs do not state a damage assessment, either personal or for the class. On October 31, 2024, the Court dismissed the motion for class action certification. On November 13, 2024, the applicant appealed the ruling to the Supreme Court.

2. As at the publication date of the financial statements, there are no pending material legal claims against the Bank's subsidiaries.

D. Contingent Liabilities and Miscellaneous Commitments

1. On September 21, 2025, the Bank received notification from the Banking Supervision Department regarding the decision of the Committee for the Imposition of Financial Sanctions on Banking Corporations on the imposition of a financial sanction in the amount of NIS 2,100,000 due to failure to submit certain reports to the Israel Money Laundering and Terror Financing Prohibition Authority (IMPA) pursuant to the Prohibition on Money Laundering Ordinance (Obligations of Identification, Reporting, and Record-Keeping of Banking Corporations for the Prevention of Money Laundering and Financing of Terror), 2001 (reports concerning deposits of funds in small separate amounts across 11 accounts) and due to deficiencies in Know Your Customer (KYC) questionnaires for some of these accounts, which did not reflect the true nature of account activity (violation which was classified by the Committee as a local violation of minor severity). The amount of the financial sanction that was imposed is after the Committee decided to reduce the maximum amount of the financial sanction that may be imposed in accordance with the Prohibition on Money Laundering Law, 2000, and in accordance with the Regulations Regarding the Prohibition on Money Laundering (Financial Sanction), 2001, thus, inter alia, in light of the effective actions the Bank took to correct the situation, alongside the Bank's cooperation with the audit team.

Note 25 – Contingent Liabilities and Special Commitments (cont.)

E. The Bank serves as guarantor for members of some of the provident funds the operations of which were sold to Prisma Provident Funds Ltd. ("Prisma").

In January 2009, the relevant funds were sold to Psagot Provident Funds Ltd. ("Psagot"), which stepped into Prisma's shoes, and in October 2021, the management of the said provident funds was transferred from Psagot to Altshuler Shaham Pension and Provident Ltd. ("Altshuler").

The guarantee secures the repayment of the original principal amounts that were deposited amounting to NIS 1,270 million in nominal values as of December 31, 2025. The value of the above fund's assets amounted to app. NIS 5,992 million as of December 31, 2025. Additionally, this guarantee does not apply to deposits in accounts that were opened in the said funds after January 22, 2007. As at December 31, 2025, this undertaking is out-of-the-money.

Vis-a-vis the aforementioned undertaking, there is full indemnification by Altshuler, and in the event of realization of the guarantees or any part thereof. It will pay the Bank participation in the full amount of the realization.

1. Indemnification Letters

1. The Bank has undertaken in advance to indemnify its directors, the other officers at the Bank and those whom it employs under personal managerial contracts and who are not Bank officers ("Managerial Contract Holders") in respect of monetary liabilities arising from actions taken as part of performing their positions at Bank, in a list of events entitling to indemnification that, in the opinion of the Bank's Audit Committee (or Compensation Committee) and Board of Directors, may be expected in view of the Bank's activities and under circumstances that include, *inter alia*, the Bank's ordinary banking activities, share offerings under a prospectus, reports to the public and to regulatory authorities, activities relating to the Antitrust Law, cyber events and any other activity associated with the Bank's activities, including any action and/or transaction arising from or related to the Bank's holdings in Israeli and/or foreign subsidiaries and/or non-financial companies and/or investees. The maximal sum the Bank would pay due to realization of the indemnifications in practice of the indemnifications that were granted and will be granted to each of the officers at the Bank and officers at the subsidiaries, in aggregate, due to one series of events of the events entitling to indemnification, would not exceed 25% (twenty five percent) of the Bank's equity according to its latest financial statements (annual or quarterly) known prior to the actual date of indemnification (hereinafter: the "Maximum Indemnity Sum"). The Maximum Indemnity Amount is payable in addition to amounts received from the insurance company, if any, pursuant to an insurance policy taken out by the Bank, if any, and/or under an insurance policy and/or indemnification by any party other than the Bank (such that the Maximum Indemnity Amount will not be reduced due to such insurance and/or indemnification payments, if any). The Bank also undertook in advance, among other things, to indemnify directors, other Bank officers and managerial contract holders in respect of reasonable litigation costs, including costs incurred as a result of an investigation or procedure that was concluded without an indictment being filed and without the imposition of a monetary sanction in lieu of criminal proceeding, or an investigation or procedure that was concluded without an indictment being filed but with the imposition of a monetary liability in lieu of criminal proceedings relating to a criminal offence which does not require proof of criminal intent or in connection with a monetary sanction. The letter of indemnity also includes a further indemnification undertaking in respect of expenses and/or payment to the injured party of a breach in accordance with and subject to the provisions of the Streamlining of Enforcement Proceedings in the Israel Securities Authority Law (Legislative Amendments), 2011 ("the Administrative Enforcement Law"), and in respect of expenses incurred in connection with proceedings under Section G-1 of the Antitrust Law, 1988.

Note 25 – Contingent Liabilities and Special Commitments (cont.)

On December 23, 2019, an extraordinary meeting of shareholders of the Bank decided to approve an amendment to the List of Events for the Indemnification Undertakings (hereinafter – the "**Indemnification Undertakings**") for directors serving in the Bank, including those who will serve in the Bank from time to time. The List of Events was updated according to events which the Bank deems expected in light of its actual activity at the time of granting the Indemnification Undertaking.

The amendment of said Indemnification Undertakings also applies to other officers in the Bank as well as to managers with personal contracts who are not officers of the Bank, in line with the decision of the Audit Committee dated September 24, 2019 and the Bank's Board of Directors dated October 29, 2019.

The amended List of Events to the Indemnification Undertaking for directors and officers in the Bank is in line with the Bank's Articles of Association and the Bank's Revised Compensation Policy.

Furthermore, on February 15, 2004, the Bank's general meeting passed a resolution whereby directors will be exempted in advance for a liability in respect of damages caused due to breach of their duty of care towards the Bank. The decision to grant such an exemption also applies to other Bank officers, in accordance with the decision of the Audit Committee and the Board of Directors of June 2003.

2. The Bank has undertaken to indemnify Bank's employees in respect of expenses and/or any payment to the injured party of a breach in accordance with and subject to the provisions of the Administrate Enforcement Law, in accordance with terms and conditions normally set out in indemnity letters issued by the Bank.

3. The Bank and its subsidiaries indemnify certain external advisors including in connection with plans for awarding or offering securities to Bank or subsidiaries' officers or employees, as applicable, in respect of a liability or loss, and in various cases including in respect of other legal expenses in connection with services they rendered to the Bank.

4. The Bank undertook to indemnify international credit company Visa in respect of fulfillment of the obligations of Max It Finance Ltd. in connection with Visa credit cards.

5. The Bank and its subsidiaries provide, from time to time, in the ordinary course of business and under generally accepted circumstances, indemnification undertakings, which are limited or unlimited as to their amount or period, including: (1) debts with regard to the Bank's obligations as a member of the Tel Aviv Stock Exchange and as a participant in the SHVA (ATM branding) and MASAV payment systems; (2) transactions for disposal of the Group's holdings in subsidiaries; and (3) issuance and clearing agreements with the credit card companies.

6. The Bank provides, from time to time, indemnity letters, which are limited or unlimited as to their amount and period, to secure indemnities provided by subsidiaries to officers due to risks applicable to companies' officers, and to ensure that subsidiaries comply with regulatory directives and commitments towards such officers. In addition, the Bank provides indemnity letters to Bank employees and officers of subsidiaries in respect of a list of events which are specified therein.

7. As part of an international offering of deferred promissory notes with a mechanism for absorbing principal losses by forced conversion to the Bank's ordinary shares that were offered to qualified institutional
investors pursuant to Principle 144A of the United States Securities Act of 1933 (hereinafter – the "US Securities Act") and outside the United States in accordance with Regulation S under the US Securities Act, which took place in January 2023, and as part of the international offering of senior unsecured bonds to institutional investors in Israel, in accordance

Note 25 – Contingent Liabilities and Special Commitments (cont.)

with Section 15A(b)(1) of the Securities Law, 1968 (hereinafter – the "Israeli Securities Law"), and outside of Israel, in accordance with Section 15A(b)(2) of the Israeli Securities Law, Principle 144A of the US Securities Law and Regulation S of the US Securities Law, which was carried out in July 2022 (hereinafter, jointly – the "Offerings"), the Bank was required, under the purchase agreement (hereinafter – the "Purchase Agreements") with the underwriters, to indemnify the underwriters and parties associated with them, for damages, lawsuits and losses which they would incur, if incurred, in accordance with the US Securities Act and/or the United States Securities Exchange Act of 1934 in an unlimited amount, in respect of material incorrect details, or which are purported to be incorrect, which were included in the offering documents or any other information submitted by the Bank or in its name in connection with the offerings, or omission of material details and/or claim regarding such an omission of details as aforementioned documents or information.

As part of an engagement for the receipt of underwriting and distribution services in connection with a public offering of the Bank's ordinary shares, by way of a non-uniform offering for institutional investors (as defined in the Securities Regulations (Offer of Securities to the Public), 2007 (the "Offering Regulations"), including institutional offerees outside of Israel, in accordance with Regulation 11(a)(1) to the Offering Regulations, carried out by the Bank in June 2022, the Bank was required, under the underwriting agreement with Leader Underwriting, to indemnify the underwriter and/or his representative for any debt imposed on them for inclusion of a misleading detail in the issuance documents, up to the amount of the gross share issue proceeds, plus linkage to the CPI, subject to the conditions and reservations as detailed under that underwriting agreement.

Additionally, the Bank was required, pursuant to the distribution agreement *vis-a-vis* the foreign distributors related to that share offering (Citigroup Global Markets Limited, Barclays Bank Plc and Jefferies LLC), to indemnify each of the distributors and parties associated with them, for damages, lawsuits and losses they may incur, if incurred, in an unlimited amount, due to material incorrect details, or which are purported to be incorrect, which were included in the offering documents or any other information submitted by the Bank or in its name in relation to the aforementioned offering, or omission of material details and/or claim regarding such an omission of details from the offering documents or information.

8. In 2022, a transaction was completed for merging Bank Leumi Corporation (hereinafter – "BLC"), an American corporation (held at a rate of 85 percent by the Bank), which holds full control of BLUSA, into Valley National Bancorp (hereinafter – "Valley"). As part of the transaction, Valley was given indemnity in respect of any claim submitted in the future by non-controlling shareholder in BLUSA, who received the cash equivalent instead of their holdings in BLUSA, based on the value of the shares inherent in the merger transaction. For further information, please see Note 15.A to the financial statements as of December 31, 2022.

Note 25 – Contingent Liabilities and Special Commitments (cont.)

9. As part of a program issuing covered bonds to institutional investors outside Israel, in accordance with Section 15A(b)(2) of the Securities Law, 5728-1968 (the "Program"), under which an issuance was carried out in January 2026, the Bank (as issuer and seller) and Leumi CB Ltd. (the "Cover Pool Company") undertook to indemnify each distributor and any of its affiliates for any liability, damage, cost or loss – including reasonable legal fees and expenses – arising, inter alia, from: (a) any actual or alleged breach of representations, warranties or covenants under the Program Agreement; and (b) any untrue statement or omission of a material fact in the Program prospectus or in any other written information provided or approved for use by them. The indemnification also covers the reimbursement of reasonable expenses required for investigation, defense or conduct of proceedings, and is subject to the issuer's/the Cover Pool Company's right to approve any settlement and to assume the conduct of the defense. In addition, in consideration for the Bank's undertaking under the Program to indemnify the distributors for its own breaches, each distributor undertook to indemnify the Bank and the Cover Pool Company for damages arising from the breach of the selling and marketing restrictions applicable to it, except in certain specified circumstances. The indemnification provisions do not derogate from any other remedies and survive the termination of the arrangements under the Program.

Note 26 – Pledges and Restrictions

In its capacity as a member of the Tel Aviv Stock Exchange, the Bank is a member of the risk reserve of the Stock Exchange's Clearing House.

The amount that the Bank deposits in the risk reserve shall be equal to the amount of the largest periodic debit balance that a member had during the six months that ended in the calendar month before the updating date. The risk reserve updates the amounts 4 times a year.

Each risk reserve member places pledges on securities in favor of the Stock Exchange's Clearing House to secure payment of the member's proportionate share in the Risk Fund and also as surety for the performance of all that member's other obligations towards the Clearing House and its share in the Risk Fund. These collateral also secure the performance of all other obligations of risk reserve members in the event that the collateral provided by another member do not cover all its obligations, according to the proportionate share of each member, up to the lower of the full amount of the collateral provided or the amount of the obligations towards the Stock Exchange's clearing house. As of December 31, 2025, the Bank's-share in the Stock Exchange Clearing House's risk reserve is NIS 297 million (December 31, 2024 – NIS 293 million). The total amount of assets pledged by the Bank in favor of the Stock Exchange's Clearing House is NIS 319 million (December 31, 2024 – NIS 279 million).

The Bank is also a member of the Risk Fund of the MAOF Clearing House. The Bank undertook to pay the MAOF Clearing House any financial obligation arising from the MAOF transactions it carries out for its customers, from its Nostro portfolio and from MAOF transactions of other Stock Exchange members not clearing independently via the MAOF Clearing House. The amount of the Bank's liability is presented in Note 29.D., Off-Balance Sheet Financial Instruments.

The Bank provides collateral in favor of the MAOF Clearing House to secure payment of its proportionate share in the risk reserve and also as a guarantee for the performance of all its aforementioned obligations towards the MAOF Clearing House and its share in the Risk Fund. These collateral also secure the performance of all other obligations of risk reserve members. In the event that the collateral provided by another member of the risk reserve do not cover all of its obligations, the MAOF Clearing House may also realize the collateral provided by other Risk Fund members, according to the proportionate share of each member, up to the lower of the full amount of the collateral provided or the amount of the commitments towards the MAOF Clearing House.

As of December 31, 2025, the Bank's-share in the MAOF Clearing House's risk reserve is NIS 173 million (December 31, 2024 – NIS 114 million).

Like any other clearing house member, the Bank may secure its obligations to the risk reserve of the MAOF Clearing House by placing pledges on government bonds and deposits. The total amount of bonds and deposits pledged by the Bank in favor of the MAOF Clearing House in respect of customers' activity, the Nostro portfolio and the Risk Fund as of December 31, 2025 is NIS 1,964 million (December 31, 2024 – NIS 1,571 million).

The Bank is a party to an arrangement for ensuring the finality of settlement of transactions in default events where there is no sufficient balance in the clearing account of one or more of the other participants, as a participant in the TGS system and a holder of a clearing account in the system, as well as a member of the payments systems operating in TGS (checks, MASAV, credit cards and ATM). In the event of a clearing house participant's default in any of the payments systems, a default settlement mechanism relevant to each of the payments systems is activated.

In the clearing of checks, each participant that has not defaulted will bear the charges of the participant who defaulted, the participation percentage in the settlement of each of the participants in the clearing house will be calculated by the Bank of Israel according to the volume of activity of the clearing house participant, once every six months, based on the data from the last six months. The relative share of the Bank in the arrangement to guarantee the clearing for the first half of 2026 (based on the data from the second half of 2025) in the clearing of checks is 22.52 percent. The overall ceiling for participation of all Participants is NIS 150 million.

Note 26 - Pledges and Restrictions (cont.)

In April 2023, the Bank of Israel's directive - regarding separation of MASAV and ABS, and presentation of each of them as a clearing house that stands on its own and participates in the TGS - took effect. In so, MASAV, ABS and ATM were required to set a default arrangement procedure, replacing the previous arrangement.

As part of the new arrangement, the participants in the MASAV system are required to deposit collateral in favor of the default settlement arrangement, which would be deposited in cash in a current account managed by the Bank of Israel by MASAV and would be held in trust for the system participants only for the benefit of the default settlement arrangement. The collateral amount deposited by Leumi as of December 31, 2025 is NIS 575 thousand.

In addition, a default settlement arrangement procedure was defined for a participant in the debit card service system (ABS). As part of this, each participant would deposit collateral funds only in cash in a dedicated account with the Bank of Israel in name of ABS debit cards. The funds are held in trust for each of the system participants solely in favor of a default arrangement. The collateral amount deposited by Leumi as of December 31, 2025 is approximately NIS 91 million.

A default settlement arrangement procedure was also defined for a participant in the ATM system. As part of this, each participant would deposit collateral funds only in cash in a dedicated account with the Bank of Israel in name of ATM. The funds are held in trust for each of the system participants solely in favor of a default arrangement. The collateral amount deposited by Leumi as of December 31, 2025 is approximately NIS 649 million.

The Bank and consolidated companies enter into Credit Support Annex (CSA) agreements with counterparties, whose purpose is to mitigate the mutual credit risks arising between the parties from derivatives trading. According the agreements, the value of all derivatives transactions carried out between the parties is measured on a periodic basis and if the net exposure of one of the parties exceeds a pre-determined threshold, that party is required to transfer to the other party deposits at the exposure amount by the next measurement date. As of December 31, 2025, the Group made available to the above counterparties deposits totaling USD 2,433 million (December 31, 2024 - USD 1,322 million).

The Bank and its consolidated companies enter into agreements with counterparties for the purpose of entering into tradable futures in foreign exchanges on behalf of the Bank, the consolidated companies and their customers. As of December 31, 2025, the Group deposited with the above counterparties USD 2,755 million (December 31, 2024 - USD 2,528 million).

In addition, to limit the exposure, the Group transferred as a transfer to hedge exposure totaling USD 1,617 million (2024 - USD 1,683 million). It should be noted that the majority of the collateral transferred in respect of customers' activity in connection with these transactions were customer funds in accordance with the hedge exposure agreements they signed with the Bank.

As of September 1, 2021, the Bank is subject to a reform requiring the deposit of initial margins for non-centrally cleared derivatives (OTC derivatives), set by the Basel Committee on Banking Supervision (BCBS) and the International Organization of Securities Commissions (IOSCO). The reform - which applies to the relationship of banks with foreign financial institutions - requires deposit of the said initial margins (subject to a threshold of EUR 50 million in Europe and USD 50 million in the US) in respect of a certain counterparty, by pledging a securities account, in trust, with a foreign custodian, by each party for the other party. According to the reform, if a bank exceeds the threshold of USD 50 million, both parties deposit IM in the form of a securities lien with a third party. As of December 31, 2025, the Bank pledged securities totaling USD 2,431 million (2024 - USD 1,572 million).

On May 21 2008, the Bank signed a bond whereunder it placed a first floating lien, in favor of the Bank of Israel, on its rights to receive NIS-denominated funds and charges that are payable and will be payable to the Bank, from time to time, from its corporate customers (incorporated under the laws of the State of Israel), the loans extended to which by the Bank are not in arrears, in respect of NIS loans whose average duration does not exceed three years which were extended and will be extended by the Bank to the aforementioned customers.

Note 26 – Pledges and Restrictions (cont.)

The purpose of this pledge is to secure loans that might be extended to the Bank by the Bank of Israel for the Bank's activity as the provider of shekel liquidity services to the Continuous Linked Settlement (CLS) Bank, plus interest, costs and expenses arising from realizing the pledge, up to a total of NIS 1.1 billion, in accordance with the provisions of the loan agreement signed between the parties in connection with this matter.

On October 26, 2010, the Bank signed a bond whereunder it placed a fixed first pledge and assignment by way of pledge, unlimited in amount, in favor of the Bank of Israel on all assets and rights in specific accounts in the name of the Bank Israel with the Tel Aviv Stock Exchange's Clearing House, with Euroclear Bank or with any other clearing house agreed about by the Bank and the Bank of Israel. Assets subject to a lien in the Euroclear Bank or in another account with a clearing house abroad are also subject to a first floating lien in favor of the Bank of Israel.

On February 25, 2021, the Bank signed a bond, according to which, in addition to these pledges, it pledged to the Bank of Israel, as a first degree pledge and by collateral assignment, in an unlimited amount, all of its interests for and in relation to a portion of the housing loan portfolio secured by real estate interests. On December 29, 2021, the bond was revised, and the housing loans pledge under the bond were revised. The same was true for April 12, 2022 and September 28, 2022.

The purpose of this pledges is to secure all of the Bank's obligations in connection with credit that has been extended or will be extended to the Bank by the Bank of Israel as set out in the loan documents, except for credit that the Bank of Israel may extend to the Bank in respect of the Bank's activity as a liquidity service provider, in shekels, to CLS.

In 2020–2021 and in 2023–2024 the Bank of Israel extended to the banking system long-term loans in an effort to increase the banking credit supply to small and micro businesses, vis-a-vis collateral, as is the case in any monetary loan extended by the Bank of Israel. This step taken by the Bank of Israel had been part of the monetary steps that were taken as part of coping with the impact of the Coronavirus and the War. As of December 31, 2025, the outstanding credit extended as part of these plans amounts to approx. NIS 2.2 billion.

On January 22, 2026, as part of the Bank's issuance of covered bonds to institutional investors outside Israel and their listing for trading on the TASE-UP platform of the Tel Aviv Stock Exchange, ownership of a designated portfolio of residential mortgage loans secured by real estate collateral was transferred to a special-purpose company (Leumi C.B. Ltd.), which guarantees the Bank's obligations to the holders of the covered bonds.

Upon the sale of the designated loan portfolio to the special-purpose company, the Bank, for prudential purposes only, registered a first-ranking fixed charge and an assignment by way of charge over all of its rights in and relating to the designated loan portfolio, in favor of the special-purpose company and the bondholders' security trustee. This charge was registered as a charge under the sale agreement in accordance with Regulation 12(b) of the Companies Regulations (Reporting, Registration Details and Forms), 5760–1999.

Undertaking for indemnification in favor of Leumi CB Ltd – pursuant to the Program Agreement dated January 12, 2026 between the Bank, Leumi CB and the underwriters (including section 7 of the agreement), the Bank undertook to indemnify Leumi CB Ltd., which serves as a guarantor for the issuance and to which a mortgage portfolio had been transferred as a cover pool – in respect of any liability, damage, expense or loss it may incur due to or in connection with the agreement's documents, including due to violation of representations and liabilities, including a misleading detail or omission of a significant detail, as well as for expenses of examination, defense and conducting legal proceedings; all subject to the terms, restrictions and exclusions set in the agreement's documents, and without derogating from any insurance and/or other indemnification that applies. The indemnification provisions are valid and exist also after termination of the engagements according to the agreement, as specified in the agreement's documents.

Note 26 – Pledges and Restrictions (cont.)

Sources and utilization

	December 31	
	2025	2024
	In NIS million	
The sources of securities received and which the Bank may sell or pledge, at fair value, before the effect of offsets		
Securities received in transactions for lending of securities against cash	**8,417**	4,684
Use of securities received as guarantees and the Bank's securities at fair value, before the effect of offsets		
Securities lent in transactions for lending securities against cash	**21,814**	11,686

Apart from these securities, as of balance sheet date, additional securities were provided as collateral, shown under the securities item above; lenders are not allowed to sell or pledge those securities.

The Bank also deposits government bonds as collateral for tradable futures activity, in lieu of cash. These securities are held in the available-for-sale portfolio.

Note 27A – Derivatives and Hedging Activities

Overview

The aforementioned activity involves taking risks, the principal of which are:

- Credit risk which is measured according to the loss amount the Bank may incur if the counterparty to the transaction fails to meet the terms and conditions of the transaction. Customer collateral are required to cover the risk in accordance with the risk arising from the transactions. The required collateral are included within the collateral required in respect of the total amount of the customer's indebtedness.
- Market risks include risks stemming from changes in interest rates, exchange rates, the CPI, prices of securities/indexes and prices of commodities. The market risks stemming from derivatives transactions constitute a part of the total market risks of the financial instruments. Derivatives activities are carried out within the limits set by Group companies' Board of Directors with regard to exposure to market risks.
- Liquidity risk is the risk arising due to uncertainty regarding the price which the Bank will be required to pay to cover the transaction. This risk arises mainly from instruments whose tradability or the tradability of their underlying asset is low. This risk was taken into account when calculating the required collateral.

Note 27B – Derivatives Activity – Scope, Credit Risks and Maturity Dates

A. Volume of Consolidated Activity

	December 31, 2025		
	Derivatives not Held-for-trading	Derivatives Held-for-trading	Total
	In NIS million		
(1) Nominal amount of derivatives			
a) Interest rate contracts			
Future and Forward contracts	3,448	81,140	84,588
Written options	1,270	6,445	7,715
Purchased options	–	6,107	6,107
Swaps[a]	73,382	478,677	552,059
Total[b]	78,100	572,369	650,469
Of which: Hedging derivatives[c]	11,978	–	11,978
b) Foreign currency contracts			
Future and Forward contracts	46,788	577,122	623,910
Written options	775	24,727	25,502
Purchased options	775	25,058	25,833
Swaps[a]	3,509	20,469	23,978
Total	51,847	647,376	699,223
Of which: Hedging derivatives[c]	–	–	–
c) Stock contracts			
Future and Forward contracts	588	286,625	287,213
Written options	571	175,953	176,524
Purchased options[e]	600	175,947	176,547
Swaps	351	381,549	381,900
Other	7	–	7
Total	2,117	1,020,074	1,022,191
d) Commodities and other contracts			
Future and Forward contracts	–	775	775
Written options	–	887	887
Purchased options	–	899	899
Swaps	–	68	68
Total	–	2,629	2,629
e) Credit contracts			
Where the Bank is a guarantor	–	–	–
Where the Bank is a beneficiary	–	–	–
Total	–	–	–
Total nominal amount	132,064	2,242,448	2,374,512

a) Of which: Swaps for which the banking corporation pays a fixed interest rate in the sum of NIS 267,611 million.
b) Of which: NIS-CPI swaps totaling NIS 21,899 million.
c) The Bank uses IRS Interest swap transactions for the hedging.
d) Of which: Foreign exchange spots totaling NIS 27,299 million.
e) Of which: A total of NIS 167,977 million is traded on the Tel Aviv Stock Exchange.

Note 27.B - Derivatives Activity - Scope, Credit Risks and Maturity Dates (cont.)

A. Volume of Consolidated Activity (cont.)

	December 31, 2024		
	Derivatives not Held-for-trading	Derivatives Held-for-trading	Total Total
	In NIS million		
(1) Nominal amount of derivatives			
a) Interest rate contracts			
Future and Forward contracts	2,421	98,913	101,334
Written options	1,800	5,225	7,025
Purchased options	–	4,396	4,396
Swaps[a]	63,735	395,023	458,758
Total[b]	67,956	503,557	571,513
Of which: Hedging derivatives[c]	10,806	–	10,806
b) Foreign currency contracts			
Future and Forward 5748 cont;'/919racts	50,047	478,315	528,362
Written options	1,011	22,995	24,006
Purchased options	1,011	24,449	25,460
Swaps[a]	3,829	21,391	25,220
Total	55,898	547,150	603,048
Of which: Hedging derivatives[c]	–	–	–
c) Stock contracts			
Future and Forward contracts	349	272,197	272,546
Written options	365	119,617	119,982
Purchased options[e]	538	119,538	120,076
Swaps	290	268,084	268,374
Other	7	–	7
Total	1,549	779,436	780,985
d) Commodities and other contracts			
Future and Forward contracts	–	1,111	1,111
Written options	–	28	28
Purchased options	–	28	28
Swaps	–	71	71
Total	–	1,238	1,238
e) Credit contracts			
Where the Bank is a guarantor	–	–	–
Where the Bank is a beneficiary	–	–	–
Total	–	–	–
Total nominal amount	125,403	1,831,381	1,956,784

a) Of which: Swaps for which the banking corporation pays a fixed interest of NIS 218,452 million.
b) Of which: NIS-CPI swaps totaling NIS 16,628 million.
c) Mainly including hedging transactions and interest rate swaps (IRS).
d) Of which: Foreign exchange spots totaling NIS 20,900 million.

Note 27.B - Derivatives Activity - Scope, Credit Risks and Maturity Dates (cont.)

e) Of which: a total of NIS 119,591 million is traded on the Tel Aviv Stock Exchange.

Note 27.B – Derivatives Activity – Scope, Credit Risks and Maturity Dates (cont.)

A. Volume of Consolidated Activity (cont.)

	December 31, 2025					
	Assets for derivatives, gross			Liabilities for derivatives, gross		
	Derivatives not Held-for-trading	Derivatives Held-for-trading	Total Total	Derivatives not Held-for-trading	Derivatives Held-for-trading	Total Total
	In NIS million					
(2) Gross fair value of derivatives						
a) Interest rate contracts	**975**	**6,152**	**7,127**	**501**	**5,458**	**5,959**
Of which: Hedging derivatives	**509**	**–**	**509**	**54**	**–**	**54**
b) Foreign currency contracts	**39**	**8,643**	**8,682**	**416**	**9,697**	**10,113**
Of which: Hedging derivatives	**–**	**–**	**–**	**–**	**–**	**–**
c) Stock contracts	**90**	**8,378**	**8,468**	**42**	**8,483**	**8,525**
d) Commodities and other contracts	**–**	**43**	**43**	**–**	**42**	**42**
e) Credit contracts	**–**	**–**	**–**	**–**	**–**	**–**
Total assets/liabilities in respect of derivatives, gross[a]	**1,104**	**23,216**	**24,320**	**959**	**23,680**	**24,639**
Amounts netted on the balance sheet	**–**	**–**	**–**	**–**	**–**	**–**
Book balance	**1,104**	**23,216**	**24,320**	**959**	**23,680**	**24,639**
Of which: Not subject to a master netting arrangement – or similar arrangements	**–**	**2,692**	**2,692**	**–**	**3,620**	**3,620**

a) Of which: NIS 3 million in gross fair value of assets in respect of embedded derivatives and NIS 35 million in gross fair value of liabilities in respect of embedded derivatives.

	December 31, 2024					
	Assets for derivatives, gross			Liabilities for derivatives, gross		
	Derivatives not Held-for-trading	Derivatives Held-for-trading	Total Total	Derivatives not Held-for-trading	Derivatives Held-for-trading	Total Total
	In NIS million					
(2) Gross fair value of derivatives						
a) Interest rate contracts	1,174	8,145	9,319	547	7,678	8,225
Of which: Hedging derivatives	763	–	763	139	–	139
b) Foreign currency contracts	366	6,352	6,718	29	6,433	6,462
Of which: Hedging derivatives	–	–	–	–	–	–
c) Stock contracts	52	13,082	13,134	36	13,028	13,064
d) Commodities and other contracts	–	27	27	–	27	27
e) Credit contracts	–	–	–	–	–	–
Total assets/liabilities in respect of derivatives, gross[a]	1,592	27,606	29,198	612	27,166	27,778
Amounts netted on the balance sheet	–	–	–	–	–	–
Book balance	1,592	27,606	29,198	612	27,166	27,778

Note 27.B - Derivatives Activity - Scope, Credit Risks and Maturity Dates (cont.)

	December 31, 2024					
	Assets for derivatives, gross			Liabilities for derivatives, gross		
	Derivatives not Held-for-trading	Derivatives Held-for-trading	Total Total	Derivatives not Held-for-trading	Derivatives Held-for-trading	Total Total
	In NIS million					
Of which: Not subject to a master netting arrangement - or similar arrangements	-	1,696	1,696	-	1,443	1,443

a) Of which: NIS 5 million in gross fair value of assets in respect of embedded derivatives and NIS 26 million in gross fair value of liabilities in respect of embedded derivatives.

Note 27.B – Derivatives Activity – Scope, Credit Risks and Maturity Dates (cont.)

B. Accounting Hedges

1. Effect of cash flow hedge accounting on accumulated other comprehensive income (loss)

	For the year ended December 31			
	2025		2024	
	Amounts recognized as comprehensive income (loss) Including other income from derivatives	Profit (loss) reclassified from accumulated other comprehensive income (loss) to profit and loss[a]	Amounts recognized as comprehensive income (loss) Including other income from derivatives	Profit (loss) reclassified from accumulated other comprehensive income (loss) to profit and loss[a]
	In NIS million			
a. Derivatives used for cash flow hedges[b]				
Interest rate contracts[c]	**3**	**1**	(10)	8

a) Profit (loss) amounts reclassified from accumulated other comprehensive income (loss) were included in the interest income (expense) line item or in the noninterest finance income (expenses) line item according to the line item in which the effect of the hedged item is presented.
b) Represents amounts included in the hedge effectiveness assessment.
c) The Bank designates certain derivatives as hedging instruments of cash flows – derivatives hedging an exposure to changes in cash flows from given loans. The effect of hedges is expected to lower the exposure to the given loans.

2. Effect of fair value hedge accounting on profit (loss)

	For the year ended December 31	
	2025	2024
	In NIS million	
Total interest income (expenses) recognized in the income statement	**32**	123
Effect of fair value hedges:		
a. Gain (loss) from fair value hedges		
Interest rate contracts[a]		
Hedged items	**63**	54
Hedging derivatives	**30**[b]	77[c]
b. Gain (loss) on cash flow hedges		
Interest rate contracts[a]		
Profit and loss reclassified to Accumulated other comprehensive income (loss)	**(1)**	(8)

a) The Bank designates certain derivatives as hedging instruments of fair value, derivatives hedging exposure to interest rate received for bonds.
b) Losses in the amount of approximately NIS 30 million, due to the hedging instrument were reclassified and transferred from the section "Financing Revenues not from Interest" to the section "Revenues from Interest." The losses include losses in the amount of approximately NIS 84 million, due to the impact of a change in fair value, as well as profits in the sum of approximately NIS 54 million due to the impact of accumulation of interest.
c) Profits in the amount of approximately NIS 77 million, due to the hedging instrument were reclassified and was transferred from the section "Financing Revenues not from Interest" to the section "Revenues from Interest." The profits include inclusive

Note 27.B - Derivatives Activity - Scope, Credit Risks and Maturity Dates (cont.)

losses in the amount of approximately NIS 32 million, due to the impact of a change in fair value, as well as profits in the sum of approximately NIS 109 million due to the impact of accumulation of interest.

Note 27.B – Derivatives Activity – Scope, Credit Risks and Maturity Dates (cont.)

B. Accounting hedges (cont.)

3. Items hedged at fair value hedges

	For the year ended December 31					
	2025			2024		
		Fair value adjustments which increased (decreased) the carrying amount			Fair value adjustments which increased (decreased) the carrying amount	
	Carrying amount of hedged item	Existing hedge relationships	Existing hedge discontinued	Carrying amount of hedged item	Existing hedge relationships	Existing hedge discontinued
	In NIS million					
Securities – debt instruments classified as available-for-sale securities	**7,913**	**(343)**	**–**	5,861	(691)	–
Subordinated notes	**(3,210)**	**62**	**–**	(3,575)	161	–
Housing loans[a]	**183**	**8**	**–**	56	1	–

a) The Bank dedicated in respect of the hedging the sum of NIS 175 million and NIS 55 million (on December 31, 2025 and December 31, 2024, respectively) using the last level method, from a closed portfolio of approximately NIS 1,268 million and approximately NIS 404 million (on December 31, 2025 and on December 31, 2024, respectively), as on December 31, 2025 and December 31, 2024 respectively, the reduced cost balance of the closed portfolio of loans stands at the sum of approximately NIS 1,191 million and approximately NIS 391.

4. The effect of hedging a net investment in a foreign operations on accumulated other comprehensive income (loss) and on the income statement

	For the year ended December 31			
	2025		2024	
	Amounts carried to other comprehensive income (loss)	Profit (loss) reclassified to Accumulated other comprehensive income (loss)[a]	Amounts carried to other comprehensive income (loss) Other total	Profit (loss) reclassified to Accumulated other comprehensive income (loss)[a]
	In NIS million			
Deposits serving as investment hedges, net				
Foreign currency deposits	**231**	**–**	(34)	–

a) Income (loss) amounts reclassified from accumulated other comprehensive income (loss) were included in the interest income (expenses) line item or in the noninterest finance income (expense) line item.

5. Effect of derivatives not designated as hedging instruments on the income statement

	For the year ended December 31	
	2025	2024
	Profit (loss) recognized in income (expenses) from derivatives activity[a]	Profit (loss) recognized in income (expenses) from derivatives activity[a]
	In NIS	
Derivatives not designated as hedging instruments		
Interest rate contracts	**224**	470
Foreign exchange contracts	**(4,628)**	1,711
Stock contracts	**219**	311
Commodity- and other contracts	**1**	2
Total	**(4,184)**	2,494

a) Included in the noninterest finance income (expenses) item.

Note 27.B - Derivatives Activity - Scope, Credit Risks and Maturity Dates (cont.)

C. Credit Risk due to Derivatives by Contract Counterparty

	December 31, 2025						
	Stock exchanges	Banks	Dealers/ brokers	Governments and central banks	Institutional entities	Other	Total
	In NIS million						
Book balance of assets in respect of derivatives[a][b]	594	6,181	10,055	171	4,911	2,408	24,320
Gross amounts not netted on the balance sheet:							
Credit risk mitigation in respect of financial instruments	-	3,155	6,696	23	2,498	1,053	13,425
Credit risk mitigation in respect of cash collateral received	-	2,937	3,266	148	1,528	-	7,879
Total net book balance of assets in respect of derivatives[d]	594	89	93	-	885	1,355	3,016
Adjustment of book balance, net to on-balance-sheet credit risk[e]	-	1	(18)	-	(247)	(63)	(327)
Total on-balance-sheet credit risk for derivatives	594	90	75	-	638	1,292	2,689
Net off-balance-sheet credit risk for derivatives[f]	2,106	18,037	23,816	76	14,788	2,848	61,671
Total credit risk for derivatives	2,700	18,127	23,891	76	15,426	4,140	64,360
Book balance of liabilities in respect of derivatives[a][c]	630	3,392	7,926	23	10,142	2,526	24,639
Gross amounts not netted on the balance sheet:							
Financial instruments	-	3,155	6,696	23	2,498	1,053	13,425
Pledged cash collateral	-	187	616	-	6,212	160	7,175
Net amount of liabilities in respect of derivatives	630	50	614	-	1,432	1,313	4,039

Note 27.B - Derivatives Activity - Scope, Credit Risks and Maturity Dates (cont.)

	December 31, 2024						
	Stock exchanges	Banks	Dealers/ brokers	Governments and central banks	Institutional entities	Other	Total
	In NIS million						
Book balance of assets in respect of derivatives[(a)(b)]	362	6,517	10,558	26	9,712	2,023	29,198
Gross amounts not netted on the balance sheet:							
Credit risk mitigation in respect of financial instruments	–	3,087	9,005	26	2,652	918	15,688
Credit risk mitigation in respect of cash collateral received	–	3,268	1,542	–	5,352	14	10,176
Total net book balance of assets in respect of derivatives[(d)]	362	162	11	–	1,708	1,091	3,334
Adjustment of book balance, net to on-balance-sheet credit risk[(e)]	13	6	(11)	–	(262)	75	(179)
Total on-balance-sheet credit risk for derivatives	375	168	–	–	1,446	1,166	3,155
Net off-balance-sheet credit risk for derivatives[(f)]	1,212	16,023	21,243	56	13,767	2,226	54,527
Total credit risk for derivatives	1,587	16,191	21,243	56	15,213	3,392	57,682
Book balance of liabilities in respect of derivatives[(a)(c)]	213	5,899	13,021	135	6,759	1,751	27,778
Gross amounts not netted on the balance sheet:							
Financial instruments	–	3,087	9,005	26	2,652	927	15,697
Pledged cash collateral	–	2,347	3,335	109	2,832	–	8,623
Net amount of liabilities in respect of derivatives	213	465	681	–	1,275	824	3,458

Please see comments on the next page.

Note 27.B - Derivatives Activity - Scope, Credit Risks and Maturity Dates (cont.)

C. Credit risk and for derivatives by contract counterparty (cont.)

Comments:

a) The Bank did not apply netting agreements.

b) Of which book balance of assets in respect of standalone derivatives totaling NIS 24,317 million (December 31 2024 - NIS 29,193 million).

c) Of which book balance of liabilities in respect of standalone derivatives totaling NIS 24,604 million (December 31 2024 - NIS 27,752 million).

d) Book balance of assets for derivatives after offsetting fair value and collateral amounts that meet the offsetting guidance, in accordance with the circular regarding offsetting assets and liabilities.

e) The difference between all total amounts for derivatives (including derivatives with negative fair value) included in the borrower's indebtedness, as calculated for the purpose of borrower indebtedness limitations, after credit risk mitigation, and the total of: the net book balance of assets for the derivatives and off-balance-sheet credit risk.

f) The difference, if positive, between all total amounts for derivatives (including derivatives with negative fair value) included in the borrower's indebtedness, as calculated for the purpose of borrower indebtedness limitations, before credit risk mitigation, and the on-balance sheet credit risk for the borrower's derivatives.

General comments:

1. No loan losses were recognized in respect of derivatives in 2025 and 2024.
2. The effect of the counterparty credit risk and the effect of deferred gains on the transaction execution date on the valuation of assets due to derivatives as of December 31, 2025 and December 31, 2024 stood at NIS 144 million and NIS 223 million, respectively.
   The effect of the non-performance risk on the valuation of liabilities due to derivatives as of December 31, 2025 and December 31, 2024 stood at NIS 17 million and NIS 16 million, respectively.

Note 27.B – Derivatives Activity – Scope, Credit Risks and Maturity Dates (cont.)

D. Breakdown of Repayment Dates – Par Value: Balances

	December 31, 2025				
	To three months	Over three months and up to one year	Over Over one year and up to five years Years	Over Five Years	Total Total
	In NIS million				
Interest rate contracts:					
NIS-CPI	**2,160**	**9,313**	**5,196**	**5,230**	**21,899**
Other	**175,402**	**143,143**	**214,196**	**95,829**	**628,570**
Foreign exchange contracts	**469,436**	**182,205**	**39,523**	**8,059**	**699,223**
Stock contracts	**800,456**	**219,987**	**1,748**	**–**	**1,022,191**
Commodity- and other contracts	**2,310**	**319**	**–**	**–**	**2,629**
Total	**1,449,764**	**554,967**	**260,663**	**109,118**	**2,374,512**

	December 31, 2024				
	To three months	Over three months and up to one year	Over Over one year and up to five years Years	Over Five Years	Total Total
	In NIS million				
Interest rate contracts:					
NIS-CPI	2,074	5,568	5,575	3,411	16,628
Other	125,464	143,962	193,598	91,861	554,885
Foreign exchange contracts	387,499	182,296	28,720	4,533	603,048
Stock contracts	602,587	174,615	3,783	–	780,985
Commodity- and other contracts	403	835	–	–	1,238
Total	1,118,027	507,276	231,676	99,805	1,956,784

Note 28A - Regulatory Operating Segments and Geographic Areas of Activity

Regulatory operating segments are reported according to the format and classifications prescribed by the Reporting to the Public Directives of the Banking Supervision Department, as follows:

1. Households segment – private individuals excluding Private Banking customers.
2. Private Banking segment – private individuals with a financial portfolio with the Bank whose balance (including monetary deposits, securities portfolios and other financial assets) exceeds NIS 3 million.
3. Micro businesses segment – businesses with a turnover (annual sales turnover or amount of annual revenues) of less than NIS 10 million.
4. Small businesses segment – businesses with a turnover (annual sales turnover or amount of annual revenues) of more than NIS 10 million and less than NIS 50 million.
5. Mid-market segment – businesses whose turnover (annual sales turnover or amount of annual revenues) of more than NIS 50 million and less than NIS 250 million.
6. Corporate segment – businesses whose turnover (or annual income) is equal to or higher than NIS 250 million.
7. Institutional entities segment - includes institutional clients as defined by the Regulation of Investment Advice, Investment Marketing and Investment Portfolio Management Law, 1995, including provident funds, pension funds, study funds, mutual funds, exchange-traded notes (ETNs), insurers, members of the TASE managing customers' money.
8. Financial management segment – includes the following activities:
    a. Trading activities - investment in tradable securities, market-making activity involving securities and derivatives, activity in derivatives not designated as hedges and not used by the Bank in its Asset and Liability Management (ALM) activities, repurchase and lending transactions involving held-for-trading securities, short selling of securities, securities' underwriting services.
    b. Asset and Liability Management (ALM) activities - including investment in available-for-sale bonds and held-to-maturity bonds not allocated to other operating segments (when the borrower has no indebtedness to the Bank, other than securities), hedging derivatives and derivatives used in asset and liability management, deposits with and by domestic and foreign banks, foreign currency hedges of exchange rate differentials in respect of investments in foreign offices, deposits with and by governments.
    c. Non-financial investment activity – investment in not held-for-trading equity securities and investments in associates of businesses.
    d. Other – management, operating, trust and custodial services to banks, advisory services, sale and management of loan portfolios and development of financial products.
9. Other segment – including discontinued operations, gains on amounts funded for employee benefits and other results related to employee benefits which were not allocated to other operating segments, activities that were not allocated to the other segments and adjustments between the total amount of items allocated to segments and the total amount of items in the consolidated financial statements.

Customer classification

According to the circular, when a banking corporation has no information regarding the total income turnover of a business customer which has no indebtedness towards the banking corporation (including credit line, etc.), the banking corporation may classify them into the relevant regulatory segment according to their total financial assets multiplied by a factor of 10. In addition, when the Bank believes that the total income does not represent the customer's activity volume, the customer should be classified as follows: A customer whose

indebtedness is less than NIS 100 million – according to the business's total balance-sheet assets, as stated in the FAQ file, and a customer whose indebtedness exceeds NIS 100 million – into the corporate segment.
During the period, measures were taken to complete missing information, mainly regarding business customers' turnovers. In cases where the information has not yet been completed, customers were classified using estimates and other information in the Bank's possession. The Bank continues to collect additional information and improve the data.

Note 28A – Regulatory Operating Segments and Geographic Areas of Activity (cont.)

A. Information on Regulatory Operating Segments (cont.)

	For the year ended December 31, 2025			
	Activity in Israel[a]			
	Households[E]	Private banking	Small- and micro-businesses	Mid-market
	In NIS million			
Interest income from external	9,765	18	4,837	2,686
Interest expense for external	2,950	1,291	2,968	1,785
Interest income, net:				
From external	6,815	(1,273)	1,869	901
Inter-segmental	(1,243)	1,579	1,876	894
Total interest income, net	5,572	306	3,745	1,795
Total noninterest income	961	200	992	363
Total income	6,533	506	4,737	2,158
Loan loss expenses (income)	310	–	(4)	(108)
Operating and other expenses:				
For external	2,675	134	1,610	465
Inter-segmental	2	–	–	–
Total operating and other expenses	2,677	134	1,610	465
Profit (loss) before taxes	3,546	372	3,131	1,801
Provision (benefit) for profit taxes	1,277	133	1,136	652
Profit (loss) after taxes	2,269	239	1,995	1.149
The Bank's share in associates' profits, after tax effect	–	–	–	–
Net income (loss) before attribution to non-controlling interests	2,269	239	1,995	1.149
Net income attributable to non-controlling interests[g]	–	–	–	–
Net income (loss) attributable to the Bank's shareholders	2,269	239	1,995	1.149
Average balance of assets[b]	176,975	567	77,647	40,541
Of which: Investments in associates[b]	–	–	–	–
Average outstanding balance of loans to the public[b]	178,057	559	79,090	41,109
Outstanding loans to the public as at the end of the reporting	185,339	577	92,945	42,154
Outstanding non-performing debts in arrears of over 90 days	1,032	–	761	150
Outstanding other troubled debts	660	–	930	293
Balance of the loan loss provision for loans to the public	1,644	3	2,211	722
Net charge-offs during the reporting period	267	–	217	47
Average outstanding liabilities[b]	140,513	36,029	104,856	57,952
Of which: Average balance of deposits by the public[b]	140,389	36,026	104,715	57,510
Balance of deposits by the public as at the end of the reporting	138,793	37,020	113,048	60,006
Average balance of risk-weighted assets[b][c]	115,526	1,143	62,835	45,412
Balance of risk-weighted assets as at the end of the reporting	108,609	1,158	78,293	45,305
Average balance of assets under management[b][d]	72,630	75,555	126,960	42,192
Breakdown of interest income, net:				
Spread[f] from granting loans to the public	2,213	2	1,837	876
Spread[f] from deposit taking from the public	2,906	267	1,668	747
Other	453	37	240	172
Total interest income (expense), net	5,572	306	3,745	1,795

a) The classification is based on the office's location.
b) Average balance calculations are based on daily balances, as at the beginning of the quarter or the beginning of each month.
c) Risk-weighted assets – as calculated for capital adequacy purposes.
d) Assets under management – including customers' provident assets, study funds, mutual funds and securities.
e) Including housing loans with outstanding loans to the public as at end of period in the amount of NIS 23.4 billion to customers whose business activity is classified to business segments.
f) Spread from credit granting activity is the difference between the interest received from credit and the cost of raising the sources used to grant the credit (hereinafter – "transfer prices"). These transfer prices are subject to the period, currency and type of interest in the transaction. Transfer prices are the Bank's internal pricing tool and are based on internal models and the

Bank's judgment. Spread from deposit taking activity is the difference between the transfer prices and the interest paid to customers for these deposits.

g) Amounts lower than NIS 1 million.

					Foreign operations				
Corporations	Institutional entities	Financial management Financial	Other	Total activities Israel	Private individuals	Business activity	Other	Foreign operations – total[(a)]	Total Total
10,095	275	10,662	–	38,338	5	742	6	753	39,091
3,951	6,458	2,836	–	22,239	–	–	–	–	22,239
6,144	(6,183)	7,826	–	16,099	5	742	6	753	16,852
(1,976)	6,888	(7,660)	56	414	–	8	(422)	(414)	–
4,168	705	166	56	16,513	5	750	(416)	339	16,852
1,115	235	1,843	27	5,736	1	84	7	92	5,828
5,283	940	2,009	83	22,249	6	834	(409)	431	22,680
227	2	(24)	–	403	–	46	1	47	450
586	225	391	449	6,535	1	110	2	113	6,648
–	8	9	(19)	–	–	–	–	–	–
586	233	400	430	6,535	1	110	2	113	6,648
4,470	705	1,633	(347)	15,311	5	678	(412)	271	15,582
1,598	254	506	22	5,578	1	128	(37)	92	5,670
2,872	451	1,127	(369)	9,733	4	550	(375)	179	9,912
–	–	350	–	350	–	–	–	–	350
2,872	451	1,477	(369)	10,083	4	550	(375)	179	10,262
–	–	–	–	–	–	–	–	–	–
2,872	451	1,477	(369)	10,083	4	550	(375)	179	10,262
168,359	8,829	317,072	7,456	797,446	74	9,821	227	10,122	807,568
–	–	3,618	–	3,618	–	–	–	–	3,618
169,429	8,833	–	–	477,077	73	10,031	–	10,104	487,181
187,253	8,129	–	–	516,397	13	10,390	–	10,403	526,800
352	4	–	–	2,299	–	19	–	19	2,318
2,152	7	–	–	4,042	–	169	–	169	4,211
2,190	10	–	–	6,780	–	70	–	70	6,850
(159)	–	–	–	372	–	–	–	–	372
111,339	183,708	97,235	10,525	742,157	–	–	256	256	742,413
105,909	180,285	–	–	624,834	–	–	–	–	624,834
126,085	211,935	–	–	686,887	–	–	–	–	686,887
207,597	1,839	59,813	17,433	511,598	21	11,027	186	11,234	522,832
226,915	2,284	70,675	15,907	549,146	14	11,784	149	11,947	561,093
159,223	1,219,122	67,116	–	1,762,798	–	–	–	–	1,762,798
2,865	25	–	–	7,818	5	742	4	751	8,569
541	675	–	–	6,804	–	–	–	–	6,804
762	5	166	56	1,891	–	8	(420)	(412)	1,479
4,168	705	166	56	16,513	5	750	(416)	339	16,852

Note 28A – Regulatory Operating Segments and Geographic Areas of Activity (cont.)

A. Information on Regulatory Operating Segments (cont.)

	For the year ended December 31, 2024			
	Activity in Israel[a]			
	Households [E]	Private banking	Small- and micro-businesses	Mid-market
	In NIS million			
Interest income from external	9,532	14	4,543	2,529
Interest expense for external	2,885	1,239	2,777	1,874
Interest income, net:				
From external	6,647	(1,225)	1,766	655
Inter-segmental	(754)	1,591	2,102	1,313
Total interest income, net	5,893	366	3,868	1,968
Total noninterest income	1,043	175	925	343
Total income	6,936	541	4,793	2,311
Loan loss expenses (income)	433	–	168	3
Operating and other expenses:				
For external	2,834	128	1,634	489
Inter-segmental	2	–	–	–
Total operating and other expenses	2,836	128	1,634	489
Profit (loss) before taxes	3,667	413	2,991	1,819
Provision (benefit) for profit taxes	1,331	149	1,084	660
Profit (loss) after taxes	2,336	264	1,907	1,159
The Bank's share in associates' losses, after tax effect	–	–	–	–
Net income (loss) before amount attributable to non-controlling	2,336	264	1,907	1,159
Net income attributable to non-controlling interests[h]	–	–	–	–
Net income (loss) attributable to the Bank's shareholders	2,336	264	1,907	1,159
Average balance of assets[b]	163,824	400	67,666	39,118
Of which: Investments in associates[b]	–	–	–	–
Average outstanding balance of loans to the public[b]	164,915	393	69,120	39,670
Outstanding loans to the public as at the end of the reporting	175,057	458	75,044	39,611
Outstanding non-performing debts in arrears of over 90 days	968	–	676	222
Outstanding other troubled debts	630	–	1,071	410
Balance of the loan loss provision for loans to the public	1,615	2	2,345	846
Net charge-offs during the reporting period	367	–	177	(40)
Average outstanding liabilities[b]	139,633	33,899	102,322	59,323
Of which: Average balance of deposits by the public[b]	139,512	33,897	102,183	59,189
Balance of deposits by the public as at the end of the reporting	139,802	35,781	101,224	59,641
Average balance of risk-weighted assets[b][c]	108,445	945	59,822	43,662
Balance of risk-weighted assets as at the end of the reporting	113,081	1,079	60,383	44,577
Average balance of assets under management[b][d]	64,965	61,655	99,437	32,972
Breakdown of interest income, net:				
Spread[g] from granting loans to the public	2,329	1	1,781	850
Spread[g] from deposit taking from the public	3,122	331	1,853	944
Other	442	34	234	174
Total interest income (expense), net	5,893	366	3,868	1,968

a) The classification is based on the office's location.
b) Average balance calculations are based on daily balances, as at the beginning of the quarter or the beginning of each month.
c) Risk-weighted assets – as calculated for capital adequacy purposes.
d) Assets under management – including customers' provident assets, study funds, mutual funds and securities.
e) Including housing loans with outstanding loans to the public as at end of period in the amount of NIS 21.7 billion to customers whose business activity is classified to business segments.
f) Including the impairment loss due to the investment in Valley shares in the amount of approximately NIS 0.6 billion. For further information please see Note 15.A to the financial statements as at December 31, 2024.
g) Spread from credit granting activity is the difference between the interest received from credit and the cost of raising the sources used to grant the credit (hereinafter – "transfer prices"). These transfer prices are subject to the period, currency and type of interest in the transaction. Transfer prices are the Bank's internal pricing tool and are based on internal models and the

Bank's judgment. Spread from deposit taking activity is the difference between the transfer prices and the interest paid to customers for these deposits.Amounts lower than NIS 1 million.

					Foreign operations				
Corporations	Institutional entities	Financial management Financial	Other	Total activities Israel	Private individuals	Business activity	Other	Foreign operations – total	Total Total
9,310	201	10,596	–	36,725	5	730	2	737	37,462
4,077	5,610	2,490	–	20,952	–	–	1	1	20,953
5,233	(5,409)	8,106	–	15,773	5	730	1	736	16,509
(1,180)	6,213	(8,956)	57	386	–	9	(395)	(386)	–
4,053	804	(850)	57	16,159	5	739	394	350	16,509
948	205	2,011	867	6,517	1	87	(6)	82	6,599
5,001	1,009	1,161	924	22,676	6	826	(400)	432	23,108
118	3	25	–	750	–	(37)	–	(37)	713
576	260	311	556	6,788	1	121	(6)	116	6,904
(1)	8	12	(21)	–	–	–	–	–	–
575	268	323	535	6,788	1	121	(6)	116	6,904
4,308	738	813	389	15,138	5	742	(394)	353	15,491
1,564	267	174	73	5,302	1	141	(22)	120	5,422
2,744	471	639	316	9,836	4	601	(372)	233	10,069
–	–	(271)[f]	–	(271)	–	–	–	–	(271)
2,744	471	368	316	9,565	4	601	(372)	233	9,798
–	–	–	–	–	–	–	–	–	–
2,744	471	368	316	9,565	4	601	(372)	233	9,798
148,394	7,210	303,447	7,313	737,372	66	8,706	195	8,967	746,339
–	–	3,673	–	3,673	–	–	–	–	3,673
149,771	7,214	–	–	431,083	63	8,752	–	8,815	439,898
159,390	3,604	–	–	453,164	15	9,227	–	9,242	462,406
574	2	–	–	2,442	1	30	–	31	2,473
1,829	–	–	–	3,940	–	282	–	282	4,222
2,039	7	–	–	6,854	–	33	–	33	6,887
(62)	–	–	–	442	–	–	–	–	442
102,280	152,639	87,018	10,435	687,549	–	2	240	242	687,791
96,606	152,214	–	–	583,601	–	–	–	–	583,601
109,860	171,993	–	–	618,301	–	–	–	–	618,301
189,601	1,334	43,794	17,492	465,095	67	10,622	215	10,904	475,999
204,532	1,582	50,991	15,902	492,127	32	10,977	143	11,152	503,279
114,728	1,053,718	44,412	–	1,471,887	–	–	–	–	1,471,887
2,625	21	–	–	7,607	5	730	4	739	8,346
710	780	–	–	7,740	–	–	–	–	7,740
718	3	(850)	57	812	–	9	(398)	(389)	423
4,053	804	(850)	57	16,159	5	739	(394)	350	16,509

Note 28A – Regulatory Operating Segments and Geographic Areas of Activity (cont.)

A. Information on Regulatory Operating Segments (cont.)

	For the year ended December 31, 2023			
	Activity in Israel[a]			
	Households [E]	Private banking	Small- and micro-businesses	Mid-market
	In NIS million			
Interest income from external	8,922	13	4,481	2,681
Interest expense for external	2,428	1,035	2,690	1,939
Interest income, net:				
From external	6,494	(1,022)	1,791	742
Inter-segmental	(546)	1,420	2,087	1,367
Total interest income, net	5,948	398	3,878	2,109
Total noninterest income	1,092	159	931	359
Total income	7,040	557	4,809	2,468
Loan loss expenses (income)	870	–	681	160
Operating and other expenses:				
For external	2,727	104	1,560	459
Inter-segmental	4	–	–	–
Total operating and other expenses	2,731	104	1,560	459
Profit (loss) before taxes	3,439	453	2,568	1,849
Provision (benefit) for profit taxes	1,185	156	891	638
Profit (loss) after taxes	2,254	297	1,677	1,211
The Bank's share in associates' losses, after tax effect	–	–	–	–
Net income (loss) before attribution to non-controlling interests	2,254	297	1,677	1,211
Net income attributable to non-controlling interests[h]	–	–	–	–
Net income (loss) attributable to the Bank's shareholders	2,254	297	1,677	1,211
Average balance of assets[b]	153,127	372	64,406	40,063
Of which: Investments in associates[b]	–	–	–	–
Average outstanding balance of loans to the public[b]	154,025	365	65,668	40,505
Outstanding loans to the public as at the end of the reporting period	160,356	330	66,554	40,038
Outstanding non-performing debts in arrears of over 90 days	1,111	–	672	286
Outstanding other troubled debts	654	–	1,113	383
Balance of the loan loss provision for loans to the public	1,513	–	2,174	816
Net charge-offs during the reporting period	430	–	201	(9)
Average outstanding liabilities[b]	132,758	31,690	101,773	65,816
Of which: Average balance of deposits by the public[b]	132,640	31,688	101,637	65,724
Balance of deposits by the public as at the end of the reporting period	137,230	32,558	103,573	62,171
Average balance of risk-weighted assets[b][d]	101,932	736	58,330	43,974
Balance of risk-weighted assets as at the end of the reporting	107,923	844	58,825	43,734
Average balance of assets under management[b][d]	59,334	49,433	82,199	29,472
Breakdown of interest income, net:				
Spread[g] from granting loans to the public	2,533	1	1,787	911
Spread[g] from deposit taking from the public	3,096	367	1,924	1,070
Other	319	30	167	128
Total interest income (expense), net	5,948	398	3,878	2,109

a) The classification is based on the office's location.
b) Average balance calculations are based on daily balances, as at the beginning of the quarter or the beginning of each month.
c) Risk-weighted assets – as calculated for capital adequacy purposes.
d) Assets under management – including customers' provident assets, study funds, mutual funds and securities.
e) **Including housing loans with outstanding loans to the public as at end of period** in the amount of **NIS 20.0 billion to customers whose business activity is classified to business segments.**
f) Including the impairment loss due to the investment in Valley shares in the amount of approximately NIS 1.1 billion. For further information please see Note 15.A to the financial statements as at December 31, 2024.
g) Spread from credit granting activity is the difference between the interest received from credit and the cost of raising the sources used to grant the credit (hereinafter – "transfer prices"). These transfer prices are subject to the period, currency and

type of interest in the transaction. Transfer prices are the Bank's internal pricing tool and are based on internal models and the Bank's judgment. Spread from deposit taking activity is the difference between the transfer prices and the interest paid to customers for these deposits.

h) Amounts lower than NIS 1 million,

					Foreign operations				
Corporations	Institutional entities	Financial management Financial	Other	Total activities Israel	Private individuals	Business activity	Other	Foreign operations – total	Total Total
8,116	156	8,690	–	33,059	4	581	11	596	33,655
3,314	4,311	1,941	–	17,658	–	–	–	–	17,658
4,802	(4,155)	6,749	–	15,401	4	581	11	596	15,997
(1,259)	4,745	(7,507)	39	346	–	(31)	(315)	(346)	–
3,543	590	(758)	39	15,747	4	550	(304)	250	15,997
875	181	1,491	41	5,129	1	69	(18)	52	5,181
4,418	771	733	80	20,876	5	619	(322)	302	21,178
673	(9)	(12)	–	2,363	–	20	–	20	2,383
518	220	289	886	6,763	1	134	(4)	131	6,894
1	8	11	(24)	–	–	–	–	–	–
519	228	300	862	6,763	1	134	(4)	131	6,894
3,226	552	445	(782)	11,750	4	465	(318)	151	11,901
1,146	192	(25)	(268)	3,915	1	92	(20)	73	3,988
2,080	360	470	(514)	7,835	3	373	(298)	78	7,913
–	–	(886)[f]	–	(886)	–	–	–	–	(886)
2,080	360	(416)	(514)	6,949	3	373	(298)	78	7,027
–	–	–	–	–	–	–	–	–	–
2,080	360	(416)	(514)	6,949	3	373	(298)	78	7,027
139,427	3,864	280,205	7,595	689,059	52	7,580	201	7,833	696,892
–	–	4,184	–	4,184	–	–	–	–	4,184
140,373	3,869	–	–	404,805	73	7,409	–	7,482	412,287
142,404	8,046	–	–	417,728	12	8,463	–	8,475	426,203
1,477	1	–	–	3,547	–	212	–	212	3,759
1,446	20	–	–	3,616	–	199	–	199	3,815
2,135	5	–	–	6,643	–	74	–	74	6,717
(88)	–	–	–	534	–	(7)	–	(7)	527
93,342	121,426	83,897	11,402	642,104	25	3,140	130	3,295	645,399
85,739	120,941	–	–	538,369	1	1	8	10	538,379
93,814	138,478	–	–	567,824	–	–	–	–	567,824
179,736	4,175	31,909	17,071	437,863	124	9,324	319	9,767	447,630
186,352	1,244	34,934	17,683	451,539	92	10,292	253	10,637	462,176
104,295	932,658	52,412	–	1,309,803	–	–	–	–	1,309,803
2,075	19	–	–	7,326	4	584	41	629	7,955
972	561	–	–	7,990	–	–	–	–	7,990
496	10	(758)	39	431	–	(34)	(345)	(379)	52
3,543	590	(758)	39	15,747	4	550	(304)	250	15,997

Note 28A – Regulatory Operating Segments and Geographic Areas of Activity (cont.)

A. Information on Regulatory Operating Segments (cont.)

Private individuals – Households and private banking

	For the year ended December 31, 2025								
	Households segment				Private banking segment				Total Private individuals
	Housing loans	Credit cards	Other	Total Total	Housing loans	Credit cards	Other	Total Total	
	In NIS million								
Interest income from external	7,462	83	2,220	9,765	14	–	4	18	9,783
Interest expense from external	–	–	2,950	2,950	–	–	1,291	1,291	4,241
Interest income, net:									
From external	7,462	83	(730)	6,815	14	–	(1,287)	(1,273)	5,542
Inter-segmental	(5,962)	(7)	4,726	(1,243)	(11)	18	1,572	1,579	336
Total interest income, net	1,500	76	3,996	5,572	3	18	285	306	5,878
Total noninterest income	35	234	692	961	–	4	196	200	1,161
Total income	1,535	310	4,688	6,533	3	22	481	506	7,039
Loan loss expenses	30	1	279	310	–	–	–	–	310
Operating and other expenses:									
For external	436	255	1,984	2,675	1	4	129	134	2,809
Inter-segmental	2	–	–	2	–	–	–	–	2
Total operating and other	438	255	1,984	2,677	1	4	129	134	2,811
Profit before taxes	1,067	54	2,425	3,546	2	18	352	372	3,918
Provision for profit taxes	378	19	880	1,277	–	6	127	133	1,410
Profit after taxes	689	35	1,545	2,269	2	12	225	239	2,508
The Bank's share in associates' profits, after tax effect	–	–	–	–	–	–	–	–	–
Net income before attribution to non-controlling interests	689	35	1,545	2,269	2	12	225	239	2,508
Net income attributable to the Bank's shareholders	689	35	1,545	2,269	2	12	225	239	2,508
Average balance of assets[a]	148,047	4,768	24,160	176,975	253	146	168	567	177,542
Of which: Investments in [a]	–	–	–	–	–	–	–	–	–
Profit (loss) after taxes to the public[A]	148,424	4,814	24,819	178,057	253	146	160	559	178,616
Outstanding loans to the public as at the end of the reporting period									
Average outstanding loans to the public(b)	153,919	5,351	26,069	185,339	315	162	100	577	185,916
Outstanding non-performing debts	770	1	195	966	–	–	–	–	966
Outstanding debts in arrears of over 90 days	–	–	66	66	–	–	–	–	66
Average outstanding liabilities[a]	42	32	140,439	140,513	–	1	36,028	36,029	176,542
Average outstanding balance of liabilities(b) to the public[A]	–	–	140,389	140,389	–	–	36,026	36,026	176,415
Investment in associates(b)									
Average outstanding loans to the public(b)	–	–	138,793	138,793	–	–	37,020	37,020	175,813
Average balance of risk-weighted assets[a][b]	88,243	4,520	22,763	115,526	55	484	604	1,143	116,669
Balance of risk-weighted assets as at the end of the reporting period[b]	80,051	4,933	23,625	108,609	41	556	561	1,158	109,767
Average balance of assets under management[a][c]	1,366	–	71,264	72,630	–	–	75,555	75,555	148,185

	For the year ended December 31, 2025								
	Households segment				Private banking segment				Total Private individuals
	Housing loans	Credit cards	Other	Total Total	Housing loans	Credit cards	Other	Total Total	
	In NIS million								
Breakdown of interest income, net:									
Spread from granting loans to the public	1,166	55	992	2,213	2	–	–	2	2,215
Spread from taking deposits by the public	–	–	2,906	2,906	–	–	267	267	3,173
Other	334	21	98	453	1	18	18	37	490
Total interest income, net	1,500	76	3,996	5,572	3	18	285	306	5,878

a) Average balance calculations are based on daily balances, as at the beginning of the quarter or the beginning of each month.
b) Risk-weighted assets – as calculated for capital adequacy purposes.
c) Assets under management – including customers' provident assets, study funds, mutual funds and securities.

Note 28A – Regulatory Operating Segments and Geographic Areas of Activity (cont.)

A. Information on Regulatory Operating Segments (cont.)

Private individuals – households and private banking (cont.)

	For the year ended December 31, 2024								
	Households segment				Private banking segment				Total Private individuals
	Housing loans	Credit cards	Other	Total Total	Housing loans	Credit cards	Other	Total Total	
	In NIS million								
Interest income from external	7,284	77	2,171	9,532	10	–	4	14	9,546
Interest expense from external	–	–	2,885	2,885	–	–	1,239	1,239	4,124
Interest income, net:									
From external	7,284	77	(714)	6,647	10	–	(1,235)	(1,225)	5,422
Inter-segmental	(5,682)	(7)	4,935	(754)	(5)	14	1,582	1,591	837
Total interest income, net	1,602	70	4,221	5,893	5	14	347	366	6,259
Total noninterest income	41	356	646	1,043	–	5	170	175	1,218
Total income	1,643	426	4,867	6,936	5	19	517	541	7,477
Loan loss expenses (income)	36	(2)	399	433	–	–	–	–	433
Operating and other expenses:									
For external	444	238	2,152	2,834	1	3	124	128	2,962
Inter-segmental	2	–	–	2	–	–	–	–	2
Total operating and other	446	238	2,152	2,836	1	3	124	128	2,964
Profit before taxes	1,161	190	2,316	3,667	4	16	393	413	4,080
Provision for profit taxes	423	70	838	1,331	1	6	142	149	1,480
Profit after taxes	738	120	1,478	2,336	3	10	251	264	2,600
The Bank's share in associates' profits, after tax effect	–	–	–	–	–	–	–	–	–
Net income before attribution to non-controlling interests	738	120	1,478	2,336	3	10	251	264	2,600
Net income attributable to the Bank's shareholders	738	120	1,478	2,336	3	10	251	264	2,600
Average balance of assets[a]	135,364	4,583	23,877	163,824	198	119	83	400	164,224
Of which: Investments in associates[a]	–	–	–	–	–	–	–	–	–
Profit (loss) after taxes to the public[A]	135,789	4,647	24,479	164,915	198	120	75	393	165,308
Outstanding loans to the public as at the end of the reporting period	144,387	5,161	25,509	175,057	232	138	88	458	175,515
Outstanding non-performing debts	677	1	203	881	–	–	–	–	881
Outstanding debts in arrears of over 90 days	–	–	87	87	–	–	–	–	87
Average outstanding liabilities[a]	53	17	139,563	139,633	–	–	33,899	33,899	173,532
Average outstanding balance of liabilities(b) to the public[A]	–	–	139,512	139,512	–	–	33,897	33,897	173,409
Investment in associates(b) Average outstanding loans to the public(b)	–	–	139,802	139,802	–	–	35,781	35,781	175,583
Average balance of risk-weighted assets[a][b]	81,807	4,510	22,128	108,445	55	412	478	945	109,390
Balance of risk-weighted assets as at the end of the reporting period[b]	85,989	4,515	22,577	113,081	63	478	538	1,079	114,160
Average balance of assets under management[a][c]	1,363	–	63,602	64,965	–	–	61,655	61,655	126,620

	For the year ended December 31, 2024								
	Households segment				Private banking segment				Total Private individuals
	Housing loans	Credit cards	Other	Total Total	Housing loans	Credit cards	Other	Total Total	
	In NIS million								
Breakdown of interest income, net:									
Spread from granting loans to the public	1,266	52	1,011	2,329	1	–	–	1	2,330
Spread from taking deposits by the public	–	–	3,122	3,122	–	–	331	331	3,453
Other	336	18	88	442	4	14	16	34	476
Total interest income, net	1,602	70	4,221	5,893	5	14	347	366	6,259

a) Average balance calculations are based on daily balances, as at the beginning of the quarter or the beginning of each month.
b) Risk-weighted assets – as calculated for capital adequacy purposes.
c) Assets under management – including customers' provident assets, study funds, mutual funds and securities.

Note 28A – Regulatory Operating Segments and Geographic Areas of Activity (cont.)

A. Information on Regulatory Operating Segments (cont.)

Small-, micro- and mid-sized businesses and corporations

	For the year ended December 31, 2025									
	Small- and micro-business segment			Mid-market segment			Corporate segment			
	Construction and real estate	Other	Total Total	Construction and real estate	Other	Total Total	Construction and real estate	Other	Total Total	Total Total
	In NIS million									
Interest income from external	1,964	2,873	4,837	1,241	1,445	2,686	5,491	4,604	10,095	17,618
Interest expense from external	586	2,382	2,968	294	1,491	1,785	613	3,338	3,951	8,704
Interest income, net:										
From external	1,378	491	1,869	947	(46)	901	4,878	1,266	6,144	8,914
Inter-segmental	(242)	2,118	1,876	(393)	1,287	894	(2,657)	681	(1,976)	794
Total interest income, net	1,136	2,609	3,745	554	1,241	1,795	2,221	1,947	4,168	9,708
Total noninterest income	178	814	992	49	314	363	609	506	1,115	2,470
Of which: Income from credit	20	87	107	2	8	10	1	2	3	120
Total income	1,314	3,423	4,737	603	1,555	2,158	2,830	2,453	5,283	12,178
Loan loss expenses (income)	(10)	6	(4)	(23)	(85)	(108)	320	(93)	227	115
Operating and other expenses:										
For external	310	1,300	1,610	92	373	465	172	414	586	2,661
Inter-segmental	–	–	–	–	–	–	–	–	–	–
Total operating and other	310	1,300	1,610	92	373	465	172	414	586	2,661
Profit before taxes	1,014	2,117	3,131	534	1,267	1,801	2,338	2,132	4,470	9,402
Provision for profit taxes	366	770	1,136	192	460	652	826	772	1,598	3.386
Profit after taxes	648	1,347	1,995	342	807	1.149	1,512	1,360	2,872	6,016
The Bank's share in associates' profits, after tax effect	–	–	–	–	–	–	–	–	–	–
Net income before attribution to non-controlling interests	648	1,347	1,995	342	807	1.149	1,512	1,360	2,872	6,016
Net income attributable to the Bank's shareholders	648	1,347	1,995	342	807	1.149	1,512	1,360	2,872	6,016
Average balance of assets[a]	27,549	50,098	77,647	17,738	22,803	40,541	83,772	84,587	168,359	286,547
Of which: Investments in	–	–	–	–	–	–	–	–	–	–
Average outstanding loans to	27,986	51,104	79,090	17,969	23,140	41,109	84,425	85,004	169,429	289,628
Outstanding loans to the public as at the end of the reporting period	29,427	63,518	92,945	19,848	22,306	42,154	88,848	98,405	187,253	322,352
Outstanding non-performing debts	227	393	620	18	131	149	188	164	352	1,121
Outstanding debts in arrears of over 90 days	83	58	141	–	1	1	–	–	–	142
Average outstanding liabilities[a]	20,496	84,360	104,856	8,698	49,254	57,952	18,048	93,291	111,339	274,147
Average outstanding balance of liabilities(b) to the public[A]	20,443	84,272	104,715	8,640	48,870	57,510	16,873	89,036	105,909	268,134
Investment in associates(b) Average outstanding loans to the public(b)	21,296	91,752	113,048	9,228	50,778	60,006	21,231	104,854	126,085	299,139
Average balance of risk-weighted assets[a][b]	27,349	35,486	62,835	19,091	26,321	45,412	112,765	94,832	207,597	315,844
Outstanding impaired debts reporting period[B]	40,515	37,778	78,293	20,509	24,796	45,305	119,762	107,153	226,915	350,513
Average balance of assets under management[a][c]	23,112	103,848	126,960	7,934	34,258	42,192	32,077	127,146	159,223	328,375

	For the year ended December 31, 2025									
	Small- and micro-business segment			Mid-market segment			Corporate segment			
	Construction and real estate	Other	Total	Construction and real estate	Other	Total	Construction and real estate	Other	Total	Total
	In NIS million									
Breakdown of interest income, net:										
Spread from granting loans to	693	1,144	1,837	389	487	876	1,702	1,163	2,865	5,578
Spread from taking deposits by the public	318	1,350	1,668	86	661	747	120	421	541	2,956
Other	125	115	240	79	93	172	399	363	762	1,174
Total interest income, net	1,136	2,609	3,745	554	1,241	1,795	2,221	1,947	4,168	9,708

a) Average balance calculations are based on daily balances, as at the beginning of the quarter or the beginning of each month.
b) Risk-weighted assets - as calculated for capital adequacy purposes.
c) Assets under management - including customers' provident assets, study funds, mutual funds and securities.

Note 28A – Regulatory Operating Segments and Geographic Areas (cont.)

A. Information on Regulatory Operating Segments (cont.)

Small-, micro- and mid-sized businesses and corporations (cont.)

	For the year ended December 31, 2024									
	Small- and micro-business segment			Mid-market segment			Corporate segment			
	Construction and real estate	Other	Total Total	Construction and real estate	Other	Total Total	Construction and real estate	Other	Total Total	Total Total
	In NIS million									
Interest income from external	1,896	2,647	4,543	1,068	1,461	2,529	5,226	4,084	9,310	16,382
Interest expense from external	577	2,200	2,777	268	1,606	1,874	594	3,483	4,077	8,728
Interest income, net:										
From external	1,319	447	1,766	800	(145)	655	4,632	601	5,233	7,654
Inter-segmental	(175)	2,277	2,102	(297)	1,610	1,313	(2,506)	1,326	(1,180)	2,235
Total interest income, net	1,144	2,724	3,868	503	1,465	1,968	2,126	1,927	4,053	9,889
Total noninterest income	169	756	925	43	300	343	494	454	948	2,216
Of which: Income from credit	18	95	113	2	6	8	1	2	3	124
Total income	1,313	3,480	4,793	546	1,765	2,311	2,620	2,381	5,001	12,105
Loan loss expenses (income)	83	85	168	(11)	14	3	137	(19)	118	289
Operating and other expenses:										
For external	302	1,332	1,634	98	391	489	174	402	576	2,699
Inter-segmental	–	–	–	–	–	–	–	(1)	(1)	(1)
Total operating and other	302	1,332	1,634	98	391	489	174	401	575	2,698
Profit before taxes	928	2,063	2,991	459	1,360	1,819	2,309	1,999	4,308	9,118
Provision for profit taxes	337	747	1,084	167	493	660	835	729	1,564	3,308
Profit after taxes	591	1,316	1,907	292	867	1,159	1,474	1,270	2,744	5,810
The Bank's share in associates' profits, after tax effect	–	–	–	–	–	–	–	–	–	–
Net income before attribution to non-controlling interests	591	1,316	1,907	292	867	1,159	1,474	1,270	2,744	5,810
Net income attributable to the	591	1,316	1,907	292	867	1,159	1,474	1,270	2,744	5,810
Average balance of assets[a]	25,445	42,221	67,666	16,550	22,568	39,118	75,480	72,914	148,394	255,178
Of which: Investments in	–	–	–	–	–	–	–	–	–	–
Average outstanding loans to	25,896	43,224	69,120	16,794	22,876	39,670	76,161	73,610	149,771	258,561
Outstanding loans to the public as at the end of the reporting	26,754	48,290	75,044	16,690	22,921	39,611	81,372	78,018	159,390	274,045
Outstanding non-performing	181	406	587	14	207	221	324	249	573	1,381
Outstanding debts in arrears of	33	56	89	–	1	1	–	1	1	91
Average outstanding liabilities[a]	20,504	81,818	102,322	8,041	51,282	59,323	15,344	86,936	102,280	263,925
Average outstanding balance of liabilities(b)	20,451	81,732	102,183	7,987	51,202	59,189	14,361	82,245	96,606	257,978
Balance of deposits by the public as at the end of the	20,035	81,189	101,224	8,202	51,439	59,641	20,172	89,688	109,860	270,725
Average balance of risk-	26,087	33,735	59,822	18,566	25,096	43,662	107,541	82,060	189,601	293,085
Outstanding impaired debts reporting period[B]	25,781	34,602	60,383	18,157	26,420	44,577	114,160	90,372	204,532	309,492
Average balance of assets under	18,326	81,111	99,437	5,798	27,174	32,972	24,010	90,718	114,728	247,137
Breakdown of interest income,										
Spread from granting loans to	686	1,095	1,781	335	515	850	1,607	1,018	(2,625)	5,256
Spread from taking deposits by the public	357	1,496	1,853	96	848	944	123	587	710	3,507
Other	101	133	234	72	102	174	396	322	718	1,126
Total interest income, net	1,144	2,724	3,868	503	1,465	1,968	2,126	1,927	4,053	9,889

a) Average balance calculations are based on daily balances, as at the beginning of the quarter or the beginning of each month.
b) Risk-weighted assets – as calculated for capital adequacy purposes.
c) Assets under management – including customers' provident assets, study funds, mutual funds and securities.

Note 28A - Regulatory Operating Segments and Geographic Areas (cont.)

A. Information on Regulatory Operating Segments (cont.)

Financial management

	For the year ended December 31, 2025				
	activities Held-for-trading	activities Assets management and liabilities	activities Share in voting rights Real	Other	Total Total
	In NIS million				
Interest income from external	635	9,971	18	38	10,662
Interest expense from external	709	2,127	–	–	2,836
Interest income, net:					
From external	(74)	7,844	18	38	7,826
Inter-segmental	(667)	(7,101)	(158)	266	(7,660)
Total interest income (expenses), net	(741)	743	(140)	304	166
Total noninterest income	840	144	738	121	1,843
Total income	99	887	598	425	2,009
Loan loss income	–	(6)	–	(18)	(24)
Operating and other expenses:					
For external	191	47	50	103	391
Inter-segmental	–	2	4	3	9
Total operating and other expenses	191	49	54	106	400
Profit (loss) before taxes	(92)	844	544	337	1,633
Provision (benefit) for profit taxes	(22)	283	227	18	506
Profit (loss) after taxes	(70)	561	317	319	1,127
The Bank's share in associates' profits, after tax effect	–	–	350	–	350
Net income (loss) before amount attributable to non-controlling interests	(70)	561	667	319	1,477
Net income (loss) attributable to the Bank's shareholders	(70)	561	667	319	1,477
Average balance of assets[a]	40,562	259,486	11,254	5,770	317,072
Of which: Investments in associates[a]	–	–	3,618	–	3,618
Average outstanding liabilities[a]	40,312	56,414	94	415	97,235
Average balance of risk-weighted assets[a][b]	13,327	40,177	6,309	–	59,813
Balance of risk-weighted assets as at the end of the reporting period[b]	12,646	51,790	6,239	–	70,675
Average balance of managed assets[c]	–	–	–	67,116	67,116
Component of interest income and noninterest finance income, net:					
Exchange rate differentials, net[d]	490	100	–	–	–
Index differentials, net[D]	42	906	–	–	–
Net interest exposures[d]	(298)	8,851	–	–	–
Net exposures to shares[d]	116	–	–	–	–
Interest spreads attributed to financial management	–	(8,860)	–	–	–
Total net interest income and noninterest income on accrual basis	350	997	–	–	–
Spread from taking deposits by the public Bonds	–	(301)	–	–	–
Change in the difference between fair value and accrual basis of derivatives recognized in profit and loss	–	355	–	–	–
Other noninterest income	(251)	(164)	–	–	–
Total net interest income and noninterest finance	99	887	–	–	–

a) Average balance calculations are based on daily balances, as at the beginning of the quarter or the beginning of each month.
b) Risk-weighted assets – as calculated for capital adequacy purposes.
c) Assets under management – including customers' provident assets, study funds, mutual funds and securities.
d) Including for securities and derivatives.
e) Amounts lower than NIS 1 million.

Note 28A – Regulatory Operating Segments and Geographic Areas (cont.)

A. Information on Regulatory Operating Segments (cont.)

Financial Management (cont.)

	For the year ended December 31, 2024				
	activities Held-for-trading	activities Assets management and liabilities	Non-financial investment activity	Other	Total Total
	In NIS million				
Interest income from external	549	9,995	28	24	10,596
Interest expense from external	633	1,857	–	–	2,490
Interest income, net:					
From external	(84)	8,138	28	24	8,106
Inter-segmental	(826)	(8,260)	(160)	290	(8,956)
Total interest income (expenses), net	(910)	(122)	(132)	314	(850)
Total noninterest income	658	696	570	87	2,011
Total income (expenses)	(252)	574	438	401	1,161
Loan loss income	–	–	–	25	25
Operating and other expenses:					
For external	152	36	42	81	311
Inter-segmental	–	4	5	3	12
Total operating and other expenses	152	40	47	84	323
Profit (loss) before taxes	(404)	534	391	292	813
Provision (benefit) for profit taxes	(158)	168	174	(10)	174
Profit (loss) after taxes	246	366	217	302	639
The Bank's share in associates' losses, after tax effect	–	–	(271)	–	(271)
Net income (loss) before amount attributable to non-controlling interests	246	366	(54)	302	368
Ne income attributable to non-controlling interests[e]	–	–	–	–	–
Net income (loss) attributable to the Bank's shareholders	246	366	(54)	302	368
Average balance of assets[a]	33,437	254,678	10,486	4,846	303,447
Of which: Investments in associates[a]	–	–	3,673	–	3,673
Average outstanding liabilities[a]	33,514	53,035	94	375	87,018
Average balance of risk-weighted assets[a][b]	10,234	27,823	5,737	–	43,794
Balance of risk-weighted assets as at the end of the reporting period[b]	13,268	31,344	6,379	–	50,991
Average balance of managed assets[c]	–	6	–	44,406	44,412
Component of interest income and noninterest finance income, net:					
Exchange rate differentials, net[d]	326	77	–	–	–
Index differentials, net[D]	(35)	(1,232)	–	–	–
Net interest exposures[d]	(190)	9,800	–	–	–
Net exposures to shares[d]	105	–	–	–	–
Interest spreads attributed to financial management	–	(10,472)	–	–	–
Total net interest income and noninterest income on accrual basis	206	637	–	–	–
Spread from taking deposits by the public Bonds	–	(465)	–	–	–
Change in the difference between fair value and accrual basis of derivatives recognized in profit and loss	–	464	–	–	–
Other noninterest income	(458)	(62)	–	–	–

	For the year ended December 31, 2024				
	activities Held-for-trading	activities Assets management and liabilities	Non-financial investment activity	Other	Total Total
	In NIS million				
Total net interest income (expenses) and noninterest finance income	(252)	574	–	–	–

a) Average balance calculations are based on daily balances, as at the beginning of the quarter or the beginning of each month.
b) Risk-weighted assets – as calculated for capital adequacy purposes.
c) Assets under management – including customers' provident assets, study funds, mutual funds and securities.
d) Including for securities and derivatives.
e) Amounts lower than NIS 1 million.

Note 28A – Regulatory Operating Segments and Geographic Areas (cont.)

B. Information on Activity by Geographical Area[a]

	December 31, 2025				
	Israel		Other	Total tivity utside ael	Total nsolidate
	In NIS million				
Total income[b]	**22,306**	**370**	**4**	**374**	**22,680**
Net income attributable to the Bank's shareholders	**9,747**	**512**	**3**	**515**	**10,262**
Total assets	**862,495**	**10,360**	**116**	**10,476**	**872,971**

	December 31, 2024				
	Israel	UK	Other	Total tivity utside ael	Total nsolidate
	In NIS million				
Total income[b]	22,359	743	6	749	23,108
Net income (loss) attributable to the Bank's shareholders	9,191	613	(6)	607	9,798
Total assets	775,995	9,524	32	9,556	785,551

	December 31, 2023				
	Israel	UK	Other	Total tivity utside ael	Total nsolidate
	In NIS million				
Total income (expenses)[b]	20,033	1,148	(3)	1,145	21,178
Net income attributable to the Bank's shareholders	6,402	622	3	625	7,027
Total assets	722,775	8,688	34	8,722	731,497

a) The classification is based on the office's location.
b) Interest income and noninterest income, net.

Note 28B - Operating Segments according to Management Approach

A. Overview

Operating segment according to management approach - a component of the banking corporation engaged in activities from which it may generate income and bear expenses. Its operating results are reviewed on an ongoing basis by the Bank's CEO in order to make decisions regarding the allocation of resources and assessment of its performances. Furthermore, separate financial data is available for operating segments.
Operating segments reporting according to management approach presents the Bank's results by business line, in accordance with the Bank's organizational structure and decision of the Bank's management and Board of Directors.

The Bank's business lines specialize in providing services to customer segments with similar characteristics and needs.

The Bank's activity in Israel is managed as follows:

1. Banking – provision of banking services to retail customers and small businesses. This line of business comprises three departments: Retail Banking, Small Businesses, and Private Banking. The services and products are adapted to all the customer segments differentially, according to the nature of their banking activity, their characteristics and their needs.
2. Mortgages - provision of loans intended to purchase residential apartments or loans pledged by a residential apartment or another asset.
3. Commercial - providing banking and financial services to middle-market companies and interested parties in these companies.
4. Corporate banking - providing banking and financial services to large Israeli corporations and international corporations, supporting their domestic and foreign activities.
5. Real estate – providing banking and financial services to the construction and real estate sector.
6. Capital markets – management of the Bank's own portfolio, management of assets and liabilities and management of investments in financial assets.
7. Other – activities not attributed to the other business lines.

Results of operations are attributed to the line of business in charge of the customer's account.

- Net interest income – interest on loans extended by the business line is credited to the business line, net of the cost of raising the loans (transfer price). Furthermore, the business line is credited with a transfer price in respect of deposits raised net of interest paid to customers.
- Noninterest income (noninterest finance income, fees and commissions and other income) – is allocated to the business lines according to the customer's activity.
- Business lines' expenses include their direct expenses. Expenses of corporate units providing services to business lines are allocated to the business lines.
- Part of the income from the management of assets and liabilities is recorded to the business lines according to their business activity.

The operating results of the business lines, both in terms of on-balance sheet items as well as in terms of profit and loss, are assessed on an ongoing basis by the Bank's CEO. The results are compared to objectives set in an annual work plan and to the corresponding period in the previous year. Furthermore, the Bank measures a range of other metrics relating to the business lines' activities.

Note 28B – Operating Segments according to the Management Approach(cont.)

B. Information Regarding Operating Segments according to Management Approach

	For the year ended December 31, 2025											
	The Bank									Subsidiaries in Israel	Foreign subsidiaries	
	People Private individuals	Small businesses	Total Banking	Mortgages	Commercial	Corporate	Real estate	Capital markets Equity	Other and adjustments			Total
	In NIS million											
Interest income:												
Interest income (expenses) – from externals, net	(3,263)	785	(2,478)	7,686	1,804	3,247	3,907	1,642	76	223	745	16,852
Interest income (expenses) – inter-segmental	8,338	1,239	9,577	(6,430)	663	(1,817)	(2,578)	918	–	73	(406)	–
Interest income, net	5,075	2,024	7,099	1,256	2,467	1,430	1,329	2,560	76	296	339	16,852
Noninterest income	1,557	490	2,047	6	603	442	439	1,604	29	566	92	5,828
Total income	6,632	2,514	9,146	1,262	3,070	1,872	1,768	4,164	105	862	431	22,680
Loan loss expenses (income)	373	(76)	297	(1)	(16)	(32)	149	(3)	(6)	15	47	450
Total operating and other expenses	2,829	858	3,687	434	730	324	152	513	495	200	113	6,648
Profit (loss) Before tax	3,430	1,732	5,162	829	2,356	1,580	1,467	3,654	384	647	271	15,582
Provision for taxes	1,248	630	1,878	302	857	575	534	1,238	23	171	92	5,670
Net income (loss) Attributable to the Bank's shareholders	2,182	1,102	3,284	527	1,499	1,005	933	2,712	(407)	530	179	10,262
Balances as at December 31, 2025												
Loans to the public, net	31,820	29,059	60,879	156,685	69,120	91,759	73,625	48,761	7,287	1,711	10,123	519,950
Deposits by the Public	226,988	63,129	290,117	–	90,107	46,954	14,483	245,222	4	–	–	686,887

Note 28B – Operating Segments according to the Management Approach(cont.)

B. Information Regarding Operating Segments according to Management Approach (cont.)

	For the year ended December 31, 2024											
	The Bank									Subsidiaries Subsidiaries In Israel	Subsidiaries Subsidiaries Abroad	
	Private individuals	Small businesses	Total Banking	Mortgages	Commercial	Corporate	Real estate	Capital markets Equity	Other and adjustments			Total
	In NIS million											
Interest income:												
Interest income (expenses) – from externals, net	(3,133)	894	(2,239)	7,482	1,482	2,081	4,250	(2,457)	58	204	734	16,509
Interest income (expenses) – inter-segmental	8,607	1,206	9,813	(6,144)	1,236	(961)	(2,792)	(809)	(4)	45	(384)	–
Interest income, net	5,474	2,100	7,574	1,338	2,718	1,120	1,458	1,648	54	249	350	16,509
Noninterest income	1,557	483	2,040	9	584	323	426	1,651	963[(b)]	521	82	6,599
Total income	7,031	2,583	9,614	1,347	3,302	1,443	1,884	3,299	1,017	770	432	23,108
Expenses (incomes) due to credit losses cards	470	94	564	62	194	(139)	55	8	(8)	14	(37)	713
Total operating and other expenses	2,922	920	3,842	439	723	304	179	463	629	209	116	6,904
Profit before taxes	3,639	1,569	5,208	846	2,385	1,278	(1,650)	2,828	396	547	353	15,491
Provision (benefit) for taxes For taxes	1,384	597	(1,981)	322	907	486	627	1,064	(198)	113	120	5,422
Net income Attributable to the Bank's shareholders	2,255	972	3,227	524	1,478	792	1,023	1.441[(a)]	594	486	233	9,798
Balances as at December 31, 2024												
Loans to the public, net	30,579	27,574	58,153	146,630	65,101	66,216	71,054	31,057	6,843	1,256	9,209	455,519
Deposits by the Public	225,833	61,164	286,997	–	86,666	41,773	13,640	189,221	4	–	–	618,301

a) Including the impairment loss due to the investment in Valley shares in the amount of approximately NIS 0.6 billion. For further information please see Note 15.A to the financial statements as at December 31, 2024.

Including capital gains from the sale of the main office buildings in Tel Aviv in the sum of approximately NIS 0.8 billion. For more information, please see Note 35.C to the financial statements as at December 31, 2024.

Note 28B – Operating Segments according to the Management Approach(cont.)

B. Information Regarding Operating Segments according to Management Approach (cont.)

	For the year ended December 31, 2023											
	The Bank									Subsidiaries Subsidiaries In Israel	Subsidiaries Subsidiaries Abroad	
	Private individuals	Small businesses	Retail banking – total	Mortgages	Commercial	Corporate	Real estate	Capital markets Equity	Other and adjustments			Total
	In NIS million											
Interest income:												
Interest income (expenses) – from externals, net	(2,113)	1,113	(1,000)	6,689	1,577	2,098	3,829	2,045	24	141	594	15,997
Interest income (expenses) – inter-segmental	7,732	1,051	8,783	(5,270)	1,372	(996)	(2,453)	(1,120)	1	27	(344)	–
Interest income, net	5,619	2,164	7,783	1,419	2,949	1,102	1,376	925	25	168	250	15,997
Noninterest income	1,558	496	2,054	15	580	331	391	1,395	67	296	52	5,181
Total income	7,177	2,660	9,837	1,434	3,529	1,433	1,767	2,320	92	464	302	21,178
Expenses (incomes) due to credit losses cards	844	389	1,233	261	354	59	430	(35)	(4)	65	20	2,383
Total operating and other expenses	2,833	929	3,762	385	721	290	170	384	858	193	131	6,894
Profit (loss) Before tax	3,500	1,342	4,842	788	2,454	1,084	1,167	1,971	(762)	206	151	11,901
Provision (benefit) for taxes For taxes	1,197	459	1,656	269	839	371	399	674	(337)	44	73	3,988
Net income (loss) Attributable to the Bank's shareholders	2,303	883	3,186	519	1,615	713	768	403[a]	(425)	170	78	7,027
Balances as at December 31, 2023												
Loans to the public, net	30,180	26,159	56,339	132,074	62,567	60,667	66,692	25,655	5,987	1,103	8,402	419,486
Deposits by the public	216,898	56,087	272,985	–	88,206	36,305	10,107	160,215	6	–	–	567,824

a) Including the impairment loss from the investment in Valley shares in the amount of approx. NIS 1.1 billion. For additional information, please see Note 15.a. to the financial statements as at December 31, 2024.

Note 29 – Credit Risk, Loans to the Public and Loan Loss Provision

A. Debts[(a)] and Off-Balance-Sheet Credit Instruments

1. Change in outstanding loan loss provision

	For the year ended December 31, 2025					
	Loan loss provision					
	Loans to the public				Banks, Governments and Bonds Held to maturity	
	Commercial	Housing	Private Other	Total – public	Available for sale	Total
	In NIS million					
Balance of loan loss provision as at the beginning of the year	**6,048**	**669**	**988**	**7,705**	**47**	**7,752**
Loan loss expenses	**100**	**30**	**280**	**410**	**40**	**450**
Charge-offs	**(624)**	**(12)**	**(588)**	**1,224**	**–**	**1,224**
Collection of debts written off in previous years	**519**	**7**	**326**	**852**	**–**	**852**
Net charge-offs	**(105)**	**(5)**	**(262)**	**(372)**	**–**	**(372)**
Balance of loan loss provision as at year end[1]	**6,043**	**694**	**1,006**	**7,743**	**87**	**7,830**
[1]Of which: in respect of off-balance-sheet credit instruments	**831**	**26**	**36**	**893**	**27**	**920**

	For the year ended December 31, 2024					
	Loan loss provision					
	Loans to the public				Banks, Governments and Bonds Held to maturity	
	Commercial	Housing	Private Other	Total Public	Available for sale	Total
	In NIS million					
Balance of loan loss provision as at the beginning of the year	5,873	634	957	7,464	17	7,481
Loan loss expenses	250	36	397	683	30	713
Charge-offs	(624)	(4)	(620)	1,248	–	1,248
Collection of debts written off in previous years	549	3	254	806	–	806
Net charge-offs	(75)	(1)	(366)	(442)	–	(442)
Balance of loan loss provision as at year end[1]	6,048	669	988	7,705	47	7,752
[1]Of which: in respect of off-balance-sheet credit instruments	754	29	35	818	24	842

a) Loans to the public, loans to governments, deposits with banks (excluding deposits with the Bank of Israel) and other debts, excluding securities borrowed or purchased under reverse repurchase agreements.

Note 29 – Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

A. Debts[(a)] and off-balance sheet credit instruments (cont.)

1. Change in balance of provision for loan losses (cont.)

	For the year ended December 31, 2023					
	Loan loss provision					
	Loans to the public				Banks, Governments and Bonds Held to maturity	
	Commercial	Housing	Private Other	Total Public	Available for sale	Total
	In NIS million					
Balance of loan loss provision as at the beginning of the year	4,420	419	732	5,571	54	5,625
Loan-loss expenses (income)	1,550	221	649	2,420	(37)	2,383
Charge-offs	455	(6)	662	1,123	–	1,123
Collection of debts written off in previous years	358	–	238	596	–	596
Net charge-offs	(97)	(6)	(424)	(527)	–	(527)
Balance of loan loss provision as at year end[1]	5,873	634	957	7,464	17	7,481
[1]Of which: in respect of off-balance-sheet credit instruments	697	12	38	747	–	747

Note 29 - Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

A. Debts[A] due to held-to-maturity bonds and available-for-sale bonds, loans to the public and the balance of the provision for credit loss

2. Additional information on calculating the loan loss provision for debts,[a] held-to-maturity bonds and available-for-sale bonds

	December 31, 2025					
	Loans to the public				Banks, Governments and Bonds Held to maturity	Available for sale
	Commercial	Housing	Private Other	Total - public		Total
	In NIS million					
Recorded outstanding debt:[a]						
Examined on a specific basis	**320,182**	**-**	**214**	**320,396**	**160,000**	**480,396**
Examined on a collective basis	**21,105**	**154,247**	**31,052**	**206,404**	**-**	**206,404**
Total debts[a]	**341,287**	**154,247**	**31,266**	**526,800**	**160,000**	**686,800**
Outstanding loan loss provision in respect of debts:[a]						
Examined on a specific basis	**4,242**	**-**	**104**	**4,346**	**60**	**4,406**
Examined on a collective basis	**970**	**668**	**866**	**2,504**	**-**	**2,504**
Total loan loss provision	**5,212**	**668**	**970**	**6,850**	**60**	**6,910**

	December 31, 2024					
	Loans to the public				Banks, Governments and Bonds Held to maturity	Available for sale
	Commercial	Housing	Private Other	Total - public		Total
	In NIS million					
Recorded outstanding debt:[a]						
Examined on a specific basis	257,989	-	653	258,642	130,156	388,798
Examined on a collective basis	29,241	144,633	29,890	203,764	-	203,764
Total debts:[a]	287,230	144,633	30,543	462,406	130,156	592,562
Outstanding loan loss provision in respect of debts:[a]						
Examined on a specific basis	4,247	-	219	4,466	23	4,489
Examined on a collective basis	1,047	640	734	2,421	-	2,421
Total loan loss provision	5,294	640	953	6,887	23	6,910

a) Loans to the public, loans to governments, deposits with banks (excluding deposits with the Bank of Israel) and other debts, excluding securities borrowed or purchased under reverse repurchase agreements.

Note 29 – Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

B. Loans to the public

1. Credit quality and arrears

	December 31, 2025					
		Troubled[a]			Performing debts – additional information	
	Non-troubled[d]	Performing	Non-performing	Total	In arrears of 90 days or more[b]	In arrears of 30 to 89 days[c]
	In NIS million					
Borrower activity in Israel						
Public – commercial						
Construction & real estate – construction	78,571	676	147	79,394	34	56
Construction & real estate – real estate activities	52,804	618	177	53,599	49	93
Financial services	64,494	14	5	64,513	2	6
Commercial – Other	107,576	1,836	612	110,024	57	159
Commercial – total	303,445	3,144	941	307,530	142	314
Private individuals – housing loans	153,400	19	770	154,189	–	840
Private individuals – other	30,357	707	196	31,260	66	166
Total loans to the public – activity in Israel	487,202	3,870	1,907	492,979	208	1,320
Borrower activity outside Israel						
Public – commercial						
Construction and real estate	10,959	167	131	11,257	–	1
Commercial – Other	22,046	382	72	22,500	–	12
Commercial – total	33,005	549	203	33,757	–	13
Private individuals	64	–	–	64	–	–
Total loans to the public – foreign operations	33,069	549	203	33,821	–	13
Total loans to the public	520,271	4,419	2,110	526,800	208	1,333

a) Non-performing loans to the public, substandard or special mention.
b) Classified as troubled, performing debts.
c) Accumulates interest income Debts in arrears of 30 and up to 89 days, totaling NIS 171 million, were classified as troubled debt.
d) Non-troubled debts include debts that are not classified as troubled, with a deferral of payments of 180 days or more, that was given during the War to borrowers who were not in financial difficulties, in the sum of NIS 1.4 billion as at December 31, 2025, mostly housing loans.

Note 29 – Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

B. Loans to the public (cont.)

1. Credit quality and delinquency (cont.)

	December 31, 2024					
		Troubled[a]			Performing debts – additional information	
	Non-troubled[d]	Performing	Non-performing	Total	In arrears of 90 days or more[b]	In arrears of 30 to 89 days[c]
	In NIS million					
Borrower activity in Israel						
Public – commercial						
Construction & real estate construction	69,273	461	352	70,086	20	31
Construction & real estate – real estate activities	47,886	256	87	48,229	13	79
Financial services	40,502	10	9	40,521	1	22
Commercial – Other	94,678	2,274	702	97,654	57	113
Commercial – total	252,339	(3,001)	1,150	256,490	91	245
Private individuals – housing loans	143,885	23	677	144,585	–	856
Private individuals – other	29,635	694	204	30,533	87	174
Total loans to the public – activity in Israel	425,859	3,718	(2,031)	431,608	178	1,275
Borrower activity outside Israel						
Public – commercial						
Construction and real estate	11,401	165	80	11,646	–	2
Commercial – Other	18,394	517	183	19,094	–	2
Commercial – total	29,795	682	263	30,740	–	4
Private individuals	57	–	1	58	–	–
Total loans to the public – foreign operations	29,852	682	264	30,798	–	4
Total loans to the public	455,711	4,400	2,295	462,406	178	1,279

a) Non-performing loans to the public, substandard or special mention.
b) Classified as troubled, performing debts.
c) Accumulates interest income Debts in arrears of 30 and up to 89 days, totaling NIS 159 million, were classified as troubled debt.
d) Non-troubled debts include debts that are not classified as troubled, with a deferral of payments of 180 days or more, that was given during the War to borrowers who were not in financial difficulties, in the sum of NIS 2.2 billion (as at December 31, 2024 commercial in the sum of NIS 0.5 billion, housing loans in the sum of NIS 1.6 billion, other private individuals, in the sum of NIS 0.1 billion).

Note 29 – Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

b. Loans to the public (cont.)

1.1. Credit quality by credit granting year

	December 31, 2025								
	Recorded outstanding debt of fixed loans to the public						Debit balance Recorded Loans renewing	Debit balance Recorded Loans renewing converted to loans Fixed deposits	Total
	2025	2024	2023	2022	2021	Past			
	In NIS million								
Borrower activity in									
Public - commercial									
Construction and real	23,826	17,232	10,550	8,772	6,318	6,381	58,443	1,471	132,993
Credit that is rated as	23,740	16,929	10,174	8,214	6,221	6.185	58,092	1,459	131,014
Unrated performing credit	33	103	52	54	36	5	75	3	361
Troubled performing	47	105	246	467	40	145	243	1	1,294
Non-performing credit	6	95	78	37	21	46	33	8	324
Gross charge-offs during the period	(6)	(13)	(18)	(8)	(6)	(4)	(39)	(1)	(95)
Commercial - other,	65,417	25,433	13,882	9,208	6,523	9,141	43,286	1,647	174,537
Credit that is rated as	65,303	25,083	13,471	8,870	5,975	8,909	42,578	1,621	171,810
Unrated performing credit	48	37	36	18	27	40	53	1	260
Troubled performing	48	184	254	182	451	139	583	9	1,850
Non-performing credit	18	129	121	138	70	53	72	16	617
Gross charge-offs during the period	(16)	(103)	(71)	(56)	(92)	(56)	(130)	(3)	(527)
Private individuals - housing loans - total	30,278	25,887	16,679	19,409	17,351	44,584	–	1	154,189
LTV of up to 60%	16,244	14,522	9,355	10,798	9,931	30,490	–	1	91,341
LTV of more than 60%	13,838	11,182	7,118	8,187	7,106	13,214	–	–	60,645
LTV over 75%	196	183	206	424	314	880	–	–	2,203
Credit that is non-delinquent and	30,046	25,391	16,130	18,794	16,906	43,230	–	1	150,498
Non-delinquent credit not rated as	129	265	326	368	267	726	–	–	2,081
In arrears of 30-89 days	75	149	122	126	94	274	–	–	840
Non-performing credit	28	82	101	121	84	354	–	–	770
Gross charge-offs during the period	–	–	–	–	–	(12)	–	–	(12)
Private individuals - other	10,729	5,600	2,991	1,975	1,122	866	7,582	395	31,260
Credit that is non-delinquent and	9,862	4,791	2,497	1,637	963	796	6,839	305	27,690
Non-delinquent credit not rated as	799	707	432	293	134	56	662	59	3,142
In arrears of 30-89 days	29	37	20	17	9	3	50	1	166
In arrears of over 90	9	19	7	5	2	1	22	1	66
Non-performing credit	30	46	35	23	14	10	9	29	196
Gross charge-offs during the period	(10)	(106)	(116)	(84)	(39)	(75)	152	(6)	(588)
Total loans to the public - activity in	130,250	74,152	44,102	39,364	31,314	60,972	109,311	3,514	492,979
Total loans to the public - foreign	9,388	5,012	2,717	1,638	741	159	14,034	132	33,821
Non-troubled credit	9,286	5,009	2,661	1,455	724	159	13,643	132	33,069
Troubled performing	94	–	52	18	–	–	385	–	549
Non-performing credit	8	3	4	165	17	–	6	–	203
Gross charge-offs during the period	–	(2)	–	–	–	–	–	–	(2)
Total loans to the public	139,638	79,164	46,819	41,002	32,055	61,131	123,345	3,646	526,800

Note 29 – Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

b. Loans to the public (cont.)

1.1 Credit quality by credit granting year (cont.)

	December 31, 2024								
	Recorded outstanding debt of fixed loans to the public						Debit balance Recorded Loans renewing	Debit balance Recorded Loans renewing converted to loans Fixed deposits	Total
	2024	2023	2022	2021	2020	Past			
	In NIS million								
Borrower activity in Israel									
Public – commercial									
Construction and real estate – total	23,418	14,706	11,576	9,012	(2,625)	6,291	48,360	2,327	118,315
Credit that is rated as investment-grade	23,243	14,285	11,173	8,804	2,553	6,057	48,241	2,316	116,672
Unrated performing credit that is not troubled	151	46	161	53	13	8	49	6	487
Troubled performing credit	19	260	160	95	25	105	50	3	717
Non-performing credit	5	115	82	60	34	121	20	2	439
Gross charge-offs during the period	(5)	(18)	(24)	(85)	(6)	(6)	(33)	(3)	(180)
Commercial – other, total	44,549	20,560	15,724	9,944	5,278	8,375	31,465	2,280	138,175
Credit that is rated as investment-grade	44,431	20,076	15,279	9,212	5,055	8,018	30,622	2,094	134,787
Unrated performing credit that is not troubled	35	20	23	33	10	56	53	163	393
Troubled performing credit	65	319	260	575	155	239	660	11	2,284
Non-performing credit	18	145	162	124	58	62	130	12	711
Gross charge-offs during the period	(14)	(53)	(64)	(34)	(26)	(19)	(124)	(9)	(343)
Private individuals – housing loans – total	29,176	19,600	22,970	19,822	11,975	41,041	–	1	144,585
LTV of up to 60%	16,232	11,002	12,412	11,153	7,453	28,168	–	1	86,421
LTV of more than 60% and up to 75%	12,811	8,399	10,425	8,305	4,464	11,901	–	–	56,305
LTV over 75%	133	199	133	364	58	972	–	–	1,859
Credit that is non-delinquent and investment-grade	28,887	19,086	22,178	19,218	11,620	39,533	–	1	140,523
Non-delinquent credit not rated as investment-grade	120	352	567	434	210	846	–	–	2,529
In arrears of 30-89 days	129	100	149	92	66	320	–	–	856
Non-performing credit	40	62	76	78	79	342	–	–	677
Gross charge-offs during the period	–	–	–	–	–	(4)	–	–	(4)
Private individuals – other Total	10,389	5,204	3,688	2,102	1,245	284	7,219	402	30,533
Credit that is non-delinquent and investment-grade	9,900	(4,630)	3,183	1,857	1,140	236	6,784	326	28,056
Non-delinquent credit not rated as investment-grade	419	460	407	209	86	40	340	51	2,012
In arrears of 30-89 days	26	38	34	16	4	3	52	1	174
In arrears of over 90 days	9	32	13	5	2	–	26	–	87
Non-performing credit	35	44	51	15	13	5	17	24	204

Note 29 – Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

	December 31, 2024								
	Recorded outstanding debt of fixed loans to the public						Debit balance Recorded Loans renewing	Debit balance Recorded Loans renewing converted to loans Fixed deposits	Total
	2024	2023	2022	2021	2020	Past			
	In NIS million								
Gross charge-offs during the period	(28)	(129)	(136)	(76)	(23)	(14)	202	(12)	(620)
Total loans to the public - activity in Israel	107,532	60,070	53,958	40,880	21,123	55,991	87,044	5,010	431,608
Total loans to the public - foreign operations	7,118	4,279	2,607	1,737	150	289	14,566	52	30,798
Non-troubled credit	7,118	4,278	2,285	1,535	150	289	14,145	52	29,852
Troubled performing credit	–	1	74	202	–	–	405	–	682
Non-performing credit	–	–	248	–	–	–	16	–	264
Gross charge-offs during the period	–	–	(20)	–	(22)	–	(58)	–	(100)
Total loans to the public	114,650	64,349	56,565	42,617	21,273	56,280	101,610	5,062	462,406

Note 29 – Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

b. Loans to the public (cont.)

2.A. Additional information on non-performing debts[a]

	December 31, 2025					
	Outstanding [b] non-performing debts for which there is a provision	Outstanding provision	Outstanding [b] non-performing debts for which there is a provision	Total balance of [b] Non-performing debts	Outstanding contractual principal in respect of non-performing debts	Recorded interest income[c]
	In NIS million					
Borrower activity in Israel						
Public – commercial						
Construction and real estate	181	55	143	324	827	1
Commercial – Other	501	335	116	617	2,379	2
Commercial – total	682	390	259	941	3,206	3
Private individuals – housing loans	770	116	–	770	794	–
Private individuals – other	196	127	–	196	574	–
Total loans to the public – activity in Israel	1,648	633	259	1,907	4,574	3
Borrower activity outside Israel						
Total loans to the public – foreign operations	145	47	58	203	397	–
Total – public[1]	1,793	680	317	2,110	4,971	3
[1]Of which:						
Measured on a specific basis according to the present value of cash flows	867	536	224	1,091	3,299	
Measured on a specific basis according to fair value of collateral	156	28	93	249	878	
Measured on a collective basis	770	116	–	770	794	

a) Loans to the public, loans to governments, deposits with banks (excluding deposits with the Bank of Israel) and other debts, excluding bonds and securities borrowed or purchased under reverse repurchase agreements.
Recorded outstanding debt.
Interest income amount recorded for the reporting period in respect of the average balance of outstanding non-performing debts during the period in which the debts were classified as non-performing.

Were the non-performing debts to accrue interest according to the original terms and conditions, interest income in the amount of NIS 204 million would have been recorded.
Additional information: the total recorded average outstanding debt of non-performing debts in the year ended December 31, 2025 is NIS 2,190 million.

Note 29 – Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

B. Loans to the public (cont.)

2.A. Additional information on non-performing debts[a] (cont.)

	December 31, 2024					
	Outstanding[b] non-performing debts for which there is a provision	Outstanding provision	Outstanding[b] non-performing debts for which there is no provision	Total balance of [b] Non-performing debts	Outstanding contractual principal in respect of non-performing debts	Recorded interest income[c]
	In NIS million					
Borrower activity in Israel						
Public – commercial						
Construction and real estate	290	77	149	439	1,044	6
Commercial – Other	581	356	130	711	2,556	2
Commercial – total	871	433	279	1,150	3,600	8
Private individuals – housing loans	677	109	–	677	677	–
Private individuals – other	204	134	–	204	573	–
Total loans to the public – activity in Israel	1,752	676	279	2,031	4,850	8
Borrower activity outside Israel						
Total loans to the public – foreign operations	147	31	117	264	496	–
Total public[1]	1,899	707	396	2,295	5,346	8
[1]Of which:						
Measured according to the present value of cash flows	1,112	581	371	1,483	3,834	
Measured according to fair value of collateral	110	17	25	135	835	
Measured on a collective basis	677	109	–	677	677	

a) Loans to the public, loans to governments, deposits with banks (excluding deposits with the Bank of Israel) and other debts, excluding bonds and securities borrowed or purchased under reverse repurchase agreements.
Recorded outstanding debt.
Interest income amount recorded for the reporting period in respect of the average balance of outstanding non-performing debts during the period in which the debts were classified as non-performing.

Were the non-performing debts to accrue interest according to the original terms and conditions, interest income in the amount of NIS 163 million would have been recorded.
Additional information: the total recorded average outstanding debt of non-performing debts in the year ended December 31, 2024 is NIS 2,809 million.

Note 29 – Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

B. Loans to the public (cont.)

2.A. Additional information on non-performing debts[a] (cont.)

	December 31, 2023					
	Outstanding[b] non-performing debts for which there is a provision	Outstanding provision	Outstanding[b] non-performing debts for which there is no provision	Total balance of [b] Non-performing debts	Outstanding contractual principal in respect of non-performing debts	Recorded interest income[c]
	In NIS million					
Borrower activity in Israel						
Public – commercial						
Construction and real estate	1,018	253	155	1,173	1,592	–
Commercial – Other	533	283	167	700	2,517	2
Commercial – total	1,551	536	322	1,873	4,109	2
Private individuals – housing loans	688	79	–	688	688	1
Private individuals – other	343	196	–	343	672	2
Total loans to the public – activity in Israel	2,582	811	322	2,904	5,469	5
Borrower activity outside Israel						
Total loans to the public – foreign operations	520	81	186	706	935	4
Total – public[1]	3,102	892	508	3,610	6,404	9
[1]Of which:						
Measured according to the present value of cash flows	1,723	654	417	2,140	4,108	
Measured according to fair value of collateral	691	159	91	782	1,608	
Measured on a collective basis	688	79	–	688	688	

a) Loans to the public, loans to governments, deposits with banks (excluding deposits with the Bank of Israel) and other debts, excluding bonds and securities borrowed or purchased under reverse repurchase agreements.
Recorded outstanding debt.
Interest income amount recorded for the reporting period in respect of the average balance of outstanding non-performing debts during the period in which the debts were classified as non-performing.

Were the non-performing debts to accrue interest according to the original terms and conditions, interest income in the amount of NIS 642 million would be recorded.
Additional information: the total recorded average outstanding debt of non-performing debts in the year ended December 31, 2023 is NIS 2,691 million.

Note 29 - Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

B. Loans to the public (cont.)

2.B. Information regarding debts of borrowers with financial difficulties who underwent a change in terms and conditions

1. The credit quality and extent of arrears of debts of borrowers with financial difficulties who underwent a change in terms and conditions

	December 31, 2025				
	Recorded outstanding debt				
	Troubled		Non-troubled		
	Non-performing	performing[(a)] Interest income	In arrears of 30 days or more	Non-delinquent	Total
	In NIS million				
Borrower activity in Israel					
Commercial	283	236	2	170	691
Private individuals - housing loans	106	19	-	36	161
Private individuals - other	170	149	3	222	544
Total loans to the public - activity in Israel	559	404	5	428	1,396
Total loans to the public - foreign operations	123	-	-	533	656
Total loans to the public	682	404	5	961	2,052

	December 31, 2024				
	Recorded outstanding debt				
	Troubled		Non-troubled		
	Non-performing	performing[(a)] Interest income	In arrears of 30 days or more	Non-delinquent	Total
	In NIS million				
Borrower activity in Israel					
Commercial	390	142	1	320	853
Private individuals - housing loans	108	23	-	36	167
Private individuals - other	173	154	3	237	567
Total loans to the public - activity in Israel	671	319	4	593	1,587
Total loans to the public - foreign operations	171	-	-	619	790
Total loans to the public	842	319	4	1,212	2,377

As at December 31, 2025, Debts of borrowers with financial difficulties in the amount of NIS 3 million underwent a change in terms and conditions more than twice.

Note 29 - Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

B. Loans to the public (cont.)

2.B. Information regarding debts of borrowers with financial difficulties who underwent a change in terms and conditions (cont.)

2. The credit quality and extent of arrears of debts of borrowers with financial difficulties who underwent a change in terms and conditions during the reporting period

	For the year ended December 31, 2025				
	Recorded outstanding debt				
	Troubled		Non-troubled		
	Non-performing	performing[a] Interest income	Non-delinquent	Total	Charge-offs
	In NIS million				
Borrower activity in Israel					
Commercial	206	48	-	254	33
Private individuals - housing loans	37	-	-	37	5
Private individuals - other	165	79	1	245	48
Total loans to the public - activity in Israel	408	127	1	536	86
Total loans to the public - foreign operations	71	-	-	71	6
Total - public	479	127	1	607	92

	For the year ended December 31, 2024				
	Recorded outstanding debt				
	Troubled		Non-troubled		
	Non-performing	performing[a] Interest income	Non-delinquent	Total	Charge-offs
	In NIS million				
Borrower activity in Israel					
Commercial	165	52	17	234	50
Private individuals - housing loans	62	-	-	62	1
Private individuals - other	154	82	1	237	57
Total loans to the public - activity in Israel	381	134	18	533	108
Total loans to the public - foreign operations	65	-	495	560	-
Total - public	446	134	513	1,093	108

Note 29 – Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

B. Loans to the public (cont.)

2.B. Information regarding debts of borrowers with financial difficulties who underwent a change in terms and conditions (cont.)

2. The credit quality and extent of arrears of debts of borrowers with financial difficulties who underwent a change in terms and conditions during the reporting period (cont.)

	Restructurings carried out		
	For the year ended December 31, 2023[a]		
	No. of contracts	Debit balance In arrears of 30 days to 89 days(e) Impaired(c)	Debit balance Credit quality and delinquency (cont.) Impaired(c)
		In NIS million	
Borrower activity in Israel			
Public – commercial			
Construction and real estate	396	356	356
Commercial – Other	1,662	227	226
Commercial – total	2,058	583	582
Private individuals – housing loans	109	32	32
Private individuals – other	9,169	494	492
Total loans to the public – activity in Israel	11,336	1,109	1,106
Borrower activity outside Israel			
Total loans to the public – foreign operations	1	31	31
Total – public	11,337	1,140	1.137

a) The fair disclosure regarding the restructurings carried out until December 31, 2023 has remained in its previous format.

Note 29 – Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

B. Loans to the public (cont.)

2.B. Information regarding debts of borrowers with financial difficulties who underwent a change in terms and conditions (cont.)

3. Debts of borrowers with financial difficulties who underwent a change in terms and conditions during the reporting period

	Debts of borrowers with financial difficulties who underwent a change in terms and conditions								
	in the year ended December 31, 2025								
	Total		Type of change						
	Recorded outstanding debt	percent Total	Waiver of principal	Waiver of interest	Period extension	Deferral of payments	Waiver of interest and period extension	Waiver for interest, period extension and deferral of payments	Period extension and deferral of payments
	In NIS million	In %	millions NIS						
Borrower activity in Israel									
Commercial	254	0.08	–	12	84	–	158	–	–
Private individuals – housing loans	37	0.02	–	–	16	21	–	–	–
Private individuals – other	245	0.78	–	17	131	–	95	–	2
Total loans to the public – Activity in Israel	536	0.11	–	29	231	21	253	–	2
Total loans to the public – Foreign operations	71	0.21	–	–	71	–	–	–	–
Total – public	607	0.12	–	29	302	21	253	–	2

	Debts of borrowers with financial difficulties who underwent a change in terms and conditions								
	in the year ended December 31, 2024								
	Total		Type of change						
	Recorded outstanding debt	percent Total	Waiver of principal	Waiver of interest	Period extension	Deferral of payments	Waiver of interest and period extension	Waiver for interest, period extension and deferral of payments	Period extension and deferral of payments
	In NIS million	In %	millions NIS						
Borrower activity in Israel									
Commercial	234	0.09	22	31	109	–	72	–	–
Private individuals – housing loans	62	0.04	–	–	11	51	–	–	–
Private individuals – other	237	0.78	–	11	118	1	94	3	10
Total loans to the public – Activity in Israel	533	0.12	22	42	238	52	166	3	10
Total loans to the public – Foreign operations	560	1.82	–	–	560	–	–	–	–
Total – public	1,093	0.24	22	42	798	52	166	3	10

Note 29 – Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

A. Loans to the public (cont.)

2.B. Information regarding debts of borrowers with financial difficulties who underwent a change in terms and conditions (cont.)

3. Debts of borrowers with financial difficulties who underwent a change in terms and conditions during the reporting period (cont.)

	Financial effects of a change in terms and conditions for debts of borrowers with financial difficulties			
	in the year ended December 31, 2025			
	Type of change			
	Waiver of principal	Average waiver of interest	Average period extension	Average deferral of payments
	In NIS million	In %	Months	Months
Borrower activity in Israel				
Commercial	37	3.72	47	–
Private individuals – housing loans	–	–	110	13
Private individuals – other	56	5.38	44	3
Total loans to the public – activity in Israel	93	4.63	48	12
Total loans to the public – foreign operations	–	–	6	–
Total – public	93	4.63	42	12

	Financial effects of a change in terms and conditions for debts of borrowers with financial difficulties			
	in the year ended December 31, 2024			
	Type of change			
	Waiver of principal	Average waiver of interest	Average period extension	Average deferral of payments
	In NIS million	In %	Months	Months
Borrower activity in Israel				
Commercial	129	3.69	42	–
Private individuals – housing loans	–	–	75	11
Private individuals – other	27	4.19	46	3
Total loans to the public – activity in Israel	156	3.92	45	11
Total loans to the public – foreign operations	–	–	12	–
Total – public	156	3.92	26	11

Note 29 - Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

A. Loans to the public (cont.)

2.B. Information regarding debts of borrowers with financial difficulties who underwent a change in terms and conditions (cont.)

3. Debts of borrowers with financial difficulties who underwent a change in terms and conditions during the reporting period (cont.)

	Debts of borrowers with financial difficulties who defaulted in the reporting year following a change in terms and conditions				
	in the year ended December 31, 2025				
	Total	Type of change			
	Recorded outstanding debt	Waiver of interest	Extension of the period for	deferral of Payments	Waiver of interest and period extension
	In NIS million				
Borrower activity in Israel					
Commercial	**23**	**-**	**12**	**-**	**11**
Private individuals - housing loans	**8**	**-**	**5**	**3**	**-**
Private individuals - other	**29**	**-**	**13**	**-**	**16**
Total loans to the public - activity in Israel	**60**	**-**	**30**	**3**	**27**
Total - public	**60**	**-**	**30**	**3**	**27**

	Debts of borrowers with financial difficulties who defaulted in the reporting year following a change in terms and conditions				
	in the year ended December 31, 2024				
	Total	Type of change			
	Recorded outstanding debt	Waiver of interest	Extension of the period for	deferral of Payments	Waiver of interest and period extension
	In NIS million				
Borrower activity in Israel					
Commercial	28	-	13	-	15
Private individuals - housing loans	9	-	9	-	-
Private individuals - other	26	1	13	-	12
Total loans to the public - activity in Israel	63	1	35	-	27
Total - public	63	1	35	-	27

Note 29 – Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

A. Loans to the public (cont.)

2.B. Information regarding debts of borrowers with financial difficulties who underwent a change in terms and conditions (cont.)

3. Debts of borrowers with financial difficulties who underwent a change in terms and conditions during the reporting period (cont.)

	Failed restructurings[a]	
	For the year ended On December 31, 2023[b]	
	Number of contracts	Debit balance Recorded
		In NIS million
Borrower activity in Israel		
Public – commercial		
Construction and real estate	201	25
Commercial – Other	743	76
Commercial – total	944	101
Private individuals – housing loans	67	29
Private individuals – other	3,621	130
Total loans to the public – activity in Israel	4,632	260
Total – public	4,632	260

a) Debts which were in arrears of at least 30 days during the reporting year, which underwent a change in terms and conditions during the 12 months preceding the date on which they became delinquent.
b) The disclosure referring to restructurings carried out until December 31, 2023 remained in its previous format.

Note 29 – Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

A. Loans to the public (cont.)

2.C. Additional information on non-performing delinquent credit

	December 31, 2025							
	Is not in arrears of 90 days or more	In arrears of 90 days up to 180	In arrears of over 180 days and up to one year	In arrears of over one year and up to 3 years	In arrears of over 3 years and up to 5 years	In arrears of over 5 years and up to 7 years	In arrears of over 7 years	Total
	In NIS million							
Commercial	**785**	**68**	**53**	**232**	**1**	**3**	**2**	**1,144**
Housing loans	**70**	**347**	**201**	**131**	**14**	**2**	**5**	**770**
Private individuals – other	**196**	**–**	**–**	**–**	**–**	**–**	**–**	**196**
Total	**1,051**	**415**	**254**	**363**	**15**	**5**	**7**	**2,110**

	December 31, 2024							
	Is not in arrears of 90 days or more	In arrears of 90 days up to 180	In arrears of over 180 days and up to one year	In arrears of over one year and up to 3 years	In arrears of over 3 years and up to 5 years	In arrears of over 5 years and up to 7 years	In arrears of over 7 years	Total
	In NIS million							
Commercial	1,067	66	122	149	4	3	2	1,413
Housing loans	70	330	138	117	12	5	6	678
Private individuals – other	204	–	–	–	–	–	–	204
Total	1,341	396	260	266	16	8	8	2,295

Note 29 - Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

A. Loans to the public (cont.)

3. Additional information on housing loans

Outstanding end of period loan-to-value (LTV),[a] type of repayment and interest

		December 31, 2025			
		Outstanding housing loans			
		Total[1]	[1]Of which: bullet and balloon	[1]Of which: varying interest Variable	Credit risk Off-balance-sheet Total
		In NIS million			
First pledge: LTV ratio	Up to 60%	**91,144**	**5,608**	**53,757**	**3,111**
	Over 60%	**63,102**	**2,332**	**38,711**	**3,591**
Secondary pledge or unpledged		**1**	**–**	**1**	**–**
Total		**154,247**	**7,940**	**92,469**	**6,702**

		December 31, 2024			
		Outstanding housing loans			
		Total[1]	[1]Of which: bullet and balloon	[1]Of which: varying interest Variable	Credit risk Off-balance-sheet Total
		In NIS million			
First pledge: LTV ratio	Up to 60%	86,172	5,088	50,831	2,678
	Over 60%	58,458	1,911	35,890	2,935
Secondary pledge or unpledged		3	–	3	–
Total		144,633	6,999	86,724	5,613

a) The ratio between the approved credit facility on the date granted and the value of the asset, as approved by the Bank when granting the credit facility.
The LTV ratio provides an additional indication of the Bank's risk assessment of a customer on granting a credit facility.

Note 29 – Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

C. Loans to the Public and Off-Balance-Sheet Credit Risk by Borrower's Loan Amount

Maximum credit		December 31, 2025		
		No. of borrowers[c]	Loans[a]	Credit risk Off-balance sheet[a][b]
Loans to borrower in NIS thousands			In NIS million	
From	To			
0	10	454,196	666	1,661
10	20	211,033	1.098	2,277
20	40	218,829	2,571	4,095
40	80	202,838	5,744	6,037
80	150	139,295	10,205	5,185
150	300	112,114	19,892	3,926
300	600	77,386	30,122	3,109
600	1,200	79,072	65,284	4,634
1,200	2,000	35,551	48,703	4.812
2,000	4,000	12,890	29,901	4,100
4,000	8,000	3,441	15,723	3,687
8,000	20,000	2,485	25,111	6,052
20,000	40,000	1,138	24,909	7,104
40,000	200,000	1,312	79,874	33,050
200,000	400,000	258	44,492	27,399
400,000	800,000	107	37,483	24,000
800,000	1,200,000	44	20,056	21,734
1,200,000	1,600,000	13	10,685	6,893
1,600,000	2,000,000	13	9,886	13,575
2,000,000	2,400,000	5	7,342	3,310
2,400,000	2,800,000	3	7,425	378
2,800,000	3,200,000	2	3,901	2.219
Over 3,200,000		10	13,827	32,976
Total		1,552,035	514,900	222,213

Please see comments on the next page.

Note 29 – Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

C. Loans to the public and off-balance-sheet credit risk by borrower's loan amount (cont.)

		December 31, 2024		
Maximum credit		No. of borrowers[c]	Loans[a]	Credit risk Off-balance sheet[A][B]
Loans to borrower in NIS thousands			In NIS million	
From	To			
0	10	472,017	835	1,721
10	20	213,638	1,028	2,264
20	40	210,173	2,326	3,907
40	80	194,109	5,701	5,496
80	150	133,566	10,147	4,537
150	300	107,176	19,162	3,498
300	600	73,987	28,924	2,801
600	1,200	76,820	63,237	4,392
1,200	2,000	33,162	45,208	4,454
2,000	4,000	11,816	27,209	3,959
4,000	8,000	3,238	14,622	3,205
8,000	20,000	2,266	22,965	5,587
20,000	40,000	1,025	21,315	7,189
40,000	200,000	1,223	75,314	28,916
200,000	400,000	222	36,860	24,521
400,000	800,000	95	30,459	22,050
800,000	1,200,000	35	16,793	16,340
1,200,000	1,600,000	11	8,991	6,489
1,600,000	2,000,000	9	5,196	10,823
2,000,000	2,400,000	4	5,356	3,664
2,400,000	2,800,000	2	4,864	263
2,800,000	3,200,000	3	4,849	4,165
Over 3,200,000		5	3,599	20,709
Total		1,534,602	454,960	190,950

a) Prior to the effect of provisions for credit losses and after the effect of collateral that are deductible for the purpose of a borrower' or borrower group's indebtedness. The on-balance sheet credit includes fair value balances of derivatives in the sum of NIS 2,599 million, as at December 31, 2024 the sum of NIS 2,987 million.
b) Credit risk for off-balance-sheet financial instruments as calculated for the purpose of per borrower indebtedness limitations.
c) Number of borrowers according to total off-balance-sheet credit and credit risk.

Comments:
Starting with loans of up to NIS 8,000 thousand, loans are classified by the specific consolidation method; loans to other borrowers were classified by the category consolidation method.
The definition of "borrower" and the definition of "indebtedness", including off-balance-sheet credit risk, are in accordance with the Banking Supervision Department's directives regarding the amendment of Proper Conduct of Banking Business Directive No. 313 – "Limitations on the indebtedness of a borrower and a group of borrowers".

Note 29 – Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

D. Off-balance-sheet financial instruments

	December 31			
	2025		2024	
	Balances Contracts[a]	Balance Commercial – other Commercial – total cards	Balances Contracts[a]	Balance Commercial – other Commercial – total cards
	In NIS million			
A. Off-balance sheet financial instruments – Contractual balances or notional amounts as of year-end – Transactions in which the balance reflects credit risk:				
Documentary credit	**1,000**	**2**	1,177	1
Loan guarantees	**8,427**	**73**	8,614	96
Guarantees for apartment buyers	**43,867**	**18**	42,749	21
Guarantees and other commitments[b]	**34,837**	**106**	30,063	107
Unutilized credit card credit facilities	**16,787**	**34**	14,457	33
Unutilized current loan account facilities and other credit facilities in demand accounts	**15,460**	**40**	14,717	58
Irrevocable loan commitments approved and not yet given	**72,766**	**538**	60,052	438
Commitments to issue guarantees	**52,605**	**109**	40,280	88
Unutilized credit facilities for derivatives activity	**3,058**	**–**	2,690	–
Approval in principle to maintain interest rate[c]	**7,806**	**–**	6,613	–

a) The balance of the contracts or their par value as at the end of the year, before the effect of the loan loss provision.
b) Including the Bank's liabilities for its share in the risk reserve of the TASE Clearing House in the amount of NIS 297 million (as at December 31 2024, NIS 293 million).
c) Liabilities to extend credit to customers in the framework of "Authorization in principle and preserving the interest rate" to Proper Conduct of Banking Business Directive No. 451, "Procedures for Extending Housing Loans".

Note 29 – Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

E. Guarantees by repayment date

	As at December 31, 2025				
	Up to one year	One year up to three Years	Three up to Five Years	Over Five Years	Total
	In NIS million				
Loan guarantees	**5,127**	**1,989**	**527**	**784**	**8,427**
Guarantees for apartment buyers	**–**	**43,867**	**–**	**–**	**43,867**
Guarantees and other commitments	**17,998**	**6,418**	**1,782**	**8,639**	**34,837**
Total guarantees	**23,125**	**52,274**	**2,309**	**9,423**	**87,131**

	As at December 31, 2024				
	Up to one year	One year up to three Years	Three up to Five Years	Over Five Years	Total
	In NIS million				
Loan guarantees	6,161	(1,421)	355	677	8,614
Guarantees for apartment buyers	–	42,749	–	–	42,749
Guarantees and other commitments	15,745	6,267	1,396	6,655	30,063
Total guarantees	21,906	50,437	1,751	7,332	81,426

The following collateral information reflects collaterals the Bank has received specifically against guarantees: The cash balance available to the Bank to cover losses to be realized under these guarantees and indemnities amounted to the sum of Approximately NIS 298 million (as at December 31, 2024 – NIS 250 million). In addition, the balance of securities and other tradable assets held as collateral, totaled approx. NIS 14 million (as of December 31 2024 – NIS 12 million).

Note 29 – Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

F. Sale and purchase of loans to the public

Credit risk from sold loans to the public

	For the year ended December 31									
	2025					2024				
	Sold loans to the public	Sold off-balance sheet credit risk[a]	Of which: Troubled credit risk	Total gain for sold loans to the public	Total year-end outstanding loans sold, for which the Bank provides services	Sold loans to the public	Sold off-balance sheet credit risk[a]	Of which: Troubled credit risk	Total gain for sold loans to the public	Total year-end outstanding loans sold, for which the Bank provides services
	In NIS million									
Commercial – total	**52**	**992**	**–**	**–**	**1,622**	473	567	–	–	1,648
Individuals – Housing loans	**–**	**–**	**–**	**–**	**428**	–	–	–	–	492
Private individuals – other	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–
Commercial – other Loans to the public	**52**	**992**	**–**	**–**	**2,050**	473	567	–	–	2,140

Purchased credit risk from loans to the public

	For the year ended December 31					
	2025			2024		
	Loans to the public purchased in the reporting period	Credit risk Off-balance sheet[A] purchased	Of which: Troubled Credit Risk	Loans to the public purchased in the reporting period	Credit risk Off-balance sheet[A] purchased	Of which: Troubled Credit Risk
	In NIS million					
Commercial – total	**16,895**	**1,482**	**–**	15,725	345	–
Private individuals – housing loans	**–**	**–**	**–**	–	–	–
Private individuals – other	**14,593**	**–**	**–**	12,308	–	–
Total credit risk arising from loans to the public[b]	**31,488**	**1,482**	**–**	28,033	345	–

a) Credit risk arising from off-balance-sheet financial instruments as calculated for the purpose of measuring a borrower's indebtedness limitation, excluding in respect of derivatives.

b) As at December 31, 2025, in addition to loans to the public purchased, loans to governments was also purchased in the sum of NIS 9,208 million (as at December 31, 2024 the sum of NIS 2,189 million).

Note 29 – Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

G. Syndications and Participation in Loan Syndications

	As at December 31, 2025					
	Syndication transactions organized by the Bank[a]				Syndication transactions organized by others	
	The Bank's share		Others' share		The Bank's share	
	Loans to the public	Credit risk Off-balance sheet[b]	Loans to the public	Credit risk Off-balance sheet[B]	Loans to the public	Credit risk Off-balance sheet[b]
	In NIS million					
Commercial – total	**9,678**	**10,203**	**13,396**	**9,695**	**3,257**	**2,118**
Private individuals – housing loans	**30**	**–**	**30**	**–**	**–**	**–**
Private individuals – other	**–**	**–**	**–**	**–**	**–**	**–**
Total credit risk arising from loans to the public	**9,708**	**10,203**	**13,426**	**9,695**	**3,257**	**2,118**

	As at December 31, 2024					
	Syndication transactions organized by the Bank[a]				Syndication transactions organized by others	
	The Bank's share		Others' share		The Bank's share	
	Loans to the public	Credit risk Off-balance sheet[b]	Loans to the public	Credit risk Off-balance sheet[b]	Loans to the public	Credit risk Off-balance sheet[b]
	In NIS million					
Commercial – total	7,445	4,353	11,497	5,940	3,138	2,128
Private individuals – housing loans	49	–	49	–	–	–
Private individuals – other	–	–	–	–	–	–
Total credit risk arising from loans to the public	7,494	4,353	11,546	5,940	3,138	2,128

a) Including where the banking corporation provides a material service in the syndication transaction.
b) Credit risk arising from off-balance-sheet financial instruments as calculated for the purpose of measuring a borrower's indebtedness limitation, excluding in respect of derivatives.

Note 30 – Assets and Liabilities by Linkage Basis

	December 31, 2025						
	NIS		Foreign currency[a]				
	Non-linked	Linked to the Consumer Price Index	in US dollars US	In EUR	In other foreign currencies Other	Non-monetary items[b]	Total
	In NIS million						
Assets							
Cash and Deposits with Banks	134,544	–	11,852	1,495	2,335	4,421	154,647
Securities	59,294	15,954	55,787	6,276	2,406	8,403	148,120
Securities borrowed or purchased under reverse repurchase agreement	832	–	7,584	1	–	–	8,417
Loans to the public, net[c]	387,360	67,764	39,562	9,504	12,787	2,973	519,950
Loans to the government	1,590	–	313	1,503	–	–	3,406
Investments in associates	–	–	–	–	–	3,908	3,908
Buildings and Equipment	–	–	–	–	–	3,153	3,153
Assets in respect of derivatives	11,757	246	3,440	886	198	7,790	24,317
Other assets	5,871	42	16	9	103	1,012	7,053
Total assets	601,248	84,006	118,554	19,674	17,829	31,660	872,971
Liabilities							
Deposits by the Public	504,079	16,638	140,953	12,557	5,219	7,441	686,887
Deposits by Banks	5,387	–	5,078	2,052	606	–	13,123
Deposits by the Israeli Government	33	–	42	12	–	–	87
Securities loaned or sold under reverse repurchase agreement	12,746	–	9,068	–	–	–	21,814
Bonds, promissory notes and deferred liability letters[A] Subordinated notes	11,639	26,935	5,633	–	–	–	44,207
Liabilities for derivatives	12,757	168	2,561	866	387	7,865	24,604
Other liabilities	5,390	7,751	43	65	131	734	14,114
Total liabilities	552,031	51,492	163,378	15,552	6,343	16,040	804,836
Difference[d]	49,217	32,514	(44,824)	4,122	11,486	15,620	68,135
Effect of hedging derivatives:							
Derivatives (excluding options)	422	(422)	–	–	–	–	–
Effect of non-hedging derivatives:							
Derivatives (excluding options)	(22,335)	(2,151)	39,977	(4,901)	(11,298)	708	–
In the money options, net (according to underlying asset)	(186)	–	205	66	(28)	(57)	–
Out of the money options, net (according to underlying asset)	118	–	–	(66)	24	(76)	–
Grand total	27,236	29,941	(4,642)	(779)	184	16,195	68,135
In the money options, net (discounted nominal value)	(745)	–	846	82	(49)	(134)	–
Out of the money options, net (discounted nominal value)	203	–	447	(562)	46	(134)	–

a) Including those linked to foreign currency.
b) Including derivatives whose underlying asset relates to a non-monetary item.
c) After the deduction of loan loss provisions attributed to a linkage basis, in accordance with the linkage of the underlying credit, in the amount of NIS 6,850 million.

d) Shareholders' equity includes non-controlling interests.

Note 30 – Assets and Liabilities by Linkage Basis (cont.)

	December 31, 2024						
	NIS		Foreign currency[a]				
	Non-linked	Linked to the Consumer Price Index	in US dollars US	In EUR	In other foreign currencies Other	Non-monetary items[B]	Total
	In NIS million						
Assets							
Cash and Deposits with Banks	140,163	–	9,661	856	1,964	3,184	155,828
Securities	46,481	4,607	58,560	5,831	1,433	7,189	124,101
Securities borrowed or purchased under reverse repurchase agreement	1,510	–	3,170	1	3	–	4,684
Loans to the public, net[c]	337,629	66,050	32,530	6,385	10,998	1,927	455,519
Loans to the government	650	–	294	1,565	–	–	2,509
Investments in associates	–	–	–	–	–	3,580	3,580
Buildings and Equipment	–	–	–	–	–	2,822	2,822
Assets in respect of derivatives	6,880	321	9,065	146	141	12,640	29,193
Other assets	6,205	1	43	32	71	963	7,315
Total assets	539,518	70,979	113,323	14,816	14,610	32,305	785,551
Liabilities							
Deposits by the Public	452,040	11,685	131,669	12,841	4,927	5,139	618,301
Deposits by Banks	8,750	–	5,900	3,027	362	4	18,043
Deposits by the Israeli Government	44	–	120	8	–	–	172
Securities loaned or sold under reverse repurchase agreement	1,089	–	10,597	–	–	–	11,686
Bonds, promissory notes and deferred liability letters[A] Subordinated notes	5,008	20,612	6,349	–	–	–	31,969
Liabilities for derivatives	8,104	279	6,617	117	77	12,558	27,752
Other liabilities	6,746	8,254	124	30	138	673	15,965
Total liabilities	481,781	40,830	161,376	16,023	5,504	18,374	723,888
Difference[d]	57,737	30,149	(48,053)	1,207	9,106	13,931	61,663
Effect of hedging derivatives:							
Derivatives (excluding options)	611	(611)	–	–	–	–	–
Effect of non-hedging derivatives:							
Derivatives (excluding options)	(30,150)	(3,518)	41,962	267	(9,083)	522	–
In the money options, net (according to underlying asset)	(781)	–	730	113	(62)	–	–
Out of the money options, net (according to underlying asset)	(308)	–	157	122	29	–	–
Grand total	27,109	26,020	(5,204)	(705)	(10)	14,453	61,663
In the money options, net (discounted nominal value)	(1,079)	–	1,062	118	(101)	–	–
Out of the money options, net (discounted nominal value)	(1,853)	–	1,310	501	42	–	–

a) Including those linked to foreign currency.
b) Including derivatives whose underlying asset relates to a non-monetary item.
c) After the deduction of loan loss provisions attributed to a linkage basis, in accordance with the linkage of the underlying credit, in the amount of NIS 6,887 million.

d) Shareholders' equity includes non-controlling interests.

Note 31 – Cashflows According to the Contractual Maturity Date[A]

	December 31, 2025		
	Cash flows according to the contractual maturity date		
	Upon demand And until	More than one day And up to a week	More than a week Up to one month
	In NIS million		
Cash, deposits and tradable bonds[F]			
Cash and Deposits with Banks	136,362	8,627	4,419
Tradable government bonds	20	3,214	4,015
Other tradable bonds	–	10	837
Total cash, deposits and tradable bonds	136,382	11,851	9,271
Other monetary assets			
Loans to the public[B]	20,428	24,641	62,924
Other monetary assets excluding derivatives	4,095	2,989	3,240
Total monetary assets, excluding derivatives	160,905	39,481	75,435
Monetary liabilities			
Deposits by the public[G]	300,829	87,776	56,453
Of which: households and small and micro businesses	114,175	26,174	26,649
Deposits by Banks	7,886	228	434
Securities loaned or sold under repurchase agreements	13,387	–	1,377
Bonds and deferred promissory notes	–	–	4,087
Other monetary liabilities excluding derivatives	507	37	1,917
Total monetary liabilities excluding derivatives	322,609	88,041	64,268
Derivative instruments, Off-balance sheet items employees' rights			
The impact of derivatives	5	59	559
Undertakings to extend credit	853	1,036	(2,012)
Employee Benefits	–	–	8
The impact of derivative instruments, off-balance sheet items and employees' rights	(848)	977	(2,563)
Total cash flows, net (including shekels and foreign currency)[H]	(162,552)	(49,537)	8,604
Of which in foreign currency:[C]			
Total cash, deposits and tradable bonds in foreign currency	6,051	11,849	4,687
Total other monetary assets, excluding derivatives in foreign currency	21,575	8,227	8,248
Total monetary liabilities excluding derivatives in foreign currency	88,959	13,789	19,701
The impact of derivative instruments, off-balance sheet items and employees' rights in foreign currency	(32)	(3,661)	13,300
Total cash flows in foreign currency	(61,365)	(2,626)	6,534

	December 31, 2024		
	Cash flows according to the contractual maturity date		
	Upon demand And until	More than one day And up to a week	More than a week Up to one month
	In NIS million		
Cash, deposits and tradable bonds[F]	92,992	54,262	5,585
Other financial assets excluding derivatives	21,044	21,821	56,314

	December 31, 2024		
	Cash flows according to the contractual maturity date		
	Upon demand And until	More than one day And up to a week	More than a week Up to one month
	In NIS million		
Deposits by the public[G]	312,699	59,843	50,167
Other financial liabilities excluding derivatives and deposits by the public	11,940	2,769	2,531
The impact of derivative instruments, off-balance sheet items and employees' rights	(392)	(1,767)	(14,884)
Total cash flows, net (including shekels and foreign currency)[H]	(210,995)	11,704	(5,683)
Of which: cash flows in foreign currency[C]	(58,045)	(745)	9,224

Please see comments on page 294.

					Book balance[d]		
Over one month and up three months	Over three months and up to one year	Over one year and up to 3 years	Over 3 years and up to 5 years	Over 5 years	Without repayment date	Total	Effective rate of return[E]
							In %
33	180	311	210	333		150,226	1.52
5,687	33,553	23,227	22,967	33,155		110,206	3.61
375	1,993	6,574	5,658	26,924		29,511	4.60
6,095	35,726	30,112	28,835	60,412		289,943	3.91
61,030	72,422	99,055	55,773	214,256	24,871	516,977	5.05
423	546	876	609	2,805	2,525	17,864	1.49
67,548	108,694	130,043	85,217	277,473	27,396	824,784	4.73
117,529	105,987	9,997	2,356	3,064		679,446	2.60
44,924	65,779	7,591	2,046	6,005		288,861	3.36
601	1,041	1,339	193	2,389		13,123	5.08
5,809	1,303	–	–	–		21,814	2.12
510	7,264	14,904	13,370	7,775		44,207	2.31
283	1,246	1,748	636	215	77	6,665	0.01
124,732	116,841	27,988	16,555	13,443	77	765,255	2.53
(234)	4	177	82	1,039	–	(287)	
(24,289)	(37,997)	(22,954)	(10,321)	(4,940)		(104,401)	
17	(408)	(1,203)	(250)	(15,857)		(6,802)	
(24,506)	(38,401)	(23,980)	(10,489)	(19,758)	–	(111,490)	
(81,690)	(46,548)	78,075	58,173	244,272	27,319	(51,961)	
4,708	8,755	14,383	10,864	37,280		80,111	4.50
4,201	8,550	13,542	4,673	2,895	3,697	71,389	6.25
24,952	28,098	(5,029)	370	2,480	–	181,205	3.68
239	7,767	(5,651)	(2,700)	483	–	8,187	
(15,804)	(3,026)	17,245	12,467	38,178	3,697	(21,518)	

					Book balance[d]		
Over one month and up three months	Over three months and up to one year	More than 12 months and up to 3 years	Over 3 years and up to 5 years	Over 5 years	Without repayment date	Total	Effective rate of return[E]
							In %
3,514	14,130	37,584	19,959	74,382		269,556	4.07
41,978	63,182	93,256	55,657	205,296	23,554	467,137	5.19
80,653	92,668	12,163	2,870	8,693	–	613,162	3.21
10,267	8,001	20,118[i]	9,894	7,470	631[i]	69,751	2.94
(6,134)	(37,995)	(20,951)	(5,164)	(17,903)	–	(94,663)	
(51,562)	(61,352)	77,608	57,688	245,612	22,923	(40,883)	
(25,395)	(6,185)	24,432	14,758	45,529	3,053	(17,181)	

Note 31 – Cashflows According to the Contractual Maturity Date[A] (cont.)

Comments:

a) This note presents the expected contractual future cash flows in respect of the assets and liabilities sections according to the remaining periods until the contractual maturity date. The provision for credit losses is deducted from the relevant cash flows.
b) The future cash flows of loans to the public are presented according to the contractual maturity date of the loans. Credit in checking accounts or revolving credit accounts of the "ON CALL" type and credit in arrears of 30 days or more are presented in the column "with no maturity date".
c) Excluding foreign-currency linked NIS.
d) As included in Note 30 "Assets and Liabilities by Linkage Basis", including off-balance sheet amounts in respect of derivatives that are not settled on a net basis.
e) The rate of effective return is the interest rate used to discount the projected contractual cash flows due to a monetary item to its book balance.
f) The fair value of cash, deposits and tradable bonds that are not pledged as at December 31, 2025 stands at NIS 270,479 million (as at December 31, 2024 – NIS 250,198 million).
g) The future cash flows of the deposits are presented according to the earliest possible date pursuant to the contract. Deposits made for immediate withdrawal are presented on the "upon demand and up to a day" column
h) This difference does not necessarily reflect exposure to interest and/or linkage basis.
i) Reclassified.

Note 32A - Balances and Fair Value Assessments of Financial Instruments

A. Overview

This note includes information regarding the measurement of financial instruments' fair value according to Banking Supervision Department's directives. Most of the Bank's financial instruments do not have a quoted "market price" since they are not traded in an active market. Therefore, the fair value of such instruments is measured based on the present value of the future cash flows discounted by an interest rate reflecting the interest rate of a similar transaction entered into on reporting date. The estimated fair value is calculated by estimating the future cash flows and determining a subjective discount rate. Therefore, for most financial instruments, the reported fair value estimate is not necessarily indicative of the financial instrument's realizable value on reporting date. Fair value was estimated on the basis of interest rates in effect as of reporting date and does not take into account interest rate fluctuations. If different interest rates are used, the fair value calculated may be significantly different. This mainly applies to financial instruments bearing fixed interest or non-interest bearing financial instruments. Furthermore, fees and commissions receivable or payable as a result of the business activities were not taken into account in the calculation of fair values. Moreover, the difference between the book balance and the fair value balances may not be realized since in most cases the Bank may hold the financial instrument to maturity. In view of the above, it should be emphasized that the data included in this note does not reflect the Group's value as a going concern. Furthermore, because of the wide range of valuation techniques and estimates that can potentially be applied in the measurement of fair value, one must exercise caution when comparing the fair value of different banks.

B. Principal Methods and Assumptions Used in Estimating the Fair Value of Financial Instruments

Financial assets

Loans to the public - the fair value of the outstanding loans to the public is measured according to the present value of the future cash flows discounted at an adequate discount rate. The outstanding loans were classified into several categories according to the operating segment and the borrowers' credit rating. Future cash flows (principal and interest) were calculated for each category according to the different linkage bases. These cash flows were discounted at interest rates that reflect the risk level and average spread inherent in that loan category and the term of the loan.

This interest rate is normally determined according to the interest rate used in similar transactions as of reporting date.

The fair value of debit current account balances was estimated according to their book balances.

The fair value of impaired debts was calculated using interest rates that reflect the high level of their inherent credit risk. In any case, these interest rates reflect the highest interest rates used by the Group in transactions carried out in that same segment as of reporting date.

The fair value of current account balances classified as impaired debts was calculated according to their estimated average duration based on maximum interest rates used by the Bank.

The future cash flows in respect of impaired debts were calculated after deducting the effect of charge-offs and loan loss provisions.

Deposits with banks and loans to governments - by discounting the future cash flows at interest rates used in similar transactions entered into on reporting date.

Securities – tradable securities were measured at market value. Non-tradable securities – shares were measured at cost and bonds were measured using a model that takes into account the present value of the future cash flows discounted at an adequate discount rate, which also takes into account the probability of default and the market value.

Financial liabilities

Deposits by the public – the balance of the deposits was classified into a number of categories according to operating segments, linkage basis and deposits' periods to maturity. The flows of future payments (principal and interest) were calculated in respect of each category. These payments were discounted at an interest rate reflecting the average interest rate the Group pays on similar deposits of the same category for the term to maturity.

Deposits by banks and deposits by Governments – the fair value is estimated by discounting the future cash flows at the estimated interest rates at which the Group may raise similar deposits on reporting date.

Note 32.A - Financial Instruments - Balances and Fair Value Measurement (cont.)

Bonds, promissory notes and subordinated bonds – at market value or by discounting the future cash flows at the interest rates at which the Group raises similar deposits, or can issue similar promissory notes on the reporting date.

Other financial assets and liabilities

Derivatives

Derivatives with an active market were estimated at market value determined in the principal market. If the instrument is traded in several markets, fair value is estimated according to the most active market. Derivatives not traded on an active market were measured using models used by the Bank in the ordinary course of business, which take into account the risks inherent in the financial instrument (market risk, credit risk, etc.).

	December 31, 2025				
	Balance Unrealized gains	Fair value			
		(Level 1) [a]	(Level 2) [a]	(Level 3) [a]	Total
	In NIS million				
Financial assets					
Cash and Deposits with Banks	154,647	139,513	14,059	899	154,471
Securities[b]	148,120	96,782	46,110	4,654	147,546
Securities borrowed or purchased under reverse repurchase agreements	8,417	8,417	–	–	8,417
Loans to the public, net	519,950	42,103	–	475,996	518,099
Loans to governments	3,406	–	1,790	1,624	3,414
Assets in respect of derivatives	24,317	3,216	17,755	3,346	24,317
Other financial assets	476	28	–	448	476
Total financial assets	859,333[C]	290,059	79,714	486,967	856,740
Financial liabilities					
Deposits by the Public	686,887	41,889	348,809	295,168	685,866
Deposits by Banks	13,123	4,040	4,280	4,920	13,240
Deposits by governments	87	–	64	23	87
Securities loaned or sold under repurchase agreements	21,814	21,814	–	–	21,814
Bonds, Promissory Notes and Subordinated Bonds	44,207	36,326	–	7,983	44,309
Liabilities for derivatives	24,604	3,167	21,345	92	24,604
Other financial liabilities	3,005	221	1,477	1,307	3,005
Total financial liabilities	793,727[C]	107,457	375,975	309,493	792,925
Off-balance-sheet financial instruments					
Transactions in which the outstanding balance embodies credit risk	493	–	–	493	493
In addition, liabilities in respect of employee benefits, net[d]	7,294	–	–	7,294	7,294

a) Level 1 – Fair value measurements using quoted prices in an active market.
Level 2 – Fair value measurements using other significant observable inputs.
Level 3 – Fair value measurements using significant unobservable inputs.

Note 32.A - Financial Instruments - Balances and Fair Value Measurement (cont.)

b) For further information regarding the book balance and fair value of securities, please see Note 12.

c) Of which: Assets and liabilities in the amount of NIS 241,343 million and NIS 315,488 million, respectively, as the outstanding balance-sheet amount of which is equal to their fair value (instruments presented in the balance sheet at fair value) or approximates their fair value (instruments for an original period of up to 3 months for which the outstanding balance sheet amount is used as an approximation of the fair value). For further information on instruments measured at fair value on recurring and non-recurring bases, please see Notes 32B - 32D.

d) The liability is presented on a net basis and takes into account plan assets managed against it.

Note 32.A – Financial Instruments – Balances and Fair Value Measurement (cont.)

	December 31, 2024				
	Balance Unrealized gains	Fair value (Level 1)	(Level 2)	(Level 3)	Total
	In NIS million				
Financial assets					
Cash and Deposits with Banks	155,828	144,754	9,865	1,037	155,656
Securities[(b)]	124,101	69,879	48,447 [(E)]	4,538 [(E)]	122,864
Securities borrowed or purchased under reverse repurchase agreements	4,684	4,684	–	–	4,684
Loans to the public, net	455,519	23,123	–	430,227	453,350
Loans to governments	2,509	–	984	1,453	2,437
Assets in respect of derivatives	29,193	7,113	18,688	3,392	29,193
Other financial assets	340	49	–	291	340
Total financial assets	772,174[(C)]	249,602	77,984	440,938	768,524
Financial liabilities					
Deposits by the Public	618,301	30,259	324,386	261,905	616,550
Deposits by Banks	18,043	3,861	5,847	8,399	18,107
Deposits by governments	172	–	137	35	172
Securities loaned or sold under repurchase agreements	11,686	11,686	–	–	11,686
Bonds, promissory notes and subordinated notes	31,969	26,820	–	4,479	31,299
Liabilities for derivatives	27,752	7,043	20,633	76	27,752
Other financial liabilities	3,132	438	1,555	1,139	3,132
Total financial liabilities	711,055[(C)]	80,107	352,558	276,033	708,698
Off-balance-sheet financial instruments					
Transactions in which the outstanding balance embodies credit risk	476	–	–	476	476
In addition, liabilities in respect of employee benefits, net[(d)]	7,913	–	–	7,913	7,913

a) Level 1 – Fair value measurements using quoted prices in an active market.
Level 2 – Fair value measurements using other significant observable inputs.
Level 3 – Fair value measurements using significant unobservable inputs.

b) For further information regarding the book balance and fair value of securities, please see Note 12.

c) Of which: Assets and liabilities in the amount of NIS 197,689 million and NIS 267,393 million, respectively, as the outstanding balance-sheet amount of which is equal to their fair value (instruments presented in the balance sheet at fair value) or approximates their fair value (instruments for an original period of up to 3 months for which the outstanding balance sheet amount is used as an approximation of the fair value). For further information on instruments measured at fair value on recurring and non-recurring bases, please see Notes 32B – 32D.

d) The liability is presented on a net basis and takes into account plan assets managed against it.

e) Reclassified.

Note 32B - Items Measured at Fair Value (cont.)

A. Items Measured at Fair Value on a Recurring Basis

	December 31, 2025			
	Fair value measurements using -			
	Prices quoted in an active market (Level 1)	Observable data Other significant (Level 2)	Unobservable significant data significant (Level 3)	Total Fair value
	In NIS million			
Assets				
Available-for-sale bonds:				
Government of Israel bonds	62,172	9,979	-	72,151
Foreign governments bonds	17,063	4,130	-	21,193
Bonds of Israeli financial institutions	222	-	-	222
Bonds of foreign financial institutions	-	7,919	-	7,919
Asset-backed bonds (ABS) Mortgage-backed (MBS)	-	10,785	-	10,785
Other Israeli bonds	634	296	-	930
Other foreign bonds	-	3,273	-	3,273
Total available-for-sale bonds	80,091	36,382	-	116,473
Not held for-trading equity securities and mutual funds:				
Not held for-trading equity securities and mutual funds	2,376	-	-	2,376
Held-for-trading securities:				
Government of Israel bonds	5,260	-	-	5,260
Bonds of Israeli financial institutions	206	-	-	206
Bonds of foreign financial institutions	-	78	-	78
Asset-backed bonds (ABS) Mortgage-backed (MBS)	-	207	-	207
Other Israeli bonds	100	-	-	100
Other foreign bonds	-	75	-	75
Held-for-trading equity securities and mutual funds	1,373	-	-	1,373
Total held-for-trading securities	6,939	360	-	7,299
Assets in respect of derivatives:				
NIS-CPI contracts	-	102	211	313
Interest rate contracts	425	6,207	182	6,814
Foreign exchange contracts	-	6,010	2,485	8,495
Stock contracts	1,566	5,417	466	7,449
Commodity- and other contracts	22	19	2	43
MAOF (Israeli financial instruments and futures) market activity	1,203	-	-	1,203
Total underlying assets for derivatives	3,216	17,755	3,346	24,317
Other:				
Credit and deposits for loaned securities	28,256	-	-	28,256
Securities borrowed or purchased under reverse repurchase agreement	8,417	-	-	8,417
Other	28	-	16	44
Other - total	36,701	-	16	36,717
Total assets	129,323	54,497	3,362	187,182

Note 32.B – Items Measured at Fair Value (cont.)

A. Items Measured at Fair Value on a Recurring Basis (cont.)

	December 31, 2025			
	Fair value measurements using –			
	Prices quoted in an active market (Level 1)	Observable data Other significant (Level 2)	Unobservable significant data In significant unobservable inputs (Level 3)	Total Fair value
	In NIS million			
Liabilities				
Liabilities for derivatives:				
NIS-CPI contracts	–	122	82	204
Interest rate contracts	418	5,339	–	5,757
Foreign exchange contracts	–	9,925	3	9,928
Stock contracts	1,527	5,938	7	7,472
Commodity- and other contracts	21	21	–	42
MAOF (Israeli financial instruments and futures) market activity	1,201	–	–	1,201
Total liabilities in respect of derivatives	3,167	21,345	92	24,604
Other:				
Deposits in respect of loaned securities	25,032	27	–	25,059
Securities loaned or sold under reverse repurchase agreement	21,814	–	–	21,814
Credit-linked notes (CLN)	–	–	7,597	7,597
Other	221	–	–	221
Other – total	47,067	27	7,597	54,691
Total liabilities	50,234	21,372	7,689	79,295

Note 32.B – Items Measured at Fair Value (cont.)

A. Items Measured at Fair Value on a Recurring Basis (cont.)

	December 31, 2024			
	Fair value measurements using –			
	Prices quoted in an active market (Level 1)	Observable data Other significant (Level 2)	Unobservable significant data In significant unobservable inputs (Level 3)	Total Fair value
	In NIS million			
Assets				
Available-for-sale bonds:				
Government of Israel bonds	37,658	10,043	24	47,725
Foreign governments bonds	14,885	2,670	–	17,555
Bonds of Israeli financial institutions	176	–	–	176
Bonds of foreign financial institutions	–	8,487	–	8,487
Asset-backed bonds (ABS) Mortgage-backed (MBS)	–	11,502[(a)]	–[(a)]	11,502
Other Israeli bonds	741	281	–	1,022
Other foreign bonds	–	4,033	–	4,033
Total available-for-sale bonds	53,460	37,016	24	90,500
Not held for-trading equity securities and mutual funds:				
Not held for-trading equity securities and mutual funds	3,180	–	–	3,180
Held-for-trading securities:				
Government of Israel bonds	6,825	–	–	6,825
Foreign governments bonds	255	52	–	307
Bonds of Israeli financial institutions	61	–	–	61
Bonds of foreign financial institutions	–	132	–	132
Asset-backed bonds (ABS) Mortgage-backed (MBS)	–	12[(a)]	–[(a)]	12
Other Israeli bonds	137	–	–	137
Other foreign bonds	–	71	–	71
Held-for-trading equity securities and mutual funds	11	–	–	11
Total held-for-trading securities	7,289	267	–	7,556
Assets in respect of derivatives:				
NIS-CPI contracts	–	63	267	330
Interest rate contracts	500	8,286	203	8,989
Foreign exchange contracts	–	4,884	1,637	6,521
Stock contracts	6,042	5,454	1,284	12,780
Commodity- and other contracts	25	1	1	27
MAOF (Israeli financial instruments and futures) market activity	546	–	–	546
Total underlying assets for derivatives	7,113	18,688	3,392	29,193
Other:				
Credit and deposits for loaned securities	15,928	–	–	15,928
Securities borrowed or purchased under reverse repurchase agreement	4,684	–	–	4,684
Other	48	–	–	48

Note 32.B – Items Measured at Fair Value (cont.)

	December 31, 2024			
	Fair value measurements using –			
	Prices quoted in an active market (Level 1)	Observable data Other significant (Level 2)	Unobservable significant data In significant unobservable inputs (Level 3)	Total Fair value
	In NIS million			
Other – total	20,660	–	–	20,660
Total assets	91,702	55,971	3,416	151,089

a) Reclassified.

Note 32.B - Items Measured at Fair Value (cont.)

A. Items Measured at Fair Value on a Recurring Basis (cont.)

	December 31, 2024			
	Fair value measurements using –			
	Prices quoted in an active market (Level 1)	Observable data Other significant (Level 2)	Unobservable significant data In significant unobservable inputs (Level 3)	Total Fair value
	In NIS million			
Liabilities				
Liabilities for derivatives:				
NIS-CPI contracts	–	223	64	287
Interest rate contracts	463	7,475	–	7,938
Foreign exchange contracts	–	6,261	5	6,266
Stock contracts	6,009	6,672	7	12,688
Commodity- and other contracts	25	2	–	27
MAOF (Israeli financial instruments and futures) market activity	546	–	–	546
Total liabilities in respect of derivatives	7,043	20,633	76	27,752
Other:				
Deposits in respect of loaned securities	14,935	21	–	14,956
Securities loaned or sold under reverse repurchase agreement	11,686	–	–	11,686
Credit-linked notes (CLN)	–	–	3,962	3,962
Other	438	–	–	438
Other - total	27,059	21	3,962	31,042
Total liabilities	34,102	20,654	4,038	58,794

Note 32.B - Items Measured at Fair Value (cont.)

B. Items Measured at Fair Value on a Non-Recurring Basis

	December 31, 2025				
	Fair value measurements using -				
	Prices quoted in an active market (Level 1)	Observable data Other significant (Level 2)	Unobservable significant data In significant unobservable inputs (Level 3)	Total Fair value	Total Profit (loss) for changes in value for the period
	In NIS million				
Collateral-dependent non-performing credit	-	-	249	249	(23)
Total	-	-	249	249	(23)

	December 31, 2024				
	Fair value measurements using -				
	Prices quoted in an active market (Level 1)	Observable data Other significant (Level 2)	Unobservable significant data In significant unobservable inputs (Level 3)	Total Fair value	Total Profit (loss) for changes in value for the period
	In NIS million				
Collateral-dependent non-performing credit	-	-	135	135	5
Total	-	-	135	135	5

Note 32C – Changes in Items Measured at Fair Value on a Recurring Basis Included in Level 3

	For the year ended December 31, 2025									
		Realized/unrealized gains (losses), net, including:								
	Fair value as at the beginning of the year	In the the income statement[A]	In income Total Other[b]	Purchases and issuances	Sales	Discharges	Transfers To level 3[c]	Transfers from level 3[c]	Fair value as at December 31, 2025	Unrealized gains (losses) for instruments held as at December 31, 2025
	In NIS million									
Assets										
Available-for-sale bonds:										
Israeli Government	24	–	1	–	–	–	–	(25)	–	–
Total available-for-sale bonds	24	–	1	–	–	–	–	(25)	–	–
Assets in respect of derivatives:										
NIS-CPI contracts	267	(61)	–	–	–	–	5	–	211	34
Interest rate contracts	203	759	–	–	–	(780)	–	–	182	80
Foreign exchange contracts	1,637	(1,817)	–	2,665	–	–	–	–	2,485	2,389
Stock contracts	1,284	(818)	–	–	–	–	–	–	466	139
Commodity- and other contracts	1	1	–	–	–	–	–	–	2	2
Total assets in respect of derivatives	3,392	(1,936)	–	(2,665)	–	(780)	5	–	3,346	2,644
Total - other	–	–	–	16	–	–	–	–	16	–
Total assets	3,416	(1,936)	1	2,681	–	780	5	(25)	3,362	2,644
Liabilities										
Liabilities for derivatives:										
NIS-CPI contracts	64	(53)	–	–	–	–	71	–	82	8
Foreign exchange contracts	5	(2)	–	–	–	–	–	–	3	–
Stock contracts	7	–	–	–	–	–	–	–	7	–
Total liabilities in respect of derivatives	76	(55)	–	–	–	–	71	–	92	8
Total - other	3,962	90	21	4,272	–	(748)	–	–	7,597	136
Total liabilities	4,038	35	21	4,272	–	(748)	71	–	7,689	144

a) Net realized gains (losses) reported in the income statement under the noninterest finance income line item.
b) Unrealized gains included in the Statement of Changes in Equity under accumulated other comprehensive income (loss).
c) Transfers from Level 2 to Level 3 – forward CPI contracts for a period of more than one year were transferred when at the date of the financial statements the term to maturity was less than one year.

transfer from level 3 to level 2 – Transactions for which market data were observable during the reporting period were transferred.

Note 32C – Changes in Items Measured at Fair Value on a Recurring Basis Included in Level 3 (cont.)

	For the year ended December 31, 2024									
		Realized/unrealized gains (losses), net, including:								
	Fair value as at the beginning of year	In the the income statement[A]	In income Total Other[b]	Purchases and issuances	Sales	Discharges	Transfers To level 3[c]	Transfers from level 3	Fair value as at December 31, 2024	Unrealized gains (losses) for instruments held as at December 31, 2024
	In NIS million									
Assets										
Available-for-sale bonds:										
Israeli Government	26	(1)	(1)	–	–	–	–	–	24	(1)
Total available-for-sale bonds	26	(1)	(1)	–	–	–	–	–	24	(1)
Held-for-trading bonds:										
Others - abroad	2	–	–	–	(2)	–	–	–	–	–
Total held-for-trading bonds	2	–	–	–	(2)	–	–	–	–	–
Assets in respect of derivatives:										
NIS-CPI contracts	200	(10)	–	–	–	–	77	–	267	140
Interest rate contracts	118	709	–	–	–	(624)	–	–	203	143
Foreign exchange contracts	2,363	(2,938)	–	2,212	–	–	–	–	1,637	1,351
Stock contracts	179	1,105	–	–	–	–	–	–	1,284	1,261
Commodity- and other contracts	–	1	–	–	–	–	–	–	1	1
Total assets in respect of derivatives	2,860	(1,133)	–	2,212	–	(624)	77	–	3,392	2,896
Total assets	2,888	1,134	(1)	2,212	(2)	(624)	77	–	3,416	2,895
Liabilities										
Liabilities for derivatives:										
NIS-CPI contracts	116	(115)	–	–	–	–	63	–	64	7
Foreign exchange contracts	6	(1)	–	–	–	–	–	–	5	–
Stock contracts	7	–	–	–	–	–	–	–	7	–
Total liabilities in respect of derivatives	129	(116)	–	–	–	–	63	–	76	7
Total - other	419	28	(3)	3,770	–	(252)	–	–	3,962	25
Total liabilities	548	(88)	(3)	3,770	–	(252)	63	–	4,038	32

a) Net realized gains (losses) reported in the income statement under the noninterest finance income line item.

b) Unrealized losses included in the Statement of Changes in Equity under accumulated other comprehensive income (loss). The balance of unrealized other comprehensive income (loss) in respect of available-for-sale bonds as at December 31, 2024, amounted to NIS 1 million.

c) Transfers from Level 2 to Level 3 – forward CPI contracts for a period of more than one year were transferred when at the date of the financial statements the term to maturity was less than one year.

Note 32D – Quantitative Information on Items Measured at Fair Value and Included in Level 3

Quantitative Information on Fair Value Measurement in Level 3

	December 31, 2025				
	Fair value	Valuation technique	Unobservable inputs	Range	Average[2]
	In NIS million				
A. Items Measured at Fair Value on a Recurring Basis					
Assets					
Assets for derivatives[1]					
NIS-CPI interest contracts	207	Discounted cash flows	Expected inflation	(0.11%)-1.63%	0.87%
	4	Discounted cash flows	Counterparty risk	0%-75%[*]	0.68%
Interest rate contracts	182	Discounted cash flows	Counterparty risk	0%-75%[*]	0.68%
Foreign exchange contracts	10	Discounted cash flows	Expected inflation	(0.11%)-1.63%	0.87%
Foreign exchange contracts	2,475	Discounted cash flows	Counterparty risk	0%-75%[*]	0.68%
Stock contracts	466	Discounted cash flows	Counterparty risk	0%-75%[*]	0.68%
Commodity contracts	2	Discounted cash flows	Counterparty risk	0%-75%	0.68%
Other assets	16	Transaction price quote from a third party			
Liabilities					
Liabilities for derivatives[1]					
NIS-CPI interest contracts	82	Discounted cash flows	Expected inflation	(0.11%)-1.63%	0.87%
Foreign exchange contracts	3	Discounted cash flows	Expected inflation	(0.11%)-1.63%	0.87%
Stock contracts	7	Discounted cash flows	Counterparty risk	0%-75%	0.68%
Other liabilities	53	Discounted cash flows	Probability of default	2.87%-3.73%	3.41%
			Effective average duration in years	0.13-0.37	0.19
	601	Discounted cash flows	Probability of default	3.62%-3.95%	3.38%
			Effective average duration in years	0.25-1.20	0.87
	573	Discounted cash flows	Probability of default	3.32%-3.53%	3.44%
			Effective average duration in years	3.67	3.67
	227	Discounted cash flows	Probability of default	3.3%-3.42%	3.38%
			Effective average duration in years	1.45	1.45
	565	Discounted cash flows	Probability of default	3.3%-3.42%	3.38%
			Effective average duration in years	1.48	1.48
	1,301	Discounted cash flows	Probability of default	3.31%-3.51%	3.39%
			Effective average duration in years	1.84	1.84
	528	Discounted cash flows	Probability of default	3.3%-3.41%	3.38%

	December 31, 2025				
	Fair	Valuation technique	Unobservable inputs	Range	Average[2]
	In NIS million				
			Effective average duration in years	1.35	1.35
	1,556	Discounted cash flows	Probability of default	3.3%–3.43%	3.39%
			Effective average duration in years	0.82	0.82
	718	Discounted cash flows	Probability of default	3.31%–3.46%	3.39%
			Effective average duration in years	1.26	1.26
	1,475	Discounted cash flows	Probability of default	3.3%–3.54%	3.42%
			Effective average duration in years	3.15	3.15
B. Items measured at fair value on a Non-Recurring Basis					
Collateral-dependent non-performing credit	249	Collateral's fair value			

* For a defaulted counterparty.

Please see notes on page 307.

Note 32D – Quantitative Information on Items Measured at Fair Value and Included in Level 3(cont.)

Quantitative Information on Fair Value Measurement in Level 3 (cont.)

	December 31, 2024				
	Fair value	Valuation technique	Unobservable inputs	Range	Average[2]
	In NIS million				
A. Items Measured at Fair Value on a Recurring Basis					
Assets					
Available-for-sale securities					
Government of Israel bonds	24	Discounted cash flows	Spread	205 bp	205 bp
			Probability of default	1.68%	1.68%
			% of loss	25%	25%
Assets for derivatives[1]					
NIS-CPI interest contracts	267	Discounted cash flows	Expected inflation	0.13%-2.58%	1.35%
Interest rate contracts	203	Discounted cash flows	Counterparty risk	0.15%-100%[*]	0.72%
Foreign exchange contracts	1,637	Discounted cash flows	Counterparty risk	0.15%-100%[*]	0.72%
Stock contracts	1,284	Discounted cash flows	Counterparty risk	0.15%-100%[*]	0.72%
Commodity contracts	1	Discounted cash flows	Counterparty risk	0.15%-100%[*]	0.72%
Liabilities					
Liabilities due to Derivatives[1]					
NIS-CPI interest contracts	64	Discounted cash flows	Expected inflation	0.13%-2.58%	1.35%
Foreign exchange contracts	5	Discounted cash flows	Expected inflation	0.13%-2.58%	1.35%
Stock contracts	7	Discounted cash flows	Counterparty risk	0.15%-100%	0.72%
Other liabilities	255	Discounted cash flows	Probability of default	3.22%-3.76%	3.42%
			Effective average duration in years	0.09-0.52	0.25
	722	Discounted cash flows	Probability of default	3.22%-3.76%	3.40%
			Effective average duration in years	0.56-1.53	0.93
	578	Discounted cash flows	Probability of default	3.19%-3.56%	3.38%
			Effective average duration in years	4.28	4.28
	150	Discounted cash flows	Probability of default	3.30%-3.46%	3.39%
			Effective average duration in years	0.95	0.95
	234	Discounted cash flows	Probability of default	3.31%-3.51%	3.43%
			Effective average duration in years	2.27	2.27
	548	Discounted cash flows	Probability of default	3.29%-3.46%	3.40%
			Effective average duration in years	1.13	1.13

	December 31, 2024				
	Fair value	Valuation technique	Unobservable inputs	Range	Average[2]
	In NIS million				
	1,475	Discounted cash flows	Probability of default	3.16%-3.54%	3.37%
			Effective average duration in years	3.08	3.08
B. Items measured at fair value on a Non-Recurring Basis					
Collateral-dependent non-performing credit	135	Collateral's fair value			

* For a defaulted counterparty.

Please see comments on the next page.

Note 32D – Quantitative Information on Items Measured at Fair Value and Included in Level 3 (cont.)

Quantitative Information on Fair Value Measurement in Level 3 (cont.)

1. The following unobservable inputs were used to measure the derivatives' fair value: counterparty credit risk and expected inflation rate. The higher/lower a counterparty's credit risk, the lower/higher the contract's fair value, respectively.
   A change in the expected inflation rate will affect the contracts' fair value in accordance with the Bank's CPI-linked position on these contracts. The higher (lower) the expected inflation rate with the Bank committed to paying the CPI-linked amount, the lower (higher) the contracts' fair value, respectively. The higher (lower) the expected inflation rate with the counterparty committed to paying the Bank the CPI-linked amount, the higher (lower) the contracts' fair value, respectively.
2. The average figure for the unobservable input "counterparty risk" reflects a weighted average. The weighted average was calculated based on the relative fair value of the exposures.

Note 33 -Interested and Related Parties of the Bank and Its Consolidated Companies

Control of the Bank

Bank without a controlling core

As of March 24, 2012, Leumi is defined by law as a banking corporation without a controlling core, and no shareholder meets the definition of a controlling shareholder of the Bank.

A. Balances

	December 31, 2025			
	Interested parties[f][h]			
	Shareholders – other[K]		Officers[a]	
	Balance As at December 31	Highest balance[d]	Balance As at December 31	Highest balance[d]
	In NIS million			
Assets				
Deposits with banks	–	–	–	–
Securities[e]	–	–	–	–
Loans to the public	21	21	5	5
Provision for credit losses[J]	–	–	–	–
Loans to the public, net	21	21	5	5
Investments in associates[e]	–	–	–	–
Other assets	–	–	–	–
Liabilities:				
Deposits by the Public	195	223	24	27
Deposits by Banks	–	–	–	–
Bonds, promissory notes and subordinated notes	–	–	–	–
Other liabilities	–	–	–	–
Credit risk in off-balance sheet items[g]	2	3	2	2

a) Including their immediate family members, as defined in Section 80.D(3) to the Reporting to the Public Directives.
b) Pursuant to Section 80.D(4) to the Reporting to the Public Directives, corporations controlled by a person or corporation included in any of the interested party groups in accordance with the Securities Law and who/which holds at least 25 percent of their issued share capital or voting rights may appoint 25 percent or more of their board members.
c) In accordance with Section 80.D(8) of the Reporting to the Public Directives. Commencing July 1, 2022, in accordance with the revision of Proper Conduct of Banking Business Directive 312, the inclusion was canceled regarding corporations held at over 10 percent of the means of control, which the Bank does not control and the value of the holding does not exceed 0.5 percent of the Tier 1 capital after supervisory adjustments and deductions.
d) Based on end-of-month balances.
e) Additional details about these items are also included in Note 12 and Note 15.
f) As at December 31, 2025, interested parties' holdings in the Bank's share capital amounted to NIS 278,792,804 par value of Bank's shares (of which officers: NIS 197,049 par value).
g) Credit risk for off-balance-sheet financial instruments as calculated for the purpose of per borrower indebtedness limitations.
h) Interested party, related party, related person, as defined in Section 80.D of the Reporting to the Public Directives.
i) Associates or jointly held investees, in accordance with Section 80.D(7) to the Reporting to the Public Directives.
j) Specific loan loss provision.

k) Including those holding at least 5 percent of the means of control in the Bank, in accordance with Section 80.D(2) of the Reporting to the Public Directives. "Other shareholders" as at December 31 2025, including through entities held by them, are: The Phoenix Investment House Ltd. (as of August 28, 2019) 7.07% of the Bank's equity, Harel Investments in Insurance and Financial Services Ltd. (as of March 12, 2020) -6.16% of the Bank's equity, Menora Mivtachim Holdings Ltd (as of January 16, 2025) -5.23% of the Bank's equity.

				Related parties[h]			
				Held by the Bank		Other[c]	
Other[b]		One who had been an interested party on the transaction date		Associates[i]			
Balance As at December 31	Highest balance[d]	Balance As of December 31,	Highest balance[d]	Balance As at December 31	Highest balance[d]	Balance As at December 31	Highest balance[d]
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
4,537	4,537	–	2,047	2,717	3,008	–	–
–	–	–	–	–	–	–	–
4,537	4,537	–	2,047	2,717	3,008	–	–
–	–	–	–	3,908	3,908	–	–
168	168	–	1	3	3	–	–
2,555	2,555	–	574	788	788	–	–
–	–	–	–	7	7	–	–
2	2	–	–	–	–	–	–
6	44	–	1	5	8	–	–
178	649	–	405	770	818	–	–

Note 33 – Interested and Related Parties of the Bank and its Consolidated Subsidiaries (cont.)

A. Balances (cont.)

	December 31, 2024			
	Interested parties[f][h]			
	Shareholders – other[K]		Officers[a]	
	Balance As of December 31,	Highest balance[d]	Balance As of December 31,	Highest balance[d]
	In NIS million			
Assets				
Deposits with banks	–	–	–	–
Securities[e]	–	–	–	–
Loans to the public	19	19	4	5
Provision for credit losses[J]	–	–	–	–
Loans to the public, net	19	19	4	5
Investments in associates[e]	–	–	–	–
Other assets	–	–	–	–
Liabilities:				
Deposits by the Public	175	175	16	17
Deposits by Banks	–	–	–	–
Bonds, promissory notes and subordinated notes	–	–	–	–
Other liabilities	–	–	–	–
Credit risk in off-balance sheet items[g]	4	7	2	2

a) Including their immediate family members, as defined in Section 80.D(3) of the Reporting to the Public Directives.
b) Pursuant to Section 80.D(4) to the Reporting to the Public Directives, corporations controlled by a person or corporation included in any of the interested party groups in accordance with the Securities Law and who/which holds at least 25 percent of their issued share capital or voting rights may appoint 25 percent or more of their board members.
c) In accordance with Section 80.D(8) of the Reporting to the Public Directives. Commencing July 1, 2022, in accordance with the revision of Proper Conduct of Banking Business Directive 312, the inclusion was canceled regarding corporations held at over 10 percent of the means of control, which the Bank does not control and the value of the holding does not exceed 0.5 percent of the Tier 1 capital after supervisory adjustments and deductions.
d) Based on end-of-month balances.
e) Additional details about these items are also included in Note 12 and Note 15.
f) As at December 31, 2024, interested parties' holdings in the Bank's share capital amounted to NIS 357,178,595 par value of Bank's shares (of which officers: NIS 188,706 par value).
g) Credit risk for off-balance-sheet financial instruments as calculated for the purpose of per borrower indebtedness limitations.
h) Interested party, related party, related person, as defined in Section 80.D of the Reporting to the Public Directives.
i) Associates or jointly held investees, in accordance with Section 80.D(7) to the Reporting to the Public Directives.
j) Specific loan loss provision.
k) Including those holding at least 5 percent of the means of control in the Bank, in accordance with Section 80.D(2) of the Reporting to the Public Directives. "Other shareholders" as at December 31, 2024, including through entities held by them, are Phoenix Investment House Ltd. (commencing August 28 2019) – 7.38 percent of the equity; Harel Investments in Insurance and Financial Services Ltd. (commencing March 12, 2020) – 6.11 percent of the equity; Meitav Dash Investments Ltd. (commencing June 4, 2020) – 5.01 percent of the equity, Clal Insurance Enterprises Holdings Ltd. (commencing June 18, 2021) – 5.26 percent of the equity.

				Related parties[h]			
				Held by the Bank		Other[c]	
Other[b]		One who had been an interested party on the transaction date		Associates[i]			
Balance As of December 31,	Highest balance[d]	Balance As of December 31,	Highest balance[d]	Balance As of December 31,	Highest balance[d]	Balance As of December 31,	Highest balance[d]
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
5,134	5,134	–	229	2,944	3,084	–	–
–	–	–	–	–	–	–	–
5,134	5,134	–	229	2,944	3,084	–	–
–	–	–	–	3,580	4,129	–	–
132	132	–	2	1	4	–	–
2,521	3,544	–	125	681	851	–	–
–	–	–	–	35	35	–	–
2	23	–	1	–	–	–	–
32	66	–	2	8	14	–	–
665	665	–	13	761	865	–	–

Note 33 – Interested and Related Parties of the Bank and its Consolidated Subsidiaries (cont.)

B. Condensed Business Results with Interested Parties and Related Parties

	For the year ended December 31, 2025				
	Interested parties[f]			Related parties[f]	
	Other shareholders[h]	Officers[a]	Other[b]	Held by the Bank Subsidiaries Associates[g]	Other[c]
	In NIS million				
Interest (expenses) income, net[D]	(7)	(1)	29	148	–
Loan loss provision[i]	–	–	–	–	–
Noninterest income, net	–	–	234	20	–
Of which: Management and service fees	–	–	54	9	–
Operating and other expenses[e]	–	(73)	(3)	(20)	–
Total	(7)	(74)	260	148	–

	For the year ended December 31, 2024				
	Interested parties[f]			Related parties[f]	
	Other shareholders[h]	Officers[a]	Other[b]	Held by the Bank Subsidiaries Associates[g]	Other[c]
	In NIS million				
Interest (expenses) income, net[D]	(3)	–	72	169	–
Loan loss provision[i]	–	–	–	–	–
Noninterest income, net	2	–	153	5	–
Of which: Management and service fees	–	–	41	9	–
Operating and other expenses[e]	–	(68)	(17)	(19)	–
Total	(1)	(68)	208	155	–

a) Including their immediate family members, as defined in Section 80.D(3) to the Reporting to the Public Directives.
b) Pursuant to Section 80.D(4) of the Reporting to the Public Directives, corporations controlled or jointly held by a person or corporation included in any of the interested party groups and who/which has significant influence on it or holds at least 25 percent of their issued share capital or voting rights may appoint 25 percent or more of their board members.
c) In accordance with Section 80.D(8) of the Reporting to the Public Directives.
d) Additional information in Section D below.
e) Additional information in Section C below.
f) Interested party, related party, related person, as defined in Section 80.D of the Reporting to the Public Directives.
g) Associates or jointly held investees, in accordance with Section 80.D(7) to the Reporting to the Public Directives.
h) Including those holding at least 5 percent of the means of control in the Bank, in accordance with Section 80.D(2) of the Reporting to the Public Directives.
i) Specific loan loss provision.

Note 33 – Interested and Related Parties of the Bank and its Consolidated Subsidiaries (cont.)

B. Condensed Business Results with Interested Parties and Related Parties (cont.)

	For the year ended December 31, 2023				
	Interested parties[f]			Related parties[f]	
	holders Shares Other[h]	Officers[a]	Other[b]	Held by the Bank Subsidiaries Associate[g]	Other[c]
	In NIS million				
Interest (expenses) income, net[d]	(1)	–	78	139	–
Loan loss provision[i]	–	–	–	20	–
Noninterest income (expenses), net	2	–	3	(7)	–
Of which: Management and service fees	1	–	8	14	–
Operating and other expenses[e]	–	(41)	(8)	(19)	–
Total	1	(41)	73	133	–

a) Including their immediate family members, as defined in Section 80.D(3) to the Reporting to the Public Directives.
b) Pursuant to Section 80.D(4) of the Reporting to the Public Directives, corporations controlled or jointly held by a person or corporation included in any of the interested party groups and who/which has significant influence on it or holds at least 25 percent of their issued share capital or voting rights may appoint 25 percent or more of their board members.
c) In accordance with Section 80.D(8) of the Reporting to the Public Directives.
d) Additional information in Section D below.
e) Additional information in Section C below.
f) Interested party, related party, related person, as defined in Section 80.D of the Reporting to the Public Directives.
g) Associates or jointly held investees, in accordance with Section 80.D(7) to the Reporting to the Public Directives.
h) Including those holding at least 5 percent of the means of control in the Bank, in accordance with Section 80.D(2) of the Reporting to the Public Directives.
i) Specific loan loss provision.

Note 33 – Interested and Related Parties of the Bank and its Consolidated Subsidiaries (cont.)

C. Compensation and Any Other Benefits to Interested Parties

	For the year ended December 31					
	2025		2024		2023	
	Officers					
	Total MBS/ABS	No. of benefit recipients	Total MBS/ABS	No. of benefit recipients	Total MBS/ABS	No. of benefit recipients
	In NIS million		In NIS million		In NIS million	
Interested party employed in the corporation or on its behalf[(a)(b)(c)]	**60**	**20**	56	20	28	20
Director not employed in the corporation or on its behalf[(c)]	**7**	**10**	6	11	6	12

a) Excluding payroll tax expenses and VAT.
b) Of which: Short-term employee benefits NIS 59 million (2024 – NIS 54 million, 2023 – NIS 37 million), benefits after expiration of employment NIS (1) million (2024– NIS 1 million, 2023 – NIS (11) million).
c) In 2025, expenses for share-based compensation were NIS 1.9 million (in 2024 – NIS 1.6 million, 2023 – NIS 2.1 million).

Bank's directors and officers are covered by a directors' and officers' liability insurance policy (D&O) taken out by the Bank. The overall insurance premium totaled NIS 5,447 thousand (2024 — NIS 6,410 thousand, 2023 — NIS 7,326 thousand).

D. Net Interest Income from Transactions of the Bank and its Consolidated Companies with Interested and Related Parties

	For the year ended December 31					
	2025		2024		2023	
	Consolidated	Of which: Associates	Consolidated	Of which: Associates	Consolidated	Of which: Associates
	In NIS million					
(a) For assets						
From loans to the public	**299**	**167**	392	196	373	163
(b) For liabilities						
For deposits by the public	**(130)**	**(19)**	(154)	(27)	(157)	(24)
Total interest income, net	**169**	**148**	238	169	216	139

E. Information Relating to the Terms and Conditions of Transactions and Balances with Related Parties and Interested Parties

All transactions and balances with interested parties and related parties were carried out in the ordinary course of business and under terms and conditions similar to those of transactions with entities not related to the Bank and its consolidated subsidiaries.
Interest receivable and payable in respect of transactions with interested parties and related parties is calculated at the normal interest rates applied to transactions in the ordinary course of business with non-related parties of the Bank.

Note 34 – The Bank's Condensed Financial Statements

A. Condensed Income Statement

	For the year ended December 31		
	2025	2024	2023
	In NIS million		
Interest income	**38,533**	36,910	33,258
Interest expenses	**22,312**	20,998	17,717
Interest income, net	**16,221**	15,912	15,541
Loan loss expenses	**394**	737	2,291
Interest income, net after loan loss expenses	**15,827**	15,175	13,250
Noninterest income			
Noninterest Finance Income	**1,522**	1,528	1,026
Fees and Commissions	**3,832**	3,572	3,515
Other Income	**98**	940	156
Total noninterest income	**5,452**	6,040	4,697
Operating and other expenses			
Salaries and Related Expenses	**3,382**	3,597	3,280
Buildings and equipment – maintenance and depreciation	**1,418**	1,469	1,494
Other Expenses	**1,558**	1,548	1,827
Total operating and other expenses	**6,358**	6,614	6,601
Profit before taxes	**14,921**	14,601	11,346
Provision for profit taxes	**5,474**	5,198	3,875
Profit after taxes	**9,447**	9,403	7,471
Bank's share in investees' net profits (losses), after tax	**815**	395	(444)
Net income	**10,262**	9,798	7,027

Note 34 – The Bank's Condensed Financial Statements (cont.)

B. The Bank's Balance Sheet

	December 31	
	2025	2024
	In NIS million	
Assets		
Cash and Deposits with Banks	**154,375**	155,572
Securities	**143,070**	118,892
Securities borrowed or purchased under reverse repurchase agreements	**8,417**	4,684
Loans to the public	**520,949**	456,965
Loan loss provision	**(6,724)**	(6,769)
Loans to the public, net	**514,225**	450,196
Loans to governments	**3,406**	2,509
Investments in investees	**16,251**	15,621
Buildings and Equipment	**3,117**	2,786
Assets in respect of derivatives	**24,282**	29,197
Other assets	**6,936**	7,159
Total assets	**874,079**	786,616
Liabilities and equity		
Deposits by the Public	**688,316**	619,673
Deposits by Banks	**13,165**	18,084
Deposits by governments	**87**	172
Securities loaned or sold under repurchase agreements	**21,814**	11,686
Bonds, Promissory Notes and Subordinated Bonds	**44,207**	31,969
Liabilities for derivatives	**24,654**	27,751
Other liabilities	**13,706**	15,623
Total liabilities	**805,949**	724,958
Equity attributable to the Bank's shareholders	**68,130**	61,658
Total liabilities and equity	**874,079**	786,616

Note 34 – The Bank's Condensed Financial Statements (cont.)

c. Statement of Cash Flows

	For the year ended December 31		
	2025	2024	2023
	In NIS million		
Cash flows from operating activities			
Net income for the year	**10,262**	9,798	7,027
Adjustments:			
Bank's share in undistributed net profits (losses) of investees net of dividend received	**(961)**	38	641
Depreciation and amortizations of buildings and equipment (including impairment)	**534**	597	660
Loan loss expenses	**394**	737	2,291
Net losses on sale of available-for-sale bonds	**276**	428	289
Net realized and unrealized (gains) losses from adjustments from fair value adjustments of held-for-trading securities	**(59)**	19	(90)
Gains from realization and disposals of buildings and equipment – net	**(5)**	(852)	(22)
Provision for impairment of available-for-sale bonds	**25**	53	33
Net realized and unrealized gains from fair value adjustments of shares not held for trading	**(141)**	(264)	(175)
Provision for impairment of equity securities not held-for-trading	**31**	–	–
Expenses for stock-based compensation transactions	**4**	3	7
Deferred taxes - net	**271**	(20)	(711)
Severance pay and pension – (decrease) increase in the reserve surplus over the designated amount	**(133)**	(207)	171
Interest receivable over interest accrued during the period for available-for-sale bonds and held-to-maturity bonds	**(1,504)**	(2,460)	(2,190)
Accrual differences and rate in respect of bonds and subordinated notes	**(107)**	149	379
Effect of exchange rate differentials on cash and cash equivalent balances	**2,640**	617	(156)
Other, net	**(2)**	(1)	(2)
Net change in current assets:			
Assets in respect of derivatives	**4,915**	(1,784)	(767)
Held-for-trading securities	**287**	6,105	(11,326)
Other assets	**(145)**	100	(324)
Net change in current liabilities:			
Liabilities for derivatives	**(3,418)**	1,128	3,232
Other Liabilities	**(2,171)**	606	472
Net cash provided by (for) current activities	**10,993**	14,790	(561)

Note 34 – The Bank's Condensed Financial Statements (cont.)

C. Statement of Cash Flows (cont.)

	For the year ended December 31		
	2025	2024	2023
	In NIS million		
Cash flows from investing activities			
Net change in deposits with banks with original maturities of more than three months	**1,489**	(2,190)	2,928
Net change in loans to the public[a]	**(61,380)**	(35,425)	(31,518)
Net change in loans to governments	**(935)**	(705)	(696)
Net change in securities loaned or sold under repurchase agreements	**(3,733)**	(1,631)	(19)
Purchase of held-to-maturity bonds	**(2,019)**	(4,666)	(3,164)
Proceeds from redemption of held-to-maturity bonds	**3,641**	1,407	2,311
Purchase of available-for-sale bonds and equity securities not held-for-trading	**(214,228)**	(186,662)	(174,380)
Proceeds from sale of available-for-sale bonds and equity securities not held-for-trading	**166,210**	177,091	87,402
Proceeds from redemption of available-for-sale bonds and equity securities	**23,895**	44,452	24,648
Purchase of investees' shares	**(5)**	(40)	(10)
Proceeds from disposal of investment in investees	**–**	–	267
Net change in capital notes of investees	**91**	(30)	(2,432)
Purchase of loan portfolios	**(1,556)**	(551)	(1,556)
Proceeds from sale of loan portfolios	**52**	308	42
Purchase of buildings and equipment	**(890)**	(719)	(814)
Proceeds from disposal of buildings and equipment	**20**	1,028	38
Central severance pay fund	**3**	2	14
Net cash for investing activities	**(89,345)**	(8,331)	(96,939)
Cash flow from financing activities			
Net change in deposits with banks with original maturities of more than three months..	**(4,919)**	(2,738)	(2,591)
Net change in deposits by the public	**68,870**	50,679	10,929
Net change in deposits by governments	**(85)**	12	(87)
Net change in securities loaned or sold under repurchase agreements	**10,128**	(2,090)	9,824
Proceeds from issue of bonds and subordinated notes	**17,909**	7,668	10,758
Redemption of bonds and subordinated notes	**(5,465)**	(8,008)	(6,874)
Dividend paid to shareholders	**(3,924)**	(2,569)	(2,081)
Share buyback	**(1,232)**	(682)	(600)
Net cash from financing activities	**81,282**	42,272	19,278
Increase (decrease) in cash and cash equivalents	**2,930**	48,731	(78,222)
Balance of cash and cash equivalents at the beginning of the year	**150,381**	102,267	180,333
Effect of exchange rate fluctuations on cash and cash equivalent balances	**(2,640)**	(617)	156
Balance of cash and cash equivalents at the end of the year	**150,671**	150,381	102,267

a) Including operating activities from invoice factoring. Please see Note 29.F.

Note 34 – The Bank's Condensed Financial Statements (cont.)

C. Statement of Cash Flows (cont.)

Interest and taxes paid and/or received and dividends received

	For the year ended December 31		
	2025	2024	2023
	In NIS million		
Interest received	**35,873**	32,132	29,078
Interest paid	**(20,267)**	(20,574)	(14,112)
Dividends received	**221**	270	151
Income tax paid	**(7,417)**	(5,594)	(4,268)
Income tax received	**198**	705	104

Note 35 – Miscellaneous Topics and Events after the Balance Sheet Date

a. The War

On February 28, 2026, Operation Lion's Roar began with a joint Israeli-American strike against Iran. In response, a significant barrage of rockets was fired from Iran toward the Israeli home front and toward American targets across the Persian Gulf and the Middle East, as well as attacks on civilian sites in several Gulf states, including the United Arab Emirates, Qatar, and Saudi Arabia. In the short term, the expected economic impact on Israel depends on the intensity, scope, and especially the duration of the events. However, in the longer term, to the extent that the operation results in a substantial reduction of the threat posed to Israel by Iran and its proxies, this may have positive implications for the growth potential of the Israeli economy.

The Bank entered the current escalation in a strong financial position, with significant capital surpluses and a high level of liquidity. As of the date of publication of the report, the Bank's operations continue as usual for the benefit of its customers, while optimally implementing its business-continuity plans. At this stage, there is no impact on the Bank's operating results, capital ratios, or liquidity position. The Bank's management continues to monitor developments on an ongoing basis and toassess their potential implications.

In the second half of 2025, following the war against Iran in June, economic activity experienced a relatively rapid recovery, which is expected to continue recovering in 2026, as the rate of expansion will depend, among other things, on the developments of various parameters, including developments related to the tension against Iran and their impact on Israel – against the backdrop of the escalation of the current confrontation these days.

In October 2025, the Trump Outline, which is a multi-stage outline, had been published, as the first stage includes an immediate ceasefire and returning the hostages, followed by the possibility of comprehensive regional regulation, with the direct involvement of the Western World Powers and most countries in the region. The first stage of the outline has been completed and in response to this, an improvement of Israel's risk indicators has been recorded in the financial markets, including the strengthening of the shekel, alongside increases in the currency exchange rate in the local stock exchange. The ceasefire also led to positive developments in Israel's credit rating after downgrades to the rating and rating outlook at the end of 2023 and during 2024. On November 7, 2025 the rating firm S&P published an announcement regarding raising Israel's credit rating outlook to "stable" from "negative". According to which the ceasefire agreement between Israel and Hamas reduced Israel's immediate security risk. On January 30 2026, also Moody's raised Israel's credit rating outlook to "stable" from "negative", and this, according to it, in light of a decrease in Israel's geopolitical risk, and given the resilience the Israeli economy showed against the geopolitical developments. As long as the ceasefire continues, and agreements will be arrived at in respect of the next stages of Trump Outline, which has far-reaching regional significant meaning, it is expected that this would have positive significance for economic stability, while improving Israel's international relations.

The Iron Swords outline – reliefs and assistance to customers following the impacts of the War

On December 3, 2024 the Bank of Israel announced a last extension of the outline for the quarter between January 1, 2025 through March 31, 2025. The Bank had adopted the Iron Sword outline and implemented additional reliefs for its customers, as specified in Note 35.A. to the financial statements as of December 31, 2024.

On April 1, 2025 the Bank of Israel's outline of reliefs and assistance to the banking system's customers took effect, as part of which the banking system will allocate a cumulative sum of NIS 3 billion that would be comprised of NIS 1.5 billion each year, commencing the second quarter of 2025 up to the first quarter of 2027, unless it will be decided on termination of the outline prior to this.

Bank Leumi adopted this outline, and established significant relief baskets for all its customers, particularly customers who are victims of the War. The outline will be spread over two years and the

Note 35 – Miscellaneous Topics and Events after the Balance Sheet Date (cont.)

sums in respect of the reliefs will be transferred to the customers on a quarterly basis. During the outline period, the reliefs will be reviewed every quarter anew, and the Bank may make changes in them.

Reliefs include voluntary extension of the Iron Swords outline to the second quarter of 2025 In addition, over the course of 2025, other reliefs were granted, including: interest paid on credit balances in checking accounts to eligible customers; daily deposit via automated deposit; decreasing the interest rate on debit balances in checking accounts for eligible customers; deferral of loan repayments without interest or fees, for eligible private customers; exemption from interest on debit balances in checking accounts up to the sum of NIS 10,000 for active-duty soldiers for the third quarter of 2025 and in accordance with the Bank's terms; as well as lowering the Prime interest rate by 0.25% on mortgages and consumer credit in the Prime track. In addition to all of the above, the Bank granted its eligible private customers a one-time benefit of NIS 500, in accordance with the eligibility conditions, as well as a one-time credit of NIS 250 or NIS 500 for PEPPER customers, depending on the applicable eligibility conditions.

Operation Am K'Lavie – reliefs and assistance to customers following the impacts of the Operation

Against the backdrop of the impact of the Operation Am K'Lavie on the Israeli economy, the Bank of Israel formulated an assistance outline for populations that had directly incurred damages due to combat. The outline was defined for the period between July 1, 2025 and July 31, 2025. The Bank adopted the Am K'Lavie outline set out by the Bank of Israel and includes reliefs to customers who incurred damages during the Operation and who meet the qualifying conditions, and all in accordance with the terms of the outline, including deferral of loan repayments interest free for business customers whose income had been adversely affected, an exemption from interest on a debit balance in checking accounts for business owners who are also soldiers in army reserve, deferral of loan and mortgage repayments for evacuated private customers, or who were hurt following the Operation.

Additionally, the Bank granted its customers reliefs as part of the "reliefs basket" – benefits to soldiers in army reserve, a one-time refund of up to NIS 3,000 to customers who have a mortgage or a loan and receive their salary into a Leumi account, freeze of mortgage repayments free of interest and an exemption from selected fees.

In addition, conscript soldiers were granted exemptions and reductions in certain fees, and private customers evacuated or affected due to Operation Am K'Lavie are given options to take loans at convenient terms, all subject to eligibility and the terms of the outline. Additionally, Leumi credit card holders, who stayed abroad until rescued and subject to the Bank's discretion, the credit line in the credit card and bank credit had been increased.

In addition to the relief baskets the Bank established, a trust plan had been launched for its "Leumi Bonus" customers, as part of which holders of Bank Leumi credit cards and debit cards will be granted benefits and discounts in various domains, pursuant to the terms of the plan.

Donations and bonuses

In 2025, the Bank continued to lead and finance initiatives aimed at rehabilitating communities and regions impaired in the south and north, supported reserve-duty soldiers and regular soldiers, continued assisting Kibbutz Be'eri and its residents in the rehabilitation process, during Operation Am K'Lavie the Bank took part in the national effort to bring Israelis back to Israel and leased a marine vessel, which rescued Israelis who were abroad.

In addition to these selected initiatives, Bank Leumi donated, inter alia, also to medical centers throughout the country, which, among other things, act for rehabilitation of war casualties.

For further information, please see Note 35.A to the financial statements as of December 31, 2024.

Note 35 – Miscellaneous Topics and Events after the Balance Sheet Date (cont.)

b. The Special Payment for Achieving the Budgetary Targets (Temporary Order – Iron Swords), 5784-2024.

For further information on the subject, please see Note 8.L.

c. Proposed legislation amendment regarding the tax rate subsequent to the balance sheet date

On January 19, 2026, the Economic Plan Bill (Legislative Amendments) (Implementation of the Economic Policy for the 2026 Budget Year) has been published, including, among other things, a temporary order for the years 2026-2030 regarding the statutory tax rate imposed on banks, establishing an additional special tax at the statutory rate of 15% on the Banks' profits should they exceed the Bank's average profits during 2018-2022, indexed to the rate of change in the gross domestic product, plus an additional 50% of the said amount.

d. The engagement in a merger agreement between Leumi Partners Ltd. and Leumi Partners Underwriters Ltd.

On June 17, 2025 Leumi Partners, Leumi Partners Underwriters Ltd. (a company fully owned by Leumi Partners Ltd.) ("**Leumi Underwriting**") Barak Capital Underwriting Ltd. ("**Barak Underwriting**") and Barak Capital's shareholders signed an agreement for merging Leumi Underwriting and Barak Underwriting existing operations (the "Merger"). Upon completion of the merger Leumi Underwriting merged with and into Barak Underwriting. The merged underwriting company is controlled by Mr. Tzvika Menes (the pre-merger controlling shareholder of Barak Underwriting), who also serves as CEO of the merged underwriting company. Mr. Victor Vakart, CEO of Leumi Partners, which does not control the merged underwriting company serves as Chairman of the Board of Directors of the merged company. On July 23, 2025, the merger had been approved by the Israel Competition Authority. On September 30, 2025, the merger transaction was completed upon receipt of a merger certificate from the Companies Registrar and the fulfillment of all the conditions precedent to the transaction. Upon completion of the transaction, a gain totaling NIS 94 million had been recorded.

e. Stock-based compensation transactions

For information regarding the issuance of option warrants for officers who are not directors and for employees of the Bank and/or the Bank Group and details regarding grant of fixed monetary renumeration to directors at the Bank who are not the Chairman of the Board, see Note 23.A.

f. The inter-office team's report for assessing means for increasing competition in the banking system for the retail sector and a Bill for the Promotion of Competition in the Banking Market Law (Legislation Amendments), 5786-2025

On August 6, 2025 the team's summary report for examining an outline for granting banking licenses to non-banking entities had been published. The team's recommendations address, inter alia, to increase the number of potential players that could apply for a banking license, with regulatory terms adapted to the activity, including, inter alia: granting a small bank the option to develop a flexible business model, so as it would not be required to offer the full services currently required of a banking corporation; expansion of the permitted activities permitted to a small bank beyond the closed list currently available to banks; and setting three supervisory tiers and gradual regulation of a banking licenses to which the regulatory directives would be adjusted according to the proportionality approach. In addition, according to the recommendations, financial holding companies would be permitted to simultaneously control an institutional body and a bank that seeks to obtain a banking license under the proposed outline and subject to meeting the assets' requirement while ensuring prevention of conflict of interest with the institutional body by prohibition of engaging in consulting, mediating or marketing regarding investment instruments, insurance and savings produced by insurers and companies managing provident funds or a investment fund for joint investments in trust. The report also includes recommendations for regulating the supervision over holding companies as stated, in various aspects, such as capital requirements and corporate governance. Additionally, the report recommends that it would be determined that a bank with a broad scope of activities and a bank that had controlled or held

means of control over debit card companies immediately prior to application of the Banking Regulations (Licensing) (A Bank with a Broad Scope of Activities), 5783-2023, which issues debit cards, would not operate over 40% of the new debit cards it issues to its customers through another operating company. The report includes additional recommendations concerning reliefs that would be granted to a small bank, including the need to obtain a holding permit of a holding rate exceeding 10%; reliefs concerning the restrictions applying to senior offices' wages; the possibility to engage in elementary insurance mediation; an exemption from the duty of providing access in open banking and mobility of banks, adjustments of the customary rules regarding the commissions' tariff, the due discovery rules, and more.

On November 28, 2026, the Economic Plan Bill (Legislative Amendments) Implementation of the Economic Policy for the 2026 Budget Year), 2026, passed in first reading at the Knesset plenum, Chapter I: Promoting Competition in the Banking Sector, as part of which it is proposed to execute the required legislative amendments for enabling the establishment of small banks, setting tailored supervisory mechanisms, reducing regulatory barriers and promoting competition and innovation in the banking market, in accordance with the team's recommendations.

g. The Bank's internal Tier 1 capital target

On November 17, 2025, the Bank's Board of Directors approved setting the Bank's Tier 1 capital target at 10.85% rather than 10.6%.

h. The Competition Commissioner's announcement of her intention, subject to a supplementary hearing, to declare the five central banking groups a concentration group and each of the banks therein as a member of a concentration group regarding the basket of banking services for retail customers

Further to the section on Laws and Regulations Governing the Banking System in Corporate Governance Report for 2024 regarding the Competition Commissioner's announcement dated March 26, 2024 of her intention, subject to a hearing, to declare the five central banking groups (including the Bank) a concentration group regarding the basket of banking services for retail customers (households and small businesses) and each of the banks therein as a member of the concentration group, and to a hearing held before the Competition Commissioner during September and October, 2024. On October 23, 2025, the Commissioner announces that, following additional reviews and considering the claims of the banks within the five banking groups, she found that these did not warrant a change in her intention to exercise her power and determine, subject to a supplementary hearing, that the five banking groups are a concentration group and that each of the banks therein is a member of a concentration group (the "Revised Announcement"). In the Revised Announcement, the Commissioner specified the provisions it considers imposing, within its authority, on the aforesaid banks (some of which changed compared to the provisions detailed in her announcement dated March 2024), as specified below: (1) provisions on the accessibility of common deposits (as defined in the Revised Announcement) and money market funds, including the conditions for their presentation and the manner in which services related to them are provided, covering the format of presentation, offering and purchase through a simple and convenient process. (2) Duties regarding proactive outreach to retail customers at, and around, key decision points concerning the renewal or redemption of a deposit. (3) Prohibition imposed on a bank with wide-scale activity (as defined in the announcement) to unreasonably refuse to accept a deposit from a financial center. (4) Mandatory portability of deposits.

The Bank submitted its position to the Commissioner on February 8, 2026.

i. Investments in the Bank's Capital and Transactions Related to its Shares

On August 18, 2025, the Bank engaged with the Tel Aviv Stock Exchange Ltd. (the "Stock Exchange") in an agreement, as part of which a tailor made market-making plan had been formulated concerning the Bank's shares and options on the Bank's shares (the "Agreement" and the "Plan", respectively). The plan is based on the principles set out in the resolution of the Stock Exchange's board of directors' dated

Note 35 – Miscellaneous Topics and Events after the Balance Sheet Date (cont.)

March 4, 2025, and will be implemented in accordance with that set out in the agreement, the Stock Exchange's bylaws and guidelines issued thereunder, and pursuant to the resolutions of the Stock Exchange's board of directors, as may be made from time to time.

According to the main terms of the agreement and the plan, the Stock Exchange will be responsible for monitoring the market maker's compliance with the rules. The payments to the market makers, will be comprised of a fixed component that depends on the market maker's activity, and a variable component that depends on the market maker's relative part in the trading cycles of the Bank's stock/options for the Bank's stock. The Bank will make payments to the market makers, as aforementioned, in amounts that are not expected to material to the Bank.

The market making plan commenced September 17, 2025, and the for market making for options on the Bank's stock plan commenced November 2, 2025. The Bank and the Stock Exchange intend to exercise the plan for a period of at least one year.

j. Issuances and early redemption of bonds, subordinated bonds, and commercial securities after the balance sheet date

For more information regarding the issuances and early redemption of bonds, subordinated bonds, and commercial securities after the balance sheet date, see Note 24.A.

BANK LEUMI LE-ISRAEL B.M. AND ITS INVESTEE COMPANIES
Corporate Governance, Additional Details and Appendices
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a. Corporate Governance

The Bank's Board of Directors(*)(**)(***)

Mr. Uri Alon, Chairman[a]

Mr. Sasson Elya[b]

Mr. Ram Belinkov[c]

Ms. Esther Deutsch, Adv.[a]

Mr. Zvika Nagan[b][d]

Mr. Dan Alexander Koller[c]

Ms. Leah Ruth (Schwartz), CPA[b]

Prof. Yedidia (Zvi) Stern[c]

Ms. Irit Shlomi[a][e]

Dr. Naomi Shpirer Belfer[a][f]

a) A director who is not an external director, as stated in Section 11D(a)(2) of the Banking Ordinance, 1941 (hereinafter – "**Director with an Other Director Status**" and "**Banking Ordinance**," respectively).

b) External Director, according to the Companies Law, 1999 (hereinafter – "**ED Companies Law**" and the "**Companies Law**", respectively).

c) External Director, according to Proper Conduct of Banking Business Directive No. 301 (hereinafter – "**ED Directive 301**" and "**Directive 301**", respectively.).

d) Mr. Zvika Nagan was elected External Director under the Companies Law by the Bank's annual general meeting held on September 15, 2025, commencing his second term of office at the Bank on October 27, 2025 after having received the Banking Supervision Department's notice of non-objection to his appointment as aforesaid.

e) Ms. Irit Shlomi was elected director with an Other Director Status by the Bank's annual and general meeting held on September 15, 2025, commencing a third term of office on September 19, 2025, after having received the Banking Supervision Department's notice of non-objection to her appointment as aforesaid.

f) Dr. Naomi Shpirer Belfer was elected director with an Other Director Status by the Bank's annual and general meeting held on September 15, 2025, commencing a first term of office on December 21, 2025, after having received the Banking Supervision Department's notice of non-objection to her appointment as aforesaid.

g) For more information on the Special Annual General Meeting, please see the immediate report on the convening of a meeting dated August 6, 2025 (Ref. No. 2025-01-058446) and supplementary report dated September 12, 2025 (Ref. No. 2025-01-068944), as well as a report on the results of the meeting dated September 15, 2025 (2025-01-069602) and supplementary report dated September 18, 2025 (Ref. No. 2025-01-070433).

* On January 16, 2026, Ms. Esti Dominissini ended her term of office as a Director with an Other Director Status.

** From December 21, 2025, the date on which Dr. Naomi Shpirer Belfer was appointed a director of the Bank, until January 16, 2026, the date on which Ms. Esti Dominissini's term of office as a director of the Bank ended, the Bank had 11 directors, in accordance with the approval of the Banking Supervision Department pursuant to Section 22(d) of Proper Conduct of Banking Business Directive 301.

** For further information regarding members of the Bank's Board of Directors, please see "Changes in the Board of Directors" and Directive 26 in the Bank's 2025 Annual Report and on the MAGNA website of the Israel Securities Authority: http://www.magna.isa.gov.il.

Pursuant to Directive 301, at least one third of the Board members should be external directors, as this term is defined in Directive 301. Accordingly, as of the report date and its publication date, the Bank's Board of Directors includes 6 external directors pursuant to Directive 301, including 3 EDs Companies Law.

In addition, due to the "independent director" definition in the Companies Law, the Audit Committee of the Board of Directors resolved that the Bank's External Directors Directive 301 constitute independent directors.

Pursuant to the directives of the Banking Supervision Department and the provisions of the Companies Law and the regulations promulgated thereunder, the Bank's Board of Directors decided that at least three directors with "accounting and financial expertise" serving on the Board of Directors at any given time shall participate in the Board plenum's discussions of the draft financial statements and their approval. so as to enable the Board of Directors to meet its obligations in accordance with the law and the Bank's articles of association, and especially its responsibility for examining the Bank's financial position and preparing the financial statements.

In determining the said minimum number, the Board of Directors took into account the Bank's size, the complexity of its activity and the diverse risks involved, as well as its existing systems and procedures, such as: control, risk management, compliance, internal auditing and audit by the independent auditors. In addition, all Board members comply with the legal qualification requirements for serving as directors at the Bank.

As of the report's publication date – and as approved by the Board of Directors based on their education, experience, abilities and knowledge – 9 members of the board meet the definition of directors with accounting and financial expertise and all board members meet the professional qualifications definition in accordance with the Companies Regulations (Conditions and Tests for a Director with Accounting and Financial Expertise and Director with Professional Qualifications), 2005. For more information regarding the education and experience of the members of the Bank's Board of Directors, please see Directive 26 in the periodic report.

As of January 1, 2013 and pursuant to Directive 301, discussions regarding the financial statements take place in the Board of directors' Audit Committee. Pursuant to Directive 301, at least 2 members of the Audit Committee should have accounting and financial expertise. The Bank's Board of Directors determined that, at any given time, at least 3 directors with accounting and financial expertise will serve on the Board of Directors' Audit Committee. In practice, as of the report's publication date, 5 out of 6 directors serving on the Audit Committee have accounting and financial expertise. It should be noted that on July 22, 2020, the Bank's Board of Directors approved the split of the Compensation Committee from the Audit Committee.

Following are more details regarding additional qualifications for board members, in accordance with Directive 301: 1) At lease one third of the members of the board are required to have banking experience; 2) At least half of the directors are required to have professional qualifications as defined in the Companies Regulations (Conditions and Tests for a Director with Accounting and Financial Expertise), 2005; 3) At least one director is required to have proven knowledge and experience in information technology.

The Bank's Board of Directors meets all of the foregoing requirements. As of the reporting date and publication date: 1) The Bank has 7 directors having "banking experience", i.e., Uri Alon, Adv. Esther Deutsch, Zvika Nagan, Dan Alexander Koller, Prof. Yedidia Zvi Stern Irit Shlomi and Dr. Naomi Shpirer Belfer; 2) All members of the Board of Directors are defined as being "professionally qualified"; 3) The Bank's Board of Directors includes 2 directors classified by the Board as having proven knowledge and experience in information technology, i.e., Sasson Elya and Zvika Nagan.

Changes in the Board of Directors

As of the report publication date, the Board of Directors includes 10 members, in accordance with the number of directors allowed in banking corporations pursuant to Directive 301.

During 2025, there were changes in the composition of the Board of Directors as detailed below:

a. On September 15, 2025, the Special Annual General Meeting approved, inter alia, the following resolutions:[1]

1. To reappoint Mr. Zvika Nagan as an External Director for an additional term of office of three years. On October 23, 2025, the Bank received notification from the Banking Supervision Department to the effect that it had no objection to his appointment. As such, his second term of office commenced on October 27, 2025.

2. To reappoint Mrs. Irit Shlomi as an Other Director for an additional term of office of three years. On September 16, 2025, the Bank received notification from the Banking Supervision Department to the effect that it had no objection to her appointment. As such, her third term of office commenced on September 19, 2025.

3. To appoint Dr. Naomi Shpirer Belfer as a director with the status of "Other Director" for a first term of office of three years, subject to the approval of the Banking Supervision Department or the absence of objection to this appointment. On December 14, 2025, the Bank received notification from the Banking Supervision Department to the effect that it had no objection to her appointment. As such, her first term of office commenced on December 21, 2025 For further details, please see the immediate report published by the Bank on December 15, 2025 (Ref. No. 2025-01-099528).

b. **From December 21, 2025, the date on which Dr. Naomi Shpirer Belfer was appointed a director of the Bank, until January 16, 2026, the date on which Ms. Esti Dominissini's term of office as a director of the Bank ended, the Bank had 11 directors, in accordance with the approval of the Banking Supervision Department pursuant to Section 22(d) of Proper Conduct of Banking Business Directive 301.

c. *On January 16, 2026, Ms. Esti Dominissini ended her third and last term of office as a Director with an Other Director Status. The Bank's Board of Directors wishes to thank Ms. Dominissini for nine years of dedicated service and for her valuable contribution to the development of the organization. For further details, please see the immediate report published by the Bank on January 19, 2026 (Ref. No. 2026-01-007456).

[1] For more information on the Special Annual General Meeting, please see the immediate report on the convening a meeting dated August 6, 2025 (Ref. No. 2025-01-058446) and supplementary report dated September 12, 2025 (Ref. No. 2025-01-068944), as well as a report on the results of the meeting dated September 15, 2025 (Ref. No. 2025-01-069602) and supplementary report dated September 18, 2025 (Ref. No. 2025-01-070433).

Members of the Bank's Management and their Positions[2]

Mr. Hanan Friedman, Adv.
President & CEO

Mr. Omer Ziv, CPA
First Executive Vice President, Head of Capital Markets Division

Ms. Liat Shuv, CPA
First Executive Vice President, Head of Corporate Division

Mr. Eyal Efrat[1]
First Executive Vice President, Head of Retail Banking Division

Mr. Matan Samish[1]
First Executive Vice President, Head of Mortgages Division

Mr. Nir Omer[1]
First Executive Vice President, Head of Cybersecurity and Infrastructure Division

Mr. Shauli Bar Or[1]
First Executive Vice President, Head of Technological Development Division

Ms. Hagit Argov, CPA
First Executive Vice President, Head of the Finance Division and Chief Accounting Officer

Mr. Ronen Mori
First Executive Vice President, Head of Risk Management Division and Chief Risk Officer

Ms. Tamar Mass
First Executive Vice President, Head of the Strategy Division and Head of Human Resources Division

Ms. Nitzan Sandor, Adv.
First Executive Vice President, Chief Legal Counsel, Head of Legal Counsel Division and Head of Legal Risk

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Ms. Bosmat Ben-Zvi, CPA (Isr.)
First Executive Vice President, Chief Internal Auditor and Head of the Internal Audit Division

Somekh Chaikin
Brightman Almagor Zohar & Co.
The Bank's Joint Independent Auditors

(1) For information regarding changes in the Bank's management and senior officers during 2025 and until the report's publication date, please see the section entitled "Appointments and Departures". For more information regarding members of the Bank's management, please see the Bank's 2025 Annual Report and on the MAGNA website of the Israel Securities Authority: http://www.magna.isa.gov.il.
(2) The above information is as of the report's publication date, rather than as of the end of the reporting period.

The Chief Internal Auditor

The Chief Internal Auditor meets the criteria of Section 146(b) to the Companies Law, 1999 and the provisions of Section 8 to the Internal Audit Law, 1992 (hereinafter: the "Internal Audit Law") and the employees of the Internal Audit Division meet the provisions of Sections 11 and 12 to Proper Conduct of Banking Business Directive No. 307 regarding the Internal Audit function.

The Chief Internal Auditor is a full-time employee of the Bank, is a member of management and this is her sole occupation. The Internal Auditor reports to the Bank's Chairman of the Board.

The Internal Audit Division has an annual work plan and a multi-year work plan for a period of up to three years. The annual work plan and the multi-year work plan are derived from a mapping of audit topics - which are based, inter alia, on the documents outlined in Directive No. 307. The work plans are derived from a systematic methodology for assessing risks and controls, according to which the frequency and scope of the audit for each topic are determined. Thus, audits of higher risk topics are carried out annually, while lower risk topics are audited every two to three years. Drafts of annual work plans and multi-year work plans are submitted by the Internal Audit Division and approved by the Chairman of the Board of Directors, Audit Committee and the Board of Directors' plenum.

The Internal Audit function uses monitoring tools, analysis and advanced data investigations, investing significant resourcing in boosting its analytical infrastructure across a variety of content domains.

The Internal Audit Division's annual work plan and the multi-year work plan allow the Chief Internal Auditor to exercise discretion in deciding to deviate from the plan, as necessary.

In addition, several audit days are allocated each year to unplanned audits and review of special incidents, enabling the Internal Auditor to examine ad hoc topics, either at the request of the Bank's management or Audit Committee, or as a result of new activities or topics undertaken by the Group.

As part of the audit work, a sample of material transactions carried out by the Bank – including their approval procedures – is examined. In this context, material transactions include a material acquisition or sale of an operation, "transactions" - in accordance with Section 270 to the Companies Law and "extraordinary transaction" – as defined by the Companies Law.

The Internal Audit Division's annual work plan and multi-year work plan each include all audit topics for the Bank, the material consolidated subsidiaries in Israel andabroad.

Employees of the Internal Audit Division serve as internal auditors of the Bank's consolidated subsidiaries in Israel.

Local internal auditors are appointed in the UK subsidiary.

The internal auditors of each of the material subsidiaries in Israel and abroad report to their respective boards of directors or audit committees, and Leumi's Internal Audit Division oversees their professional activity according to the requirements of the Bank of Israel and subject to local laws.

The Chief Internal Auditor and team of auditors in the Leumi Group in Israel comprise, on annual average, 65 positions for 2025, as outlined below:

	Average number of auditor positions in the Leumi Group in Israel
The Bank	**61.9**
Subsidiaries in Israel	**2.2**
Supervision and control over foreign subsidiaries	**0.9**
Total	**65**

In addition, 3.7 positions are outsourced.

Furthermore, the foreign office employs local auditors in 1.7 positions (including outsourcing)
The number of positions was approved by the Audit Committee in Israel, based on the annual and multi-year work plans.
The Chief Internal Auditor may, within the framework of the budget, use outsourcers to carry out work that requires special knowledge or in the event of insufficient staff.

Set forth below is a breakdown of the benefits and amounts which were paid or provided for in 2025 to the Chief Internal Auditor in NIS thousands

2025						
% Of the Bank's capital	Compensation for services				Other compensation	
	Salaries	Bonuses**	Value of options	Social benefit contributions	Benefit value	Total*
	(In NIS					
–	**1,770**	**1,134**	**72**	**488**	**110**	**3,574**

* Excluding salary tax.
**See Note 22.f. to the financial Statements.

The amounts and components of payments to the Chief Internal Auditor are brought with the recommendation of the Chairman of the Board for approval by the Audit Committee and the Board of Directors.

The Audit Committee and Board of Directors believe that the fact that the Chief Internal Auditor holds securities and her compensation do not affect the exercise of her professional judgement.

The Chief Internal Auditor operates in accordance with the professional standards of the Institute of Internal Auditors in Israel and the Institute of Internal Auditors (IIA).

Furthermore, the Chief Internal Auditor operates in accordance with the directives and instructions of the Banking Supervision Department, including Proper Conduct of Banking Business Directive No. 307 regarding the Internal Audit function.

The Audit Committee and Board of Directors have noted the Chief Internal Auditor's written statement, according to which she complies with all of the requirements set forth in the abovementioned generally accepted professional standards, and also operates in accordance with the directives of the Banking Supervision Department. Based on this statement and on her performance, as reflected in meetings of the Board of Directors' Audit Committee, the Audit Committee and the Board of Directors are satisfied that the Chief Internal Auditor meets the aforesaid requirements.

Audit reports and records are submitted to the audited entities in writing, after the findings are discussed with them. Furthermore, towards the date of issuance of the reports and records, material findings are discussed with the heads of divisions and with the President and CEO.

Audit reports and records are discussed by the Audit Committee several times a month. In addition to the Chief Internal Auditor, members participating in meetings of the Audit Committee include representatives of the Internal Audit Division and the heads of the audited divisions and their representatives.

Ahead of Audit Committee meetings, the Chairman of the Audit Committee determines, after consulting the Chief Internal Auditor, which audit reports and records will be presented in their entirety for discussion by the Audit Committee. Furthermore, summaries of all audit reports and records issued by the Internal Audit Division throughout the relevant period are submitted on an ongoing basis for review by all Audit Committee members. Audit Committee members may review any audit report and record they deem fit and request that the Chairman of the Audit Committee present these reports and records in their entirety for discussion by the Audit Committee.

At the end of the first and second halves of the year, the Chief Internal Auditor submits reports summarizing the audit activities to the Chairman of the Board of Directors, the President and CEO and the Chairman of the Audit Committee, the Audit Committee and the Board of Directors; the reports include a summary of the material findings, the auditor's recommendations and the audited entity's responses.

In addition, the Chief Internal Auditor submits to the Chairman of the Board of Directors, the President and CEO and the Chairman of the Audit Committee, the Audit Committee and the Board of Directors an annual report summarizing the audit activities during the course of the entire year; the report also monitors the implementation of the annual work plan and assesses the effectiveness of the Group's internal control framework.

The Internal Audit Division's work plan for 2025 was submitted to the Audit Committee on January 13, 2025, 2025 and approved by the Committee on January 20, 2025; the plan was submitted to the Board of Directors on January 20, 2025 and was approved by the Board on January 27, 2025.

The audit report for the first half of 2025 was submitted to the Audit Committee on July 27, 2025, discussed by the Committee on August 4, 2025 and reported to the Board of Directors on August 12, 2025.

The Internal Audit Division's report for the second half of 2025 was submitted to the Audit Committee on February 12, 2026, reported in the Committee on February 18, 2026 and reported in the Board of Directors on March 2, 2026.

The Internal Audit Division's annual report for 2025 was submitted to the Audit Committee on February 12, 2026, discussed by the Audit Committee on February 18, 2026 and discussed by the Board of Directors on March 2, 2026.

The Internal Audit Division's work plan for 2026 was submitted to the Audit Committee on December 18, 2025 and approved by the Committee on December 24, 2025; the plan was submitted to the Board of Directors on December 24, 2025 and was approved by the Board on December 29, 2025.

The Chief Internal Auditor received documents and information as specified in Section 9 to the Internal Audit Law and was given access to information as specified in that section, including continuous and indirect access to the Bank's information systems and to financial data.

Internal auditors auditing Leumi's Israeli subsidiary and foreign subsidiary were provided with documents and information as specified in Section 9 of the Internal Audit Law and given access to information as specified in that Section. These auditors have continuous and direct access to the information systems of the Israeli and foreign subsidiaries, including financial data, all subject to the applicable law.

The Audit Committee and Board of Directors believe that the scope, nature and continuity of the Chief Internal Auditor's activities and the work plan are reasonable under the circumstances, and are sufficient to implement the Internal Audit objectives of the Group.

The Independent Auditors' Fees[a][b][c][g]

	Consolidated		The Bank	
	2025	2024	**2025**	2024
	In NIS thousands			
For audit work:[d]				
Joint Independent Auditors	**15,876**	14,973	**12,538**	11,582
Total	**15,876**	14,973	**12,538**	11,582
For audit-related services:[f]				
Joint Independent Auditors	**796**	677	**796**	677
For tax services:[e]				
Joint Independent Auditors	**303**	374	**161**	257
For other services:				
Joint Independent Auditors	**3,575**	4,196	**2,791**	3,155
Other independent auditors	**157**	358	**–**	–
Total	**4,831**	5,605	**3,748**	4,089
Independent auditors' fees – total	**20,707**	20,578	**16,286**	15,671

a) The Board of Directors' Report to the Annual general meeting on the Independent Auditors' Fees in respect of Audit and Audit-Related Services, under Sections 165 and 167 to the Companies Law, 1999.

b) The Independent Auditors' fees include payments to partnerships and corporations under their control and payments required pursuant to the VAT Law.

c) Including fees paid and accumulated fees.

d) Auditing of annual financial statements and review of interim financial statements.

e) Includes the auditing of adjusted reports for income tax purposes, assessment discussions and tax advisory services.

f) Audit-related fees mainly include: prospectuses, special certificates, comfort letters and forms or reports to authorities which require the Independent Auditor's signature.

g) Accountancy firm Somekh Chaikin (KPMG) has served as joint independent auditors of the Bank since 1950 and accountancy firm Brightman Almagor Zohar (Deloitte) serves as joint independent auditors of the Bank since 2020.

Officer Compensation Policy

The Bank's Officer Compensation Policy

On September 15, 2025, the Bank's general meeting approved the updated compensation policy for the Bank's officers (hereinafter – the "Compensation Policy"). The Compensation Policy went into effect as of the beginning of 2026 and will be in force until the end of 2028. The Compensation Policy is based on the provisions of Amendment No. 20 to the Companies Law regarding the Bank's officers' service and employment terms and conditions, on Proper Conduct of Banking Business Directive No. 301A, Compensation Policy of a Banking Corporation, and on the provisions of the Law for Compensation of Officers in Financial Corporations (Special Approval and Disallowing the Deduction of Exceptional Bonus for Tax Purposes), 2016 (hereinafter – the "Compensation Limitation Law").

The Compensation Policy sets out a framework for the compensation of the Bank's officers and refers, among other things, to fixed compensation components, which is the principal compensation paid to officers and includes: A fixed salary, social benefits, related benefits, as well as severance and retirement benefits, as well as variable compensation components which include any compensation which is not fixed in nature, such as a measurable annual performance bonus comprised of a bonus component based on the Bank's return on equity, based on the weighted earnings per share of the Bank compared to the return of the TA-Banks Index, a bonus component based on the Bank's weighted efficiency ratio, and additional components, to the extent that the Compensation Committee and Board of Directors will decide to determine additional components regarding officers other than the Bank's President and CEO; a qualitative personal mission bonus, based on the achievement of personal targets and qualitative criteria according to the relevant officer's areas of responsibility; and a retention bonus. It should be noted that Board members, including the Chairman of the Board, are not entitled to variable annual bonuses. The Bank's President and CEO is not entitled to an annual variable bonus, unless decided otherwise by the Bank's competent organs.

The total amount payable in variable bonuses to an officer is limited to 8 monthly salaries per year; as under special circumstances, the Compensation Committee and the Board of Directors may approve an additional special bonus to any of the officers, that would not exceed two monthly salaries, up to an aggregate cap of NIS 5 million for special bonuses for all officers per year.

The Bank's Board of Directors may also reduce (due to special considerations) the amount of the variable annual bonus, after obtaining the approval of the Compensation Committee, at its discretion. Furthermore, the Compensation Policy prescribes, based on Directive 301A, a mechanism for repayment of variable bonuses, including repayment criteria and circumstances and a repayment period.

The Compensation Policy also sets out arrangements for deferral of payment of variable bonus to officers, payment of which is subject to the Bank's meeting the required capital adequacy ratios according to the directives of the Banking Supervision Department immediately prior to each vesting date (or the fixed vesting conditions in a equity compensation, to the extent that the deferred part of the variable bonus payments is given as a equity compensation).

The Compensation Policy includes various mechanisms and arrangements designed to allow the Compensation Committee and the Board of Directors to revise the Compensation Policy or service and employment terms and conditions of officers to whom the Compensation Policy applies, without being required to obtain the approval of the Bank's general meeting for every such revision. Such revisions will be made when, in the opinion of the Compensation Committee and the Bank's Board of Directors, they are justified under the circumstances on revision date.

According to the Compensation Policy, the compensation of any of the officers at the Bank (other than the Chairman of the Board or President and CEO) which will exceed, according to a decision by the Compensation Committee and Board of Directors the ceiling set out in Section 2(a) of the Compensation Limitation Law, and in such a case, part of the salaries of these officers will not be tax deductible, subject to Section 32(17) of the Income Tax Ordinance. The compensation policy also includes a mechanism enabling an increase in the amount of compensation to which the Chairman of the Board and the President and CEO will be entitled

automatically with an increase in the lowest compensation at the Bank, as stated in the Compensation Limitation Law (where to the extent that the revised compensation amount to the Chairman of the Board and/or to the President and CEO will exceed 5% due to the linkage to the rate of increase of the lowest compensation at the Bank, as stated in the Compensation Limitation Law, the revision will be brought for approval of the Compensation Committee and Board of Directors).

In addition, the compensation policy includes the option according to which, subject to approval by the Bank's competent organs and subject to the provisions of any law, the Bank's officers (including directors) may be entitled to equity compensation in the form of options, shares or share-based instruments.

For more information regarding the Compensation Policy, please see the Supplementary Report to the Summons Report of the Extraordinary General Meeting of the Bank published on September 12, 2025 (Ref. No 2025-01-068944) as well as Note 22C.2.and 22C.3.

Compensation of Senior Officers

For the year ended December 31, 2025

Set forth below is a breakdown of the benefits and amounts paid or provided for in 2025 and 2024 to the Chairman of the Board of Directors and to the highest paid senior officers of the Group. The benefits described below do not include benefits in respect of banking services that are provided to the Bank's employees, such as preferred interest rates on financial deposits with the Bank, preferred interest rates on mortgages, discounts or exemptions from fees and commissions payable on banking services provided by the Bank, etc. The amounts of the benefits awarded to each of the employees in respect of such banking services are immaterial. Certain private customers of the Bank, including customers who are included in arrangements between the Bank and employee groups, are occasionally awarded benefits that are similar to those granted to Bank employees and in some cases, even exceed them.

2025								
Details of recipient of compensation[1]		Compensation for services					Compensation Other	
Name	Job title	% of the Bank's equity	Salaries/ Management fees	Bonuses[5]	Value of options[6]	Social benefit contributions[3]	Benefit value[4]	Total[2]
		%	(In NIS thousand)					
Mr. Uri Alon[7]	Chairman of the Board	–	3,925	–	–	–	–	3,925
Mr. Hanan Friedman[8]	CEO of the Bank	0.01%	3,680	–	–	639	69	4,388
Mr. Michael Schiller	CEO of Bank Leumi UK	–	1,931	2,006	–	145	1,667	5,749
Mr. Ron Ben Haim[12]	CEO of Leumi Partners	–	1,873	2,841	–	587	214	5,515
Mr. Haim Shkolnik	CEO of Finteka	–	2,427	1,022	43	566	153	4,211
Mr. Omer Ziv[9]	First Executive Vice President	–	2,138	1,279	80	572	90	4,159
Ms. Nitzan Sandor[10]	Executive Vice President, Head of Legal Counsel Division	–	1,471	1,415	37	761	87	3,771
Ms. Bosmat Ben Zvi[11]	Executive Vice President, Head of the Audit Division	–	1,770	1,134	72	488	110	3,574

1. The compensation recipients work full time.
2. Excluding VAT and/or payroll tax (as applicable).
3. Social benefit contributions include contributions for severance pay, bonuses, pension, study fund, social security, vacation redemption and provision for non-competition in respect of 2025 for the relevant employees, as well as supplementary provision in respect of the above due to salary changes during the reporting period. The Bank's senior employees have special personal

employment contracts with the Bank. For more information regarding the retirement benefits of senior employees and their eligibility for advance notice on retirement, please see Note 22.C.1.

It is clarified that the cost of employing officers does not include the cost of interest (the interest component, which is presented according to the financial standards under operating expenses) or the cost of taxes that do not apply to the officer.

4. The value of the benefit includes, inter alia, car and telephone expenses.

5. Including an annual variable bonus for 2025 for senior officers of the Bank (other than the Chairman of the Board and the President and CEO), in accordance with the Compensation Policy of the Bank or according to the compensation policy of the relevant subsidiary and a signing bonus. For more information regarding the eligibility of senior Bank employees for bonuses in accordance with the new officer Compensation Policy at the Bank, please see Note 22.F.

6. For details regarding the issuance of warrants to office holders who are not directors and to employees of the Bank and/or the Bank Group, see Note 23.a.

7. Mr. Uri Alon began serving as a director of the Bank as of August 30, 2023, and began serving as Chairman of the Board of the Bank on December 18, 2024 (in this Section, the "Effective Date").

   The Chairman of the Board's service terms and conditions as described below were ratified by the Compensation Committee and the Bank's Board of Directors, and by the general meeting of the Bank that was held on March 13, 2025. The terms and conditions of the Chairman of the Board will become effective on the Effective Date, as long as he serves a Chairman of the Board. The service terms and conditions of the Chairman of the Board are in compliance with the Bank's officer compensation policy and in accordance with Directive 301A, regarding structure of compensation for chairman of the board in a banking corporation without a controlling core, and pursuant to the Compensation Limitation Law.

   Under his service terms and conditions, the Chairman of the Board is entitled to fixed compensation only, plus VAT as required by law, with this amount indexed to the increase in the CPI, and is not entitled to any variable annual bonus. In addition, and unlike other members of the Board of Directors, the Chairman of the Board is not entitled to a fixed equity-based compensation.

   The Chairman of the Board provides services to the Bank through a management company he owns, against a tax invoice issued to the Bank

   For details regarding the Chairman of the Board's service terms and conditions, please see Note 22.C.3. and the Bank's immediate report regarding convening of a general meeting, dated January 29, 2025 (Ref. No.: 2025-01-007654).

8. Mr. Hanan Friedman serves as the Bank's President and CEO as of November 1, 2019 (hereinafter in this section – the "Effective Date"). Prior to that, Mr. Friedman served as an officer of the Bank since September 1, 2014. On December 23, 2019, the Bank's general meeting approved the service and employment terms and conditions of the Bank's President and CEO under the compensation policy for the Bank's officers. The Chairman of the Board's service and employment terms and conditions are in accordance with Directive 301A and the limitations prescribed by the Compensation Limitation Law, and include a fixed supplementary compensation component which is allowed under the Compensation Limitation Law.

   Under the President and CEO's service and employment terms and conditions, he is not eligible for a variable annual bonus.

   For more information regarding the CEO's employment terms and conditions, please see Note 22.C.2. and the Bank's immediate report regarding convening of a general meeting, dated November 10, 2019 (Ref. No.: 2019-01-096531).

9. Mr. Omer Ziv serves as a member of the Bank's management, as of August 16, 2016. As from February 12, 2023, he was appointed head of the Capital Markets Division, First Executive Vice President and Chairman

of Leumi Partners. Mr. Ziv's service and employment terms and conditions are in line with the compensation policy for the Bank's officers and the Compensation Limitation Law.

10. Ms. Nitzan Sandor serves as a member of the Bank's management, as of September 9, 2024, in the position of Head of the Legal Advisory Division. The terms of her service and employment are in accordance with the Bank's remuneration policy for office holders and with the provisions of the Compensation Limitation Law.

11. Ms. Bosmat Ben Zvi is a member of the Bank's management as of April 1, 2017. She was appointed Chief Internal Auditor and Head of the Internal Audit Division as of February 12, 2023. Ms. Ben Zvi's service and employment terms and conditions are in line with the compensation policy for the Bank's officers and the Compensation Limitation Law.

12. Mr. Ron Ben Haim served as CEO of Leumi Partners, a wholly-owned subsidiary of the Bank as from April 1, 2023 until November 30, 2025. The employer-employee relationship ended on February 28, 2026. The terms of Mr. Ben Haim's service and employment are in accordance with Leumi Partners' key employee compensation policy.

as of December 1, 2025, Mr. Viktor Vakart serves as the CEO of LEUMI Partners.

13. Loans under beneficial terms granted, if granted, pursuant to the accepted terms and conditions for all of the Bank's employees and their amounts were set according to uniform criteria. The said loans were marginal in terms of amount (a few thousands of shekels) and were therefore omitted from the table.

14. Directors and other officers are covered by directors and officers liability insurance policy (D&O) taken out by the Bank and its investees. The relative insurance premium is marginal and therefore not included in the above tables. The premium totaled NIS 5,998 thousand for all of the Group's insured officers.

15. The compensation granted to the Bank's officers is in accordance with the Bank's Compensation Policy and subject to the provisions of the Compensation Limitation Law. Eight officers of the Bank, who report directly to the CEO, received for the reporting year renumeration that exceeds the salary cap set forth in Section 2(a) of this Law.

16. The Board of Directors believes – after conducting discussions, receiving explanations and proper, relevant background material and reviewing the compensation while taking into account the Bank and Group's activity and performance in 2025 and taking into account the Group's compensation policy and its subsidiaries' compensation policy, as well as the work and performance of each senior officer of the Bank or Group – that the compensation paid to the aforementioned senior officers, as set out in the table and explanations above, in no way exceeds fair and reasonable compensation under the circumstances, taking into consideration each of the aforesaid officers' contribution to the Bank's results of operations and thus believes that the compensation, as aforesaid, is for the benefit of the Bank.

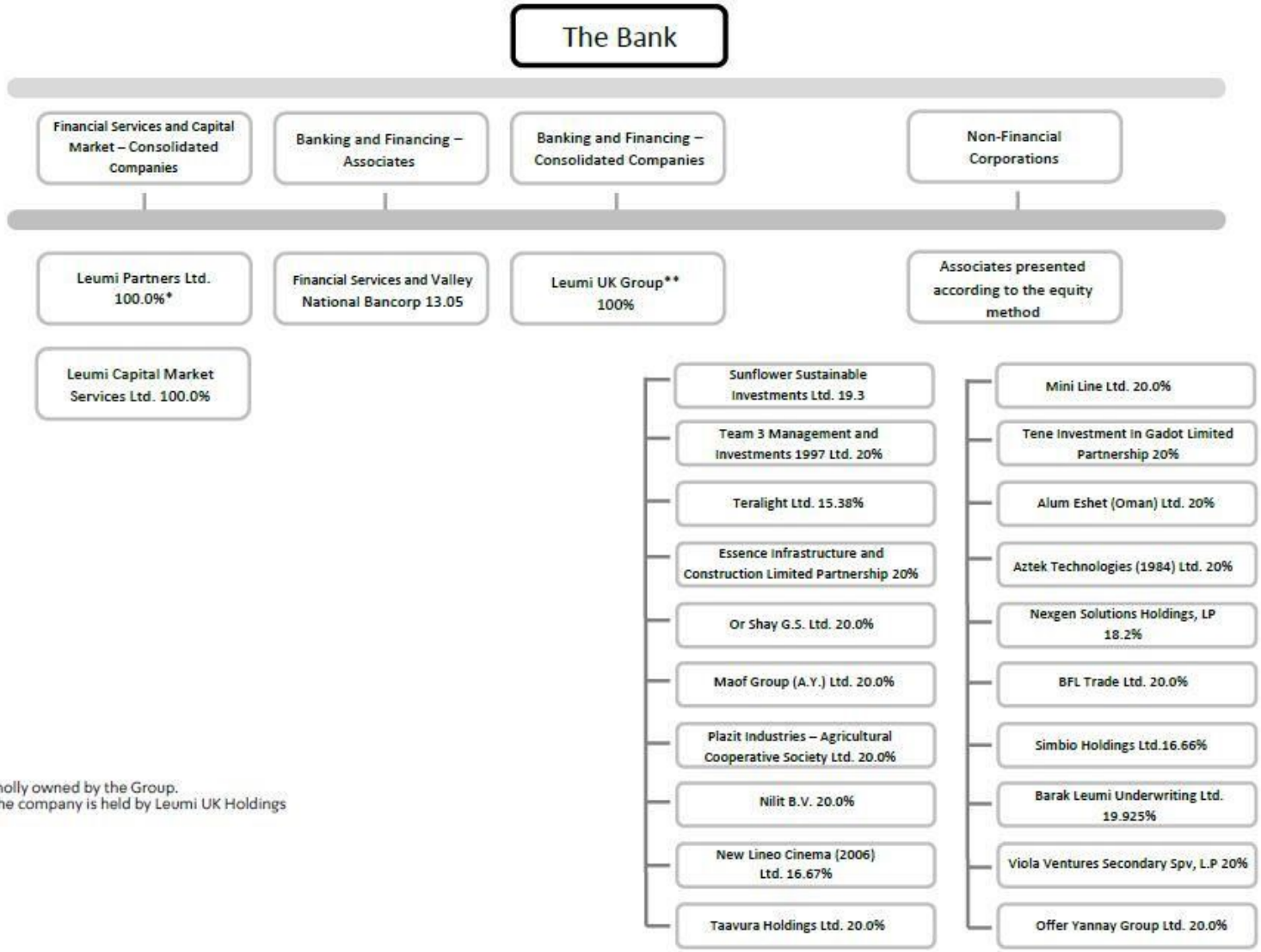
2024

Details of recipient of compensation		Compensation for services					Compensation Other	
Name	Job title	% of the Bank's equity	Salaries/ Management fees	Bonuses	Value of options	Social benefit contributions	Benefit value	Total
		%	(In NIS thousand)					
Dr. Muli Ben Zvi	Outgoing Chairman of the Board	–	3,550	–	–	–	–	3,550
Mr. Uri Alon	Chairman of the Board	–	147	–	–	–	–	147
Mr. Hanan Friedman	CEO of the Bank	0.01%	3,690	–	–	632	67	4,389

2024

Details of recipient of compensation		Compensation for services					Compensation Other	
Name	Job title	% of the Bank's equity	Salaries/ Management fees	Bonuses	Value of options	Social benefit contributions	Benefit value	Total
		%	(In NIS thousand)					
Mr. Ron Ben Haim	CEO of Leumi Partners	–	1,814	2,711	–	684	481	5,690
Mr. Michael Schiller	CEO of Bank Leumi UK	–	1,586	1,069	–	103	1,843	4,601
Mr. Phil Woodward	CEO of ABL	–	(1,126)	3,067	–	175	65	4,433
Mr. Omer Ziv	First Executive Vice President	–	2,055	1,307	126	554	106	4,148
Ms. Bosmat Ben Zvi	Executive Vice President, Head of Internal	–	1,718	1,106	101	419	106	3,450
Mr. Eyal Efrat	Executive Vice President,	–	(1,698)	1,014	101	479	119	3,411

For information and explanations regarding salaries and tenure terms of the officers outlined in the above table in respect of 2024, please see the chapter entitled "Senior Officers' Salaries" in the Bank's 2024 Annual Financial Statements (starting page 319).



* Wholly owned by the Group.
** The company is held by Leumi UK Holdings

Control of the Bank

The Bank is defined by law as a banking corporation without a controlling core, and no shareholder meets the definition of a controlling shareholder of the Bank.

For up-to-date information regarding interested parties' holdings in the Bank as at December 31, 2025, please see the immediate report on the status of holdings of interested parties and senior officers dated January 7, 2026 (Ref. No.: 2026-01-003172). Additionally, please see also the immediate report on the list of holders of significant means of control in the Bank as of March 31, 2025, dated April 7, 2025 (Ref. No.: 2025-01-025775).

Fixed Assets and Facilities

Buildings and equipment – the amortized cost of buildings and equipment as at December 31, 2025 amounted to NIS 3.2 billion, compared with NIS 2.8 billion as of December 31, 2024.

Investments in buildings and equipment as at December 31, 2025 are as follows:

	Cost	Accumulated depreciation	Carrying value	
	December 31			
	2025			2024
	In NIS million			
Buildings and land	**2,322**	**1,193**	**1,129**	1,134
Equipment, furniture and vehicles	**3,089**	**2,385**	**704**	744
Software costs	**5,729**	**4,409**	**1,320**	944
Total	**11,140**	**7,987**	**3,153**	2,822

The above buildings and equipment are used primarily for the Group's activities. Buildings that are not used by the Group and are leased to non-Group parties and included in the consolidated balance sheet as of December 31, 2025, amounted to NIS 36 million.

Real estate

The majority of the buildings in which the Group conducts its business in Israel are owned by the Bank or by its subsidiaries. Most of the properties in which the Group conducts its business abroad are leased.

Set forth below are data regarding the breakdown of the areas of the Bank, Binyanei Bank Ltd. and Lin City Center Ltd.

	As at December 31	
	2025	2024
	In sq. m.	
Owned	**209**	210
Leased	**60**	65
Total	**269**	275

IT systems

Bank Leumi has two principal IT centers: a primary center in Lod and a secondary center in Har HaHotzvim, Jerusalem; the latter is a hosting site outsourced by Binat. In addition, there is a third copy of the data only, kept at the Med One facility in Petah Tikva.

The Bank's computing centers in Lod and Jerusalem (where the first and second copies are located) are underground facilities protected at an accepted level against rocket attacks, chemical warfare and earthquakes. The facilities were constructed using advanced technologies to enable the Bank to maintain its regular functionality independently in times of emergency. To the Bank's understanding, the survivability and

redundancy levels of the computer center's infrastructures are equivalent to Tier-3 levels and the infrastructures comply with various international standards.

Bank Leumi has two mainframe computers, for use by the production, development, and emergency recovery systems.

Leumi's information and cyber security practices are based on the banking privacy policies or secrecy principle and various laws and directives, such as the provisions of the Protection of Privacy Law and regulations promulgated thereunder, the provisions of the Computers Law, Bank of Israel's directives, and generally accepted international standards relating to information security and cybersecurity.

Under these provisions and in light of Leumi's strategy and policy regarding cyber risk management, the Bank is highly active in this field. The main focus in this area is the implementation of controls and forward-looking information security mechanisms.

In a time of increasing threats posed both from within the organization and by external parties, Leumi takes measures to protect itself from cyberattacks and works to hedge the risks arising from various types of cyber attacks. In addition, Leumi works in coordination with the Banking Supervision Department of the Bank of Israel, the banking sector and the National CERT to enhance its ability to tackle cyber threats.

The operations and computer-related activities of the Israeli and foreign subsidiaries are based on separate systems and the managements and boards of directors of those subsidiaries bear the managerial and professional responsibility for those activities which are coordinated with Leumi's IT strategy.

In 2025, the Group invested in equipment (including software) approximately NIS 832 million, compared with approximately NIS 697 million in 2024. The budget was adjusted to support the strategic targets set by the Bank's management.

For additional information, please see Note 16.

Intangible Assets

1. The Bank is the sole proprietor in Israel of the "Leumi" trademark and its accompanying logo, in the field of banking and finance services.
2. Furthermore, as part of its activities, the Group uses the names of the companies and their logos as well as products and services' names, some of which are registered as trademarks or service marks.
3. The Group has registered databases in which it stores, among other things, information pertaining to Leumi's customers, suppliers and employees. The Group implements advanced technological means designed to secure customers' activity and the Bank's business activity, while mitigating the risks arising from using information systems.
4. The Group has various intellectual property rights and licenses to use various computer software and information systems for the purpose of managing its business, including the provision of services to its customers.

Human Resources

Work force

In 2025, the average number of positions in the Group decreased by 256 positions compared to the average number in 2024, a 3.25 percent decrease.

	Positions[a] as at the end of the year		Annual average no. of positions[a]	
	2025	2024	**2025**	2024
The Bank in Israel	**7,199**	7,502	**7,291**	7,542
Consolidated Companies in Israel	**203**	219	**208**	215
Group in Israel – total	**7,402**	7,721	**7,499**	7,757
Consolidated Companies Outside Israel	**112**	112	**111**	108
Group in Israel and abroad – total	**7,514**	7,833	**7,610**	7,865

a) Position - a full-time position including specific overtime, working hours of service bureaus and employment of contract workers.

Positions by operating segments – Management Approach

	Average number of jobs	
	2025	2024
Banking:		
Private individuals	**3,304**	3,460
Small businesses	**1,128**	1,202
Retail banking – total	**4,432**	4,662
Mortgages	**624**	632
Commercial	**1,084**	1,095
Corporate	**424**	419
Real estate	**240**	245
Capital markets	**474**	471
Other and adjustments	**13**	18
Bank – total	**7,291**	7,542
Subsidiaries in Israel	**208**	215
Foreign subsidiaries	**111**	108
Total	**7,610**	7,865

The number of positions by operating segments is calculated based on the management of the workforce according to the Bank's main business lines, with various adjustments, and based on estimates. When calculating the number of positions by operating segments, the Banks also included HQ employees, who serve all or some of the Bank's operating segments.

Age and seniority

As at the end of 2025, the average age of Bank's employees was 42.6, compared with 42.7 in 2024 and 42.6 in 2023. As of the end of 2025, the average seniority of Bank's employees was 13.2 years, compared with 13.4 in 2024 and 13.7 in 2023.

Compensation mechanism and salary structure

The salary structure and compensation level of the Bank's employees is mainly affected by existing collective labor agreements. As a rule, the annual compensation is differential and is based, among other things, on the complexity of the employee's role, his/her contribution to the Bank, his/her manager's assessment, rank and pay grade.

Employee Benefits

Labor relations between the Bank and its Israeli employees, except for those who have personal employment contracts, are primarily based on a basic collective labor agreement known as the "Labor Code" and on collective and supplementary agreements. The employment terms of members of the Bank's management, senior employees and certain other employees are regulated by personal employment contracts. For more information, please see Note 22.

Labor and salary costs (in the Bank)*

	2025	2024	2023
	In NIS thousands		
Cost per employee position – (excl. bonus)	**427.6**	423.4	416.4
Cost per employee position – (incl. bonus)	**482.5**	500.5	446.1
Salary per employee position – (excl. bonus)	**272.9**	269.4	261.3
Salary per employee position – (incl. bonus)	**317.0**	331.3	285.3

* Cost per employee position includes the cost of service and cost of interest (less expected return) for active employees.

Organizational development and learning

Organizational development and learning are key tools for strategic planning and management of human capital, adapting employees' skills to the changing business needs and implementing the business strategy in a changing organizational environment. The transformations that have taken place in the current period require increased attention to strengthening the sense of purpose, retaining employees, strengthening and preserving knowledge and adapting management skills.

Learning throughout the year focused on programs that support strategic targets at Leumi. Emphasis was placed on reinforcing professionalism, improving service and customer experience, developing skills needed in the relevant units, implementing systems and work processes while preserving flexibility and adaptation to changes in the market and regulatory requirements.

In total, approx. 160,000 learning hours were logged by the organization in 2025.

In addition, development programs were conducted for managers entering leadership roles, with an emphasis on strengthening the skills required for these positions.

In order to preserve knowledge at the organization, and as part of the need to ensure organizational and business continuity, mapping of employees with unique knowledge and material influence was performed. Subsequently, solutions were developed which include knowledge documentation measures, transfer of knowledge to additional employees, mechanization of processes, backup by external suppliers, and establishment of back-up mechanisms.

Social responsibility and involvement in the community

As a financial group with a central influence on Israeli society and the economy, we view our commitment to the community as a social and meaningful anchor. The Bank's activity in the area of social responsibility reflects our commitment to the empowerment of society and the economy in Israel and is a direct continuation of Bank Leumi's continuous and long-standing activity as a corporate organization that operates within and for the community.

In 2025, the Bank's social policy focused on rehabilitating populations affected by the war and the events of October 7. As such, the Bank announced a series of unique initiatives aimed at assisting and supporting various populations. For example:

- Continued support for Kibbutz Be'eri and its residents throughout the rehabilitation process.
- The Leumi Weddings project – Financing weddings for **couples who served in reserve duty during the war. The services for the event were provided also by business owners from the north and south.**
- The "National Gratitude Project", as part of which private individuals who established a significant volunteering venture during the War, gained gratitude for their actions and were given hundreds of vacations in hotels and lodges in the north, funded by the Bank.
- "Rescue Initiative" – During Operation Am K'Lavie, the Bank took part of the national effort to bring back Israelis, leasing a ship that rescued Israelis who were staying abroad.

In addition to these selected initiatives, Bank Leumi donated, inter alia, also to medical centers throughout the country, which, among other things, act for rehabilitation of the War casualties. The Leumi Group's investment in community contributions and social initiatives in 2025 amounted to NIS 48 million.

Appointments and Departures

Appointments

Ms. Tamar Mass, Head of the Strategy and Data Division, and member of the Bank's management as First Executive Vice President, had been appointed to be also Head of the Human Resources Division commencing March 3, 2025.

Mr. Victor Vakart, was appointed CEO of Leumi Partners and will assume office by December 1, 2025.

Mr. Eyal Efrat, Head of the Technologies Division, member of the Bank's management and First Executive Vice President, was appointed Head of Banking Division as of January 1, 2026.

Mr. Shauli Bar Or, was appointed Head of Technological Development Division, member of the Bank's management and First Executive Vice President, as of January 1 2026.

Mr. Matan Samish, was appointed Head of Mortgages Division, member of the Bank's management and First Executive Vice President, as of January 1 2026.

Mr. Nir Omer, was appointed Head of Cybersecurity and Infrastructure Division, member of the Bank's management and First Executive Vice President, as of January 1 2026.

CPA (Isr.) Liat Shuv, Head of the Corporate Division and member of the Bank's management and First Executive Vice President, was appointed, in addition to her position, as Chairperson of the Leumi UK Board of Directors starting from January 7, 2026.

Mr. Avi Polak, Head of the Operations and Service Division, member of the Bank's management and First Executive Vice President, was appointed as CEO of the subsidiary Leumi Capital Markets Services as of January 1, 2026.

Departures

Uri Yonissi, CPA, Head of the Mortgagees Division and a member of the Bank's management, concluded his term of office on July 14, 2025, after serving for 5 years.

Mr. Ron Ben Haim, CEO of Leumi Partners, will conclude his term of office by the November 30, 2025.

Mr. Eyal Ben Haim, Head of the Banking Division and member of the Bank's management, ended his tenure on December 31, 2025, after 28 years of work at Leumi.

Adv. Shelly Beinhorn, Head of the Bank and Group Secretariat Division, will conclude her term of office by the end of the first quarter of 2026.

Corporate Structure

At the beginning of 2026, the Bank's Board of Directors approved several organizational changes aimed at enabling a significant step-change in the operating model, in a manner that supports the acceleration of the technological transformation and the advancement oft the service revolution, with the objective of ensuring focused business growth in the face of competitive challenges.

To ensure the effective leveraging of the Bank's AI revolution and technological transformation toward excellence and business leadership, the Technologies Division was split into two specialized divisions – the Cybersecurity and Infrastructure Division and the Technology Development Division – and an AI center was established.

To enable a further step-change in automation and the streamlining of internal organizational processes, and to support the next stage in enhancing service management and customer engagement, the Operations and Service Division was restructured, with its departments reassigned to the relevant divisions.

A decision was made to establish a new credit activity arm that will focus on developing creative financing solutions tailored to customer needs. This activity will operate across business sectors and will serve as a complementary arm to the Bank's existing credit lines.

The Special Credits Unit within the Corporate Division was merged with the Troubled Debts Department within the Retail Division, with the aim of enabling centralized management and providing an effective response to the target populations under one organizational framework.

The Leumi Group's organizational structure is divided into business lines and headquarters divisions.

Set forth below is a description of Leumi's four business lines, which focus on the different market segments:

The Retail Banking Division manages the activity of household customers, small businesses and high net-worth customers in Israel and abroad who receive the full range of services through the branches array and through a variety of digital or direct distribution channels. The services and products are adapted to all the customer segments according to the nature of their banking activity, their characteristics and their banking and service needs.

In addition, the Banking Division is responsible for the Banking Centers Unit, the Investment Advisory Department that manages the advisory centers, the VIDEA operations, and the management of digital products in the business lines.

The Mortgage Division is responsible for all mortgage-related and housing loan activity at the Bank, serving both the Bank's customers and customers of other banks taking out mortgage loans from Bank Leumi.

The Corporate Division is responsible for all business customers (except small businesses, which are managed by the Retail Banking Division) and provides them with a range of services, which include, inter alia, financing of working capital and inventory, project and investment plan funding, factoring, international trade and financing, investment activity, hedges, etc. In addition, the department manages the syndicate transactions and sales of the debts while optimizing the credit portfolio and the operational services provided to corporate customers. The Division's customers are divided into business lines:

- The Large-sized Businesses and Infrastructure Division is responsible for large Israeli corporations on the basis of sector expertise and synergies, and the project-finance activity in the infrastructure and energy sectors, as well as its syndication, international financing, factoring, mergers and acquisitions, and investment-program activities.
- The Commercial Banking Department is responsible for middle-market companies, through business centers across Israel.
- The Construction & Real Estate Department manages the banking activities of large construction companies, real estate entrepreneurs and contractors in Israel. The Department's employees have specific skills and expertise in all areas of the Israeli real estate market.

- LeumiTech serves high-tech and venture capital funds for the Group; the Department specializes in all segments of the technology industry.

The Capital Markets Division is in charge of managing the Group's financial assets in Israeli currency and foreign currencies, managing the Bank's assets and liabilities, managing liquidity, setting the Bank's price policy and financial spreads, managing the Nostro account, managing the activities of the Bank's trading room, developing financial and investment products, coordinating the Bank's operational capital market services, and managing local and foreign financial customers.

The Special Loans Department – is responsible for reducing exposure to corporate customers in difficulties, as well as collecting debt by realizing collateral through legal means, reaching debt settlement agreements where applicable. The Unit is also in charge of troubled debts of customers of the Banking Division. The Unit reports dually to the Corporate and Banking Division.

Following are the purviews of the headquarters divisions, which provide services to the business lines:
Cybersecurity and Infrastructure Division – Responsible for cybersecurity, cloud infrastructure, the CTO function, technology budgets, work plans, and business continuity.

Technological Development Division – in charge of the development units (delivery), including capital-market systems, digital development and open banking, core banking systems, and credit and mortgage products.

The AI Center – is entrusted with accelerated implementation of the Bank's AI strategy, ensuring optimal alignment between business and organizational potential and technology and data units.

The Finance Division is responsible for coordinating and preparing the Bank's work plan, managing P&L centers and financial and managerial measurement, measuring the Group's capital, preparing the Bank's expenditure budget and monitoring its implementation. The Division is responsible for the accounting units, entrusted with the management, development and setting of the Bank's accounting procedures; managing the Bank's books of account and preparing the financial statements of the Bank and the Group; and maintain the Bank's relations with the Bank of Israel regarding all accounting matters and related reports.

The Human Resources Division is responsible for developing and implementing the Bank's human resources strategy, labor relations, salary and compensation, organizational development and learning, recruitment and job placement, employee experience, welfare and individual care.

Strategy Division – In charge of formulating and implementing the strategy in the Leumi Group, leading strategic and process-related projects, data management, providing analysis services and building models for the Bank's units, including retail credit models, management of PEPPER customers and the brand's digital platform, as well as ESG management.

The Legal Counsel Division advises the Bank and its Israeli subsidiaries on all legal matters and manages the Bank and the Group's legal risks and regulatory risks. The Division is also responsible for the Ombudsman.

The Risk Management Division is responsible for risk management at the Group level; creating an up-to-date overall picture of each risk for decision-making purposes; creating an infrastructure for assessing the risks inherent in new activities; leading the drafting of the Bank's risk policy; assisting the Board of Directors in determining the Bank's risk appetite; and leading the process of evaluating the Internal Capital Adequacy Assessment Process (ICAAP), including its various components.
In addition, the division includes the Compliance and Enforcement Department, which is responsible for implementing the Bank's compliance program.

The Internal Audit Division is independently responsible for Leumi Group's internal auditing.

Additional Topics

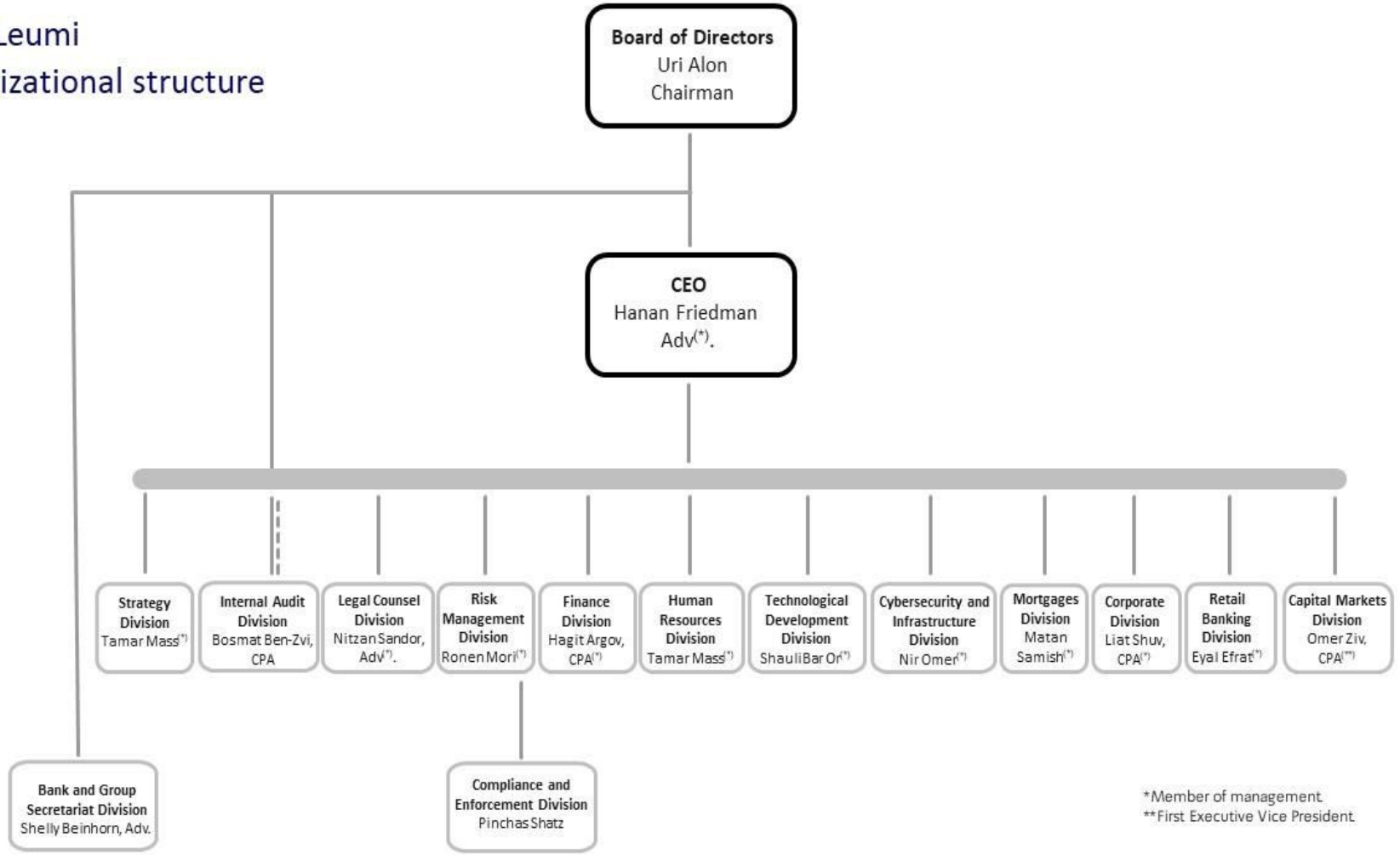
Issuance of the option warrants and shares

For more details regarding issuance of option warrants, see Note 23.A..

Human resources management during the War period

The Bank acted based on the regulations and guidance issued by government entities, and took a series of additional measures, in order enable

Bank Leumi
Organizational structure



Legal Proceedings

1. The Bank is party to legal proceedings, including motions to certify class actions, brought against the Bank by customers (including former customers) and various third parties, who allege to have been damaged or harmed as a result of the Bank's activity in the ordinary course of its business.
   In the opinion of the Bank's management, based on legal opinions, appropriate provisions have been made in the financial statements to cover potential damages in respect of all the claims.

   The grounds for the claims against the Bank are varied and include, among others, claims in connection with the execution of orders, account management, interest, fees and commissions charges, securities issues, labor relations and the invasion of privacy.

   For more information regarding claims filed against the Bank in material amounts, please see Note 25.

2. As part of measures taken to recover debts in the ordinary course of its business, the Bank takes, among other things, legal action against debtors and guarantors, and also pursues collateral realization proceedings. The Bank has included in the financial statements loan loss provisions based on an assessment of all the risks associated with the extension of loans to the various sectors of the economy and taking into account the extent of information available on the relevant debtor or guarantor with regard to their financial stability and the collaterals provided to the Bank to secure the repayment of the debt.

Material Agreements

1. The Bank granted officers and others letters of indemnification. For more information, please see Note 25.G.
2. For information regarding agreements relating to the Bank's subsidiaries, please see Note 35 and the section entitled "Major Investee Companies" in the Report of the Board of Directors and Management.
3. For information regarding agreements with the Israel Tax Authority, please see Note 8.

Laws and Regulations Governing the Banking System

Some of the information in this section constitutes forward-looking information. For the meaning of the term, please see the chapter "Forward-Looking Information".

During the reporting period, several proposals for regulatory amendments and changes to various legal provisions were published, which could have an impact on the characteristics, scope and profitability of some of the Group's activities and on the credit, operational and legal risks to which it is exposed. Some of the directives are at various stages of discussion and, consequently, it is impossible to assess whether or not they will be issued as binding provisions and, if issued, what the ultimate provisions will be. As a result, at this stage, it is impossible to assess the effect of these provisions on the Group's overall activity, if any.

The following section provides detailed information on newly enacted legislation, which came into effect during the reporting period and provisions expected to enter into effect, which were published after the signing date of the financial statements for 2024, which may have a significant effect on the Bank.

For a description of directives published in the reporting period before the date of signing the financial statements for 2024, please see the chapter entitled "Legislation and Regulation of the Banking System" in the Corporate Governance Report of 2024.

Directives Issued by the Banking Supervision Department

Letter of the Banking Supervision Department to the Banking Corporations regarding risks related to UNWRA's financial activity

On March 6 2025, the letter had been published, noting, inter alia, that financial activities that enable UNWRA to operate within the State of Israel expose the banking corporations to risks including compliance risks, legal risks, and goodwill risks. Therefore, pursuant to the obligations applicable to the banking corporations, as set forth in Proper Conduct of Banking Business Directive No. 310 regarding "Risk Management," the banking corporations must manage their risks when providing any financial service related to illegal activity of UNWRA, including with third parties or through them.

Revision of Proper Conduct of Banking Business Directive No. 203, "Measurement and Capital Adequacy" - the standard approach - credit risk, and Directive No. 329 regarding restrictions for housing loans.

On April 6, 2025, a circular was published updating the directives, on the backdrop of additional increases in credit risk for the construction and real estate sector and the housing market, inter alia, in light of a significant increase in home sales due to various incentives offered by developers.

The update includes, inter alia, the following issues:

To Proper Conduct of Banking Business Directive No. 203 was added the list of the debts weighted at 150% risk: credit provided under a financing agreement for a residential construction project, in cases where the rate of apartment sale contracts in which a significant portion of the sale price is deferred to the delivery date (non-linear payment) exceeds 25%. Regarding existing projects in which this rate exceeds 25%, they will only be weighted at 150% when the proportion of contracts increases by more than 5 percent points compared with the rate at the starting date.

To Proper Conduct of Banking Business Directive No. 329 were added definitions of grace loans and bullet and balloon loans; it was also proposed to add a section that establishes that the performance rate for bullet and balloon loans subsidized by the contractor will not exceed 10% f the total quarterly performance with respect to housing loans, with the exception of housing loans granted by mortgaging a residential home. The amendments will apply until the end of 2026.

Revision of the Proper Conduct of Banking Business Directive No. 367 concerning banking through communication channels

On July 17, 2025, the Directive's revision was published prescribing that a banking corporation will be required to provide a different banking corporation with substantiated information in its possession that could assist in identifying and preventing fraud at the other banking corporation, including misuse of an account (including a payment account) or misuse of a means of payment. Provision of the information will be done as soon as possible, meaning as close to the date of discovery as possible. In addition, as part of the banking corporation's

duty to track the development of fraud methods and threats on banking through communication channels in Israel and globally, and to update the monitoring mechanism required in the directive if necessary, clarification was added regarding the fact that the information received from a different banking corporation will also be used for these purposes. Date of commencement of the revisions in the Directive – December 31, 2025.

Draft of The Banking Bill (Customer Service) (Amendment – Distribution of Credit Cards from All of the Credit Card Companies) – 2025

On March 17, 2025, the bill was submitted for a preliminary reading. Pursuant to the proposal, the banking corporations will be obligated to engage with all of the credit card companies in distribution agreements at uniform terms, and the customer will decide which company's card it chooses. In order to track implementation of the provisions of the bill, it is proposed that a tracking committee be established that will include representatives from Bank of Israel, the Ministry of Finance, and the Competition Authority, and that a banking corporation that is bank with an extensive scope of operations would deliver to the tracking committee, once every six months, a report including data regarding the rate of credit cards of each issuer distributed by it from the total credit cards that it distributes. This tracking committee will be required to submit periodic reports to the Knesset's Economy Committee.

Proper Conduct of Banking Business Directive No. 447A regarding publication of concentrated information on monetary funds and treasury bills.

On April 9, 2025, the Directive had been published, with the intent of increasing the exposure of customers in the banking system to existing and new monetary funds and increasing the customers' ability to make comparisons, as well as competition in the financial system. The Directive prescribes the duty of making information accessible to the entire public of customers of the banks, so that along with publication of the required information related to deposits as set forth in Proper Conduct of Banking Business Directive No. 447 – "Publication of Interest Rates on Deposits and Credit Balances in an Account", information will be published, in a uniform format regarding financial funds and treasury bills. Implementation of that set in the Directive took effect gradually on October 9, 2025 and February 9, 2026. On September 25, 2025, a draft amendment to the directive has been published, which proposed to defer the effective date of the provisions that were scheduled to come into force on October 9, 2025 to October 19, 2025.

Revision of Proper Conduct of Banking Business Directive No. 368, on the Subject of the Open Banking Standard in Israel

On April 22, 2025, an update was published revising the amendment to the directive, which describes the technological standard that the banking system must implement in order to meet the requirement to provide access to payment accounts. This revision was prepared pursuant to the amendment to the directive published in October 2024, which was intended to define the necessary adjustments that must be made in the directive and its appendices, after the Knesset passed the Regulation of the Engagement in Payment and Payment Initiation Services Law, 2023, particularly following the regulation of basic initiation services in the law. According to the revision to the directive, enforcement measures will not be implemented against a payment account manager while the user completes development of the standard regarding charge authorization, as revised in the amendment to the directive, until six months after publication of the revised directive, meaning until October 20, 2025. On September 2, 2025, a revision to the directive has been published, deferring the effective date of the directives regarding the receipt of a request to cancel a payment instruction issued by the same basic initiator, including a single foreign currency payment instruction, a recurring instruction, a payment batch, drafting the instruction details for cancelling a payment instruction, and the submission of payment requests, from September 1, 2025 to November 2, 2025. In addition, the effective date of the section of directive addressing the payer's notice of their desire not to receive requests to their account, deferred to March 15, 2026.

Update of Proper Conduct of Banking Business Directive No. 301 regarding the Board of Directors

On July 14, 2025 the revised Directive had been published, as part of which the section concerning approval of office holders in a corporation had been revised – including questionnaire appendices to a notification on the appointment of an office holder, a requirement of filing a new questionnaire rather than noting the changes in the previous questionnaire, an exemption from filing a questionnaire in certain cases, a requirement of updating the Banking Supervision Department in cases of changes that could affect aspects regarding the

position of the office holder; the cooling-off period of a director in the transition from one banking corporation to another had been shortened given the consent of the board of directors he had been a member of would be not less than six months; revisions had been made regarding a questionnaire for a candidate for an office holder in the banking corporation – addressing the candidate's availability for performing the position and lack of conflict of interest; the section concerning the consent to contact the Israel Police with an affidavit had been deleted; an affidavit of an office holder in the banking corporation who is a candidate for another or additional office in the same banking group, according to which there had been no changes in the information regarding him compared to a prior questionnaire he had provided the Banking Supervision Department with; an affidavit by the office holder had been added upon updating the information regarding him – a statement according to which the continued tenure of the office holder in the position is not contrary the provisions of any law and/or any Proper Conduct of Banking Business Directive provided by the Banking Supervision Department. Date of commencement of the revisions in the Directive – December 1, 2025.

The revision of Proper Conduct of Banking Business Directive No. 221, regarding liquidity coverage ratio, Proper Conduct of Banking Business Directive No. 222, regarding a stable financing ratio net and a revision of a questions and answers file for implementing Proper Conduct of Banking Business Directive No. 221

On September 17, 2025 the revisions had been published, which raise the determining bar regarding a possible exemption from implementation of the liquidity coverage rate as well as implementation of stabilization of net financing ratio from NIS 15 billion to NIS 25 billion, and change the basis for calculating two year average; a clarification was added regarding the Israeli Government's bonds for calculating the liquidity ratio applying to a foreign branch; a requirement was added of notifying the Banking Supervision Department of crossing the bar of scope of assets; and a question and answer were also added, clarifying that fixed deposits at the Bank of Israel, as there is no operational, legal or other prevention for recognizing them as such, would be classified as high-quality liquid assets.

Road map draft for adjusting the Supervision Department's directives to supervision levels

On June 23, 2025 the draft had been published, which includes a road map intended to expand the implementation of the supervisory proportionality approach, and in so enable continued support of new bodies' entrance to the banking system, including such that had previously operated as non-banking bodies. The draft noted that the proportional regulation to be established would be set according to the size of the banks and the types of activities they manage. The draft includes specification of definition of the supervisory tiers, the planned adjustments in Proper Conduct of Banking Business Directives regarding tiered capital requirements, tiered liquidity requirements, corporate governance, risk management, credit, investments, and operations regarding securities and financial risks, as well as adjustments in the supervisory reporting requirements and the public disclosure requirements. The roadmap does not constitute regulation in itself, and is of no legal status.

Draft Proper Conduct of Banking Business Directive regarding supervisory framework for small and new banks.

On February 8, 2026 the draft had been published. Following the recommendations of the inter-ministerial team for examination of the means for increasing competition in the banking system in the retail sector, and pursuant to the proportionality approach of the Basel Committee regarding supervision of banks, a draft had been formulated, which sets supervisory tiers according to the banking corporation's size, and for each supervisory tier sets regulation that is consistent with the bank's size and its systemic importance. Additionally, given the significant challenges and resources involved in establishing a bank and compliance with the required regulation, the draft directive also sets a preparation period for a corporation that obtained a banking license, in order to enable it to gradually implement the directives applying to it on the supervisory tier to which it belongs. According to the draft, the adjustments in the directives are intended to balance the need to provide relief to a small banking corporation and to allow for a gradual implementation of the regulation that applies to a new banking corporation, with the need to maintain the stability of the banking corporation, fairness towards the customer and the provision of adequate service. The adjustments are expressed in the directives concerning capital, liquidity, corporate governance, risk managements, fairness, bank-customer relations, and more. Additionally, according to the draft, a banking corporation that opts to engage in certain activities such as activities that include deployment of branches, extending housing loans, opening and management of

checking accounts and activities concerning securities and derivatives, will be required to implement the directives relevant for these activities. The draft will replace Proper Conduct of Banking Business Directive No. 480 – "Adjustments to Proper Conduct of Banking Business Directives Applicable to a New Banking Corporation and a Banking Corporation Under Establishment".

The Banking Supervision Department's policy document for examining requests for closing permanent branches

On July 2, 2025 the document had been published including, inter alia, specification of the criteria taken into account in reviewing requests for closing branches and the proposed alternatives, the reasonability of the distance from the receiving branch, data cross-referencing with the existing layout of deployment of branches and other requests for closing branches, the deployment of the discounted ATM around the closing branch, the characteristics of the surroundings of the closing branch, the characteristics of the customers of the specific branch, the characteristics of the receiving branch and other consideration under the circumstances of the matter, The document also notes the decision making process at the Banking Supervision Department regarding requests for closing permanent branches and also specifies the requirements that would appear on any approval of a closing request, whether conditional or not. These requirements include, inter alia, granting adequate support and assistance to all the customers' needs, direct phone calling certain populations, continued follow-up on behalf of the Bank after the change, updating the Banking Supervision Department in the event of new significant information or a substantial change in circumstances.

The Banking Supervision Department's reform draft in the field of fees collected from households and small businesses on account management services, payment and debit cards

On July 15, 2025 the reform draft had been published, as part of which a draft of an amendment to the Rules of Banking (Customer Service) (Fees), 5768-2008, a draft of the Banking Order (Customer Service) (Supervision of Account Management Payment Service), 5785-2025, as well as the draft of the Banking Order (Customer Service) (Supervision of Debit Card Fees Service), 5785-2025.

As part of the drafts, inter alia, the Banking Supervision Department is promoting an update of the manner of charging fees the in respect of regular payment activities, and sets a new service of "management of a payment account" as well as a maximal supervised price that would be allowed to be charged for this service. According to the new method, it is proposed that a banking corporation would be permitted to collect from a customer (an individual or small business) holding an active payment account, "management of a payment account" fixed fees for 100 operations per month. These operations include the common services, as mapped by the Banking Supervision Department, including deposit, withdrawal and breaking bills, including via an automated machine; transfer to another account; withdrawal of a check from the payer's account; check redemption; deposit of a check for repayment in the beneficiary's account' payment of vouchers; crediting an account through a clearing house; charging the payment account for credit card payments; authorization for charging an account or a standing order; an instruction to cancel a charge; information services, etc. Additionally, it is proposed to change the default, so that all customers would automatically be added to the service and no proactive operation on their part would be necessary. In addition to setting the aforesaid payment method, as part of the reform it is proposed to impose supervision on the following prices – as part of "management of a payment account" the fees for the first 100 operations would stand at a sum not to exceed NIS 10. It is proposed that for each additional operation included in this service the sum would not exceed NIS 1. It is proposed that the new method would replace the existing tracks' services that had been set out in 2014. Additionally, it is proposed to integrate into the reform supervision of debit card fees, not to exceed NIS 5. It is proposed that this arrangement would replace the existing arrangement, according to which there is an exemption from debit card fees for three years, provided that such customer holds a credit card at the same time.

Financial Accessibility Charter for Supporting Mandatory Service Soldiers

On September 9, 2025 the Banking Supervision Department published a voluntary charter to facilitate the financial coping of mandatory service soldiers. The Charter was formulated by the Banking Supervision Department jointly with banks, credit card companies, the Association of Banks, the Legal Aid at the Ministry of Justice, "Nadan" Association and the Law Enforcement and Collection System Authority. The Charter deals with the creation of various tools to enhance the financial conducting of IDF soldiers, considering their

background, the nature of service and their physical and economic needs, aiming at helping soldiers to settle their debts created throughout their military service better and easier in such manner to help them prevent the future reoccurrence of similar situations. As part of the Charter, the banking system will formulate a special process for handling soldiers' debts, which will include direct communication with indebted soldiers, enhancement of their financial literacy, and cooperation with representatives of the relevant institutions.

An updating of Proper Conduct of Banking Business Directive No. 448 on the subject of online transfer of a customer's financial activity between banks

On November 26, 2025, the updating of the directive has been published, so that in the framework of the rules to inform customers of the option to transfer financial activity as part of the account opening process, the Bank will be subject to an obligation to document the actions of updating customers and the customer decision on the manner of transferring financial activity. These rules have also been supplemented with duties of transparent disclosure to customers on the option to transfer financial activity online prior to the stage of applying for activity transfer, as well as detail on the required content for disclosure in cases in which the customer seeks to transfer financial activity between banks. Date of commencement of the revision in the Directive – March 1, 2026.

An updating of Proper Conduct of Banking Business Directive No. 426 on the subject of providing professional human telephone support

On November 30, 2025, the revision for the directive has been published, establishing a requirement for providing professional human response to customers in cases of suspected fraud in payment services and for receiving customer notifications regarding suspected misuse, in accordance with the Payment Services Law, 2019, via a continuously staffed telephone support center, with a maximum waiting time not exceeding six minutes from the beginning of the call. The commencement date of the update to the directive is May 31, 2026.

Draft of an updating of Proper Conduct of Banking Business Directive No. 411 – "Management of Anti-Money Laundering and Countering Financing of Terrorism Risks"

On December 3, 2025 the draft had been published. Against the background of alignment with international standards on anti-money laundering and counter-terrorist financing, and in light of the entry into force of the Payment Services and Payment Initiation Services Regulation Law, 5783-2023, it is proposed to introduce several amendments to the directive, the main ones being: (1) the codification of exemptions from the requirement to register a declaration regarding a beneficiary, a controlling owner, and accounts held by licensed payment-service providers; and (2) the addition of a special arrangement for the opening of an account for a regional bank, intended to encourage the activity of regional banks in which the State of Israel is a member. (3) The definition of payment services in the directive will be expanded to include the management of a payment account for a payer or a payee, where the balance held in the account does not exceed 50,000 new shekels, instead of the previous threshold of 20,000 new shekels. In addition, it is proposed to establish a requirement to conduct a customer-due-diligence process for the service recipient, insofar as the payment service allows the accumulation of a balance and the average balance calculated over three months amounts to 5,000 new shekels or more. (4) Furthermore, it is proposed to add appendices to the directive that set out eased requirements for verifying customer identification details, in light of the change introduced by the Population and Immigration Authority (effective from the end of January 2025) regarding the method of verification against the Population Registry.

A draft update to the Banking Supervision Department letter regarding the execution of bank transfers with financial institutions operating in the United Arab Emirates.

On December 3, 2025 the draft had been published. As part of the draft, it is proposed, inter alia, to require that a banking corporation conduct a risk assessment at least once a year with respect to its activities involving the United Arab Emirates, including through correspondent banking. This assessment shall address anti-money-laundering and counter-terrorist-financing risks, risks arising from the circumvention of sanctions regimes imposed by foreign states and international organizations, as well as tax considerations and cross-border activity. In accordance with the aforementioned risk assessment, the banking corporation shall establish policies and procedures that reflect a risk-based approach when executing bank transfers or engaging in activities related to international trade involving the United Arab Emirates. These policies and procedures shall

address, among other things, the following parameters: the scopes and types of permitted activities; the sources of financing of the transaction; the characteristics of the foreign party to the transaction, with emphasis on its ownership structure and the identity of its controlling owners; the characteristics of the Israeli party to the transaction; the characteristics of the financial institution with which the banking corporation is interacting; and the characteristics of the underlying transaction. The letter also details characteristics of the foreign party to the transaction and characteristics of the financial institution from which the transfer related to the transaction is executed, which may serve as risk-mitigating factors in conducting activity involving the United Arab Emirates, and which the banking corporation should consider incorporating into its policy.

The Banking Supervision Department - Update to the format for notifying the Banking Supervision Department of changes to the fees tariff, and additional clarifications regarding fees

On December 11, 2025, the letter of the Banking Supervision Department was published. According to the letter, the Banking Supervision Department decided to update the reporting procedure regarding changes to the fee tariff, such that banking corporations will be required to contact the Supervisor only in the cases enumerated in The Banking Bill (Customer Service), 5741-1981, and in the Banking Rules (Customer Service)(Fees), 5741-1981: (1) a request to add a new service to the full tariff applicable to individual customers and small businesses, as defined in the Fee Rules; (2) a request concerning an increase in a fee rate; (3) the addition of a service that appears in the full tariff under the Fee Riles to the banking corporation's own tariff; (4) reporting an intention to add "additional services", included in the full tariff, to the reduced tariff relating to the "Clearing Fee Tariff for Debit Card Transactions." The letter details the information that must be included in order to for the request to be processed. The second part of the letter provides clarifications regarding cross-cutting issues that arose in the course of handling the inquiries. These include: the requirement to obtain the Supervisor's approval and to publish in the Official Gazette any addition of services to Part 9, "Special Services", of the full tariff for individual customers and small businesses; the Supervisor's position that changes to the "remarks" field in the full tariff for individual customers and small businesses may only be made through a request to the Supervisor to amend the rules; and, with respect to adding or updating expenses in Part 11, "Third-Party", of the full tariff for individual customers and small businesses, it was clarified, inter alia, that no Supervisor approval or reporting is required for adding a service, as these are ancillary expenses to the banking services; that expenses paid directly by the customer to a third party for a service provided to the customer need not be included in the tariff; and that it is permissible to refer to tariffs published on the websites of official institutions that list third-party expenses. In addition, it was clarified that Supervisor approval and the process of adding a new service to the Fees Rules are not required for Parts 7 ("Foreign Trade"), 8 ("Forward, Cross-Currency and Other Transaction"), 10 ("Diamonds"), and 13 ("Merchant Discounting Services") of the full tariff for individual customers and small businesses. It was also clarified that, as a general rule, the determining date for providing notice of a tariff update is the date on which the banking corporation notifies the Banking Supervision Department of the update through the reporting system for changes in fees.

Revision of Proper Conduct of Banking Business Directive No. 329 and a Q&A document regarding the limitations on granting housing loans was published.

On February 8, 2026, the revision was published, clarifying the method for calculating the Payment-To-Income (PTI) ratio limit when taking an additional housing loan secured by the same property as an existing housing loan. In addition, the cap on the asset value that the banking corporation may take into account for the purpose of calculating the limitation on the loan-to-value (LTV) ratio when the loan is for a reduced-price housing unit had been revised. In addition, the relief that was granted as a temporary provision during the Iron Swords war had been fixed, according to which a banking corporation will be entitled to approve an all-purpose loan with a mortgage on an apartment (a housing loan not for the purpose of acquiring a land right), at a financing rate of up to 70 percent instead of 50 percent, provided that the amount of the loan that exceeds the LTV ratio of 50 percent does not exceed NIS 200,000. The date of commencement of the revision of the Directive is February 8, 2026. The date of commencement of the revision concerning clarification of the method for calculating the Payment-To-Income ratio limit is July 1, 2026.

Update of the Proper Conduct of Banking Business Directive No. 313 regarding large-scale exposures and update of references to definitions in Proper Conduct of Banking Business Directives

On December 29, 2025 an update for the directive had been published, the key points of which are as follows: (1) deferral of the date of implementation of the Directive "Supervisory Framework for Measuring and Monitoring Large-Scale Exposures LEX10-LEX40)" (the "New Directive"), which concerns the measurement and restriction of large-scale exposures intended to protect the stability of the banking corporations against losses stemming from a sudden failure of a counterparty and replaces Proper Conduct of Banking Business Directive No. 313 "Restrictions on indebtedness of a borrower and a group of borrowers" (the "Existing Directive"), commencing January 1, 2026, through July 1, 2026 or the early implementation date of the New Directive, the earlier of the two. (2) Extension of the period of the relief concerning exclusion of credit card companies from meeting the restriction regarding the liability of a group of borrowers as well as from the aggregate limit of large-scale borrowers commencing January 1, 2026 through July 1, 2026 or the early implementation date of the New Directive, the earlier of the two. (3) Updating the references and definitions in Proper Conduct of Banking Business Directives according to the New Directive, such as "counterparty", "related counterparties group", etc., as well as additional issues related to them; (4) The expansion of the exemption established in the new directive to include interbank exposures arising from same-day payment and clearing processes (T), even when the corresponding settlement occurs on the following business day (T+1).

Proper Conduct of Banking Business Directive (new) No. 412 regarding provision of services to customers against the backdrop of sanction regimes

On December 30, 2025 the directive was published. According to the Banking Supervision Department, in recent years the use of various economic sanctions has been increasing, as a legal enforcement tool operated for various purposes, constituting a pressure and deterrence lever in the international arena. Bypassing foreign sanction regimes through the Israeli banking system exposes the banking corporations to various risks they are required to manage, including compliance risks, money laundering and financing terrorism risks, legal risks and goodwill risks. This risk management affects the relations between the banking corporation and the customer. In light of this, a directive had been established, regulating the duties imposed on the banking corporations in all concerning risk management and providing banking services to customers. According to the directive, the banking corporate must set a policy and procedures regarding the manner in which use would be made of sanction lists, while assessing the risks of a violation of the sanctions or abuse of a banking corporation for bypassing sanctions; it was also determined that risks arising from sanction regimes would not be managed by way of sweepingly avoiding in advance providing the services to customers affected by them; and that refusal to provide a service to a customer, including refusal to engage in an agreement or termination of the engagement, due to implementation of a risk management policy regarding use of a sanction list set pursuant to this directive, would not be deemed unreasonable refusal to provide a service.

The Bank of Israel's notifications

The Bank of Israel's announcement on completion of the transition to ISO 20022 in the RTGS system

On June 30, 2025, the Bank of Israel's announcement had been published, according to which the Bank of Israel had adopted ISO20022 adapted by SWIFT, as a platform for transferring international payment and pursuant to the international standard, similar to leading markets such as the European Union, Britain and Canada. The new standard that had been embedded enables transfer of elaborate, structured and uniform information in the payment message, which would assist in the future in executing efficient, quick payment transfers at a lower cost for the customer. This is a move of great potential in the long term for pervasive impact on all the players in the market – the customers' public, banks, payment systems, non-bank financial institutions, fintech companies and businesses.

The Bank of Israel's announcement – discontinuing publication of the Telbor interest rate

On July 1, 2025 it had been published that pursuant to the Telbor Committee's decision, on June 30, 2025, the Telbor interest rate had been published for the last time, for all periods. From now on the SHIR interest will replace the Telbor interest and serve as the basis for derivatives' transactions.

The decision on replacing the Telbor interest by SHIR interest matches the decisions made in central countries worldwide, according to which IBOR type interest would be replaced by risk-free Over Night interest. The SHIR

interest rate is equal to the Bank of Israel's interest rate, however on dates where there is no publication of the SHIR interest rate, its value would be as it had been on the last publication date.

Directives of the Supervisor of Credit Data Sharing

Supervisor's Directive No. 407 regarding "Use of the Credit Data System", and amendment to the Supervisor's Directive No. 401 regarding "Means of Identification", as well as amendment to Supervisor's Directive No. 401A regarding "Remote Identification Means.

On November 2, 2025 the Directives had been published. Supervisor's Directive No. 407 regarding the use of the credit data system establishes a work framework for properly using a credit data system, including regulating mechanisms for identification, handling, and reporting of events of usage of the credit data system in contravention of the law or information security events related to use of the credit data system, including cyber attacks. According to the directive, as of the effective date of the proposed directive, a user of credit data will report unusual events, including information security and cyber events related to customer identification processes, or a material suspicion of such events, according to Supervisor's Directive No. 407 and not according to Supervisor's Directive No. 401 on means of identification and No. 401A regarding remote identification methods. The Directive's commencement date is May 2, 2026.

Update of Supervisor's Directive No. 405 regarding obtaining customer consent

On September 29, 2025, the update has been published. Following Amendment 13 to the Protection of Privacy Law, 2024, revisions were made to the directive, within which credit data users are required to inform the customer of the consequences of non-consent. Updates effective date – March 1, 2026. Credit data users may implement them prior to the effective date.

The Supervisor of Credit Data Sharing - Updating of a questions and answers file to Supervisor Directive No. 201 regarding "Reporting on Credit Data"

On September 21, 2025, an update has been published to a questions and answers file relating to the aspects of reporting credit data, addressing the following questions: When is it required to report a "guarantee" transaction provided by the data source to the customer; What constitutes a payment default; Should a payment default be reported in the same month in which the customer is granted debt relief; How should a transaction be reported in which the customer acts as a guarantor for a corporate transaction; How should transaction amounts be updated; Is it required to report advances and prepayments granted to a business; How should transactions involving a current account without an overdraft facility be reported; When is daily reporting required for the marking of a legal proceeding; What is the interest benchmark to be entered for transactions in which the Libor benchmark was replaced due to the cessation of Libor publication; In the "interest track" section, should late payment interest rates also be reported; Which legal proceedings are included in the definition of a "legal proceeding"; How should the renewal of a current account credit facility be reported; How should a transaction be reported when the debtor has been granted debt relief; How should payments made toward a debt be reported after the transaction was previously reported as closed due to a debt settlement that included forgiveness; How can a misleading representation of exceeding a credit card limit be prevented;

For additional Directives issued by the Banking Supervision Department regarding sharing credit data that were published following Operation "Am K'Lavie" see the section Regulatory Measures Following the War and Operation "Am K'Lavie" – Measures Published by Additional Entities and Specific Legislation.

Initiatives for Increasing Competition

Establishment of a team to examine the reduction of regulatory arbitrage in short- and medium-term investment and savings instruments and publication of the team's interim report

Pursuant to the Public Appeal published by the Ministry of Finance on April 18, 2024 (for further information, see the chapter Laws and Regulations Governing the Banking System in the Corporate Governance Report for 2024), on February 13, 2025, an interim report was published for public commenting by the team for reducing discrepancies between short- and medium-term investment and savings instruments. According to the interim report, regulatory and tax arbitrage was identified among the products, which impact the saver's decisions and wellbeing. Moreover, the report noted that the lack of a financial agent that provides the saver with "holistic" advice makes it difficult for the saver to properly plan management of its savings and leads to the selection of products that are not necessarily optimal. The tax arbitrage is liable to result in preferring products due to considerations that are not necessarily in the best interest of the consumer, and do not comply with the principle of neutrality of an optimal tax system. In this context and due to other challenges, the team proposes several proposals, including application of a uniform tax deferral system for a range of investment and savings products; promotion of a proper infrastructure for establishing one platform for viewing and managing all of the savings and investment instruments of the savers; minimizing tax benefits in the field; changing the types of licenses of the agents.

Financial Information Service Bill (Amendment No. 3 and Temporary Provision), 5785-2025

On March 12, 2025, the draft law was published. According to the draft law, in light of the existing difficulties in connecting accounts of corporations to the financial information service performed via the interface system for financial information, it was proposed to establish transition provisions for accounts of a corporation established before the starting date of this amendment. Accordingly, it will not be necessary to provide unique authorization to grant access to the service provider of financial information; rather, the holder of the highest authorization at the corporation will be entitled, as a default, to also grant authorization to provide access to the service provider of financial information. Moreover, it is proposed to provide a second transition period for license holders of financial information. As such, it is proposed to allow license holders of financial information service providers to access the financial information about the customer by means of accessing information using the customer's details and based on this, to provide service to the customer, only with regard to accounts of corporations.

The inter-office team's report for assessing means for increasing competition in the banking system for the retail sector and a bill for the Promotion of Competition in the Banking Market Law (Legislation Amendments), 5786-2025

On August 6, 2025, a summary report was published, following the recommendations of the interim report published on March, 31 2025 and the recommendations of the interim report of October 2024 of the team for examining an outline for granting banking licenses to non-banking entities. The team's recommendations address, inter alia, to increase the number of potential players that could apply for a banking license, with regulatory terms adapted to the activity, including, inter alia: granting a small bank the option to develop a flexible business model, so as it would not be required to offer the full services currently required of a banking corporation; expansion of the permitted activities permitted to a small bank beyond the closed list currently available to banks; and setting three supervisory tiers and gradual regulation of a banking licenses to which the regulatory directives would be adjusted according to the proportionality approach. In addition, according to the recommendations, financial holding companies would be permitted to simultaneously control an institutional body and a bank that seeks to obtain a banking license under the proposed outline and subject to meeting the assets' requirement while ensuring prevention of conflict of interest with the institutional body by prohibition of engaging in consulting, mediating or marketing regarding investment instruments, insurance and savings produced by insurers and companies managing provident funds or a investment fund for joint investments in trust. The report also includes recommendations for regulating the supervision over holding companies as stated, in various aspects, such as capital requirements and corporate governance. Additionally, the report recommends that it would be determined that a bank with a broad scope of activities and a bank that had controlled or held means of control over debit card companies immediately prior to application of the Banking Regulations (Licensing) (A Bank with a Broad Scope of Activities), 5783-2023, which issues debit cards,

would not operate over 40% of the new debit cards it issues to its customers through another operating company. The report includes additional recommendations concerning reliefs that would be granted to a small bank, including the need to obtain a holding permit of a holding rate exceeding 10%; reliefs concerning the restrictions applying to senior offices' wages; the possibility to engage in elementary insurance mediation; an exemption from the duty of providing access in open banking and mobility of banks, adjustments of the customary rules regarding the commissions' tariff, the due discovery rules, and more.

On November 28, 2026, the Economic Plan Bill (Legislative Amendments) Implementation of the Economic Policy for the 2026 Budget Year), 2026, passed in first reading by the Knesset plenum, chapter I: Promoting Competition in the Banking Sector, as part of which it is proposed to execute the required legislative amendments for enabling the establishment of small banks, setting tailored supervisory mechanisms, reducing regulatory barriers and promoting competition and innovation in the banking market, in accordance with the team's recommendations.

Additionally, for the Draft Proper Conduct of Banking Business Directive regarding the supervisory framework for small and new banks see the section "Directives of the Banking Supervision Department" above.

The Banking Bill (Customer Service) (Amendment No. 38), 5785-2025

On May 14, 2025 the Amendment to the Law had been published, according to which banks will be obligated to enable all customers cash deposits, even where the same customer does not have a checking account at that bank. The funds would be deposited through a "closed system account" – meaning, an individual's account used for holding and managing monetary deposits at the bank, the source of which is the account of that individual who has the deposit at a different bank or at the Postal Bank, provided that the funds managed therein are transferred back only to the account from which they were transferred.

The Banking Supervision Department may set in Proper Conduct of Banking Business Directives that the provisions of the Section would apply also to depositing funds in foreign currency through a closed system account. Date of commencement of the Amendment date is December 1, 2025.

The Banking Bill (Customer Service) (Amendment No. 39), 5785-2025

On May 21, 2025 the Amendment to the Law had been published, concerning "notifying a customer of a credit balance in a checking account". As part of the Amendment it had been prescribed that in the event where an individual customer has a credit balance of NIS 15,000 and above for at least one quarter in his checking account, the Bank will be required to notify him at the beginning of each quarter and include in the notification information regarding investment options that could yield higher returns the customer may review. Over the first 18 months following commencement of the Law, the notification will be delivered at the beginning of each month in respect of the preceding month, and later will be given at the beginning of each quarter. It had further been prescribed that the notification would be given to the customer in writing, in a manner that would enable immediate and accessible communication to the extent possible, unless the customer asked not to receive notifications in this manner, and would also be delivered in a manner that the banking corporation delivers notices to that customer as agreed between them. In cases where the banking corporation knows that the customer is unable to receive a written notice, a voice message will be sent as an alternative to the written notice. Banking Supervision Department would be entitled to establish guidelines regarding those notices, including the wording of the notices and reference to information regarding investment options. Date of commencement of the Law – November 21, 2025.

The Banking Bill (Customer Service) (Amendment – Interest on a Credit Balance), 5783-2023.

On may 28, 2025 the Bill had been delivered for discussion by the Knesset Economic Committee as preparation for first reading. Pursuant to the Bill, an arrangement would be set obligating the banks to pay their customers interest on credit balances in their account. It is also proposed that the Governor of the Bank of Israel, after consulting with the Advisory Committee and approved by the Minister of Finances would set the interest's minimum rate. On August 11, 2025 a discussion had been held at the Economics Committee on this matter. As part of the discussion, after letters had been received from the banks that they intend to grant interest on a credit balance or other benefit within this area, and this up to October 1, 2027, each according to the outline it proposed, it had been decided not to promote the bill.

The Banking Bill (Customer Service) (Amendment – Cancelation of Line Fees and Custody Fees), 5785-2024

On June 29, 2025 the Ministerial Committee for Legislation approved the Bill, according to which it is proposed to prohibit a banking corporation to collect from a customer line fees and custody fees.

Regulation of Securities Trade Services Bill, 5785-2025

On July 9, 2025 the Bill had been published, intended to regulate the activities of securities trading service providers in Israel, including via digital platforms. The Bill includes, inter alia, registration requirements, compliance duties, reporting duties, equity requirements, risk management mechanism and separation of customers' funds.

Report of the team for examining the banks' involvement in setting the housing prices

On July 27, 2025 a final report had been published by the team for examining the banks' involvement in setting the housing prices, chaired by Prof. Avi Simhon (the "Team"), which had been established following the asymmetric rigidity of housing prices in recent years (as the demand increased, there had been a sharp increase in the price, however when the demand returned to its ordinary level the housing prices remained high, and even continued rising). The team's recommendation is to prescribe that the financing entity of a project for accompanying a housing project may not intervene in the initiator's considerations in setting the sale price of residential units in that project, after engaging in the financing agreement. As part of this it would be prescribed that it is required to avoid including in a financing agreement for accompanying the project a contractual provision related to changes in the prices of residential units in the project. The team believe that there is preference of implementing this conclusion by a Banking Supervision Department Directive, or by another effective manner by the Banking Supervision Department, however, should this be impossible, it is recommended to implement it via legislation. Additionally, the team recommends, in order to achieve at a competitive market in the mid-long term, to act for reducing the centrality in the housing financing sector, both within the banking system as well as increasing the market share of non-banking entities.

Letter of the Banking Supervision Department – Addressing the price of an individual apartment in residential project financing agreements

On August 27, 2025, the letter of the Banking Supervision Department has been published, following the recommendations of the Team for Examining the Banks' Involvement in Setting the Housing Prices. This letter repeats the team's recommendations, according to which it is required "to prescribe that the financing entity of a project for accompanying a housing project may not intervene in the initiator's considerations in setting the sale price of residential units in that project, after engaging in the financing agreement. As part of this it would be prescribed that it is required to avoid including in a financing agreement for accompanying the project a contractual provision related to changes in the prices of residential units in the project". Nonetheless, the report notes that "it is important to emphasize that there is nothing inherently wrong with banks including provisions in their financing agreements that relate to the borrower's business plan," including, among other things, conditions regarding project revenues, repayment capacity and similar factors, and that "however,... the Team believes that going down to the level of an individual apartment's price is not necessary to safeguard the Bank's rights and may harm market competition." The letter further states that, as detailed in the report, even though no direct evidence was found that banks actively prevent reductions in housing prices, the recommendations aim to address concerns raised by some team members. These concerns suggest that the current wording of financial covenants – particularly those referencing the price of an individual apartment – could influence housing prices.

In light of the above, the letter calls on banking corporations to adjust their conduct with developers in the financing of residential construction projects in a manner that implements the Team's recommendations, and to report to the Banking Supervision Department on the steps taken in this regard, by October 31, 2025.

The Competition Commissioner's announcement regarding the ownership structure in the Bank Clearing Center Ltd. (MASAV)

Following that stated in the Chapter "Legislation and Regulation" concerning the banking system in the Organizational Corporate Governance Report for 2024 regarding the Commissioner of Competition's directive in respect of the structure of ownership in a limited liability banking clearinghouse center system, and as part of the application the Bank submitted together to the Court of Competition, along with the four additional banks holding such a system, for obtaining a declaratory relief, according to which the structure of ownership in a limited liability banking clearinghouse center system, is a restrictive arrangement that had been lawfully set, and alternatively an application for approval of a restrictive arrangement the details of which are specified in the application. On June 3, 2025 and given the recommendation of the Commissioner of Competition, the Court of Competition granted the banks request, a temporary permit to continue full jointly holding of structure of ownership in a limited liability banking clearinghouse center system, subject to the provisions of the temporary permit, for the period between June 18, 2025 (the date of expiration of the last exemption decision) until February 1, 2026, or until the handing don fo a judgment on the application Additionally, on July 30, 2025 the Commissioner of Competition filed with the Court his position. The Commissioner's position is that the collaboration as presented in the application is a restrictive arrange that is not for the public benefit, and should not be approved. The position noted that the restrictive arrangement may impair competition in two main aspects: (a) the concern of impairment of the competition between the banks and the non-banking entities' service provider competing with the banks in the payment domain, as the banks' joint holding of the structure of ownership in a limited liability banking clearinghouse system may prevent or delay access to the competing payment service providers or lead to their receiving inferior service from the system. (b) The concern that the banks' ownership of the structure of ownership in a limited liability banking clearinghouse system would prevent the promotion of competition in the system's payment and innovation means, and in so, also the competition between the structure of ownership in a limited liability banking clearinghouse system with the Automated Banking Services Ltd., held by the banks along with other entities. On January 14, 2026, the banks that hold ownership in MASAV submitted to the Competition Tribunal a request to extend the temporary permit granted to them on June 3, 2025, allowing them to continue holding full ownership of MASAV, for a period of one year or until the conclusion of the legal proceedings they initiated in February 2025, seeking declaratory relief or, alternatively, approval of a restrictive arrangement. On January 26, 2026, the Competition Tribunal ordered the extension of the temporary permit, under the same terms as the previous temporary permit, for an additional three months and until May 1, 2026. On February 22, 2026, the banks that hold MASAV applied to the Competition Tribunal for an extension of the temporary permit under the same terms and for a period of nine months, ot until the conclusion of the legal proceedings, whichever is earlier. The Competition Tribunal has not yet rendered a decision on this request.

An interim report concerning remuneration models in the public activity regarding securities

On September 21, 2025, the interim report of the joint working team of the Israel Securities Authority, the Bank of Israel and the Budget Department has been published for public comments, following the Public Appeal issued by the team in November 2024. In the interim report, the team outlines a proposed framework for updating the renumeration model, aiming to enhance transparency, comparability, and alignment between the service provided and the renumeration received, while also promoting competition among market participants in a way that benefits clients and strengthens their position. The report details the proposed updated renumeration structure, the core principles underlying it, and the key advantages and challenges identified by the working group in relation to the proposed model. The authors of the interim report note that the proposed renumeration model is based on several core principles, which are: a simple and transparent fee mechanism that clearly reflects the cost of the service; strengthening the alignment between the service provided and the fee charged; shifting the emphasis toward direct fees paid by the client rather than indirect fees from the product manufacturer; protecting clients with low-value securities portfolios; ensuring consistency in payment models across similar financial products; preserving money market funds as a viable alternative to bank deposits within the money market ecosystem; and promoting uniformity in renumeration mechanisms for service providers. The proposed outline addresses two main categories: (1) fees charged directly from investors – including securities deposit management fees, dedicated advisory fees paid by clients, buying and selling commissions, and investment track fees; (2) fees charged between among participants – mediation fees, passive mutual fund units.

The Competition Commissioner's announcement of her intention, subject to a supplementary hearing, to declare the five central banking groups a concentration group and each of the banks therein as a member of a concentration group regarding the basket of banking services for retail customers

Further to the section on Laws and Regulations Governing the Banking System in Corporate Governance Report for 2024 regarding the Competition Commissioner's announcement dated March 26, 2024 of her intention, subject to a hearing, to declare the five central banking groups (including the Bank) a concentration group regarding the basket of banking services for retail customers (households and small businesses) and each of the banks therein as a member of the concentration group, and to a hearing held before the Competition Commissioner during September and October, 2024, on October 23, 2025, the Commissioner announces that, following additional reviews and considering the claims of the banks within the five banking groups, she found that these did not warrant a change in her intention to exercise her power and determine, subject to a supplementary hearing, that the five banking groups are a concentration group and that each of the banks therein is a member of a concentration group (the "Revised Announcement"). In the Revised Announcement, the Commissioner specified the provisions it considers imposing, within its authority, on the aforesaid banks (some of which changed compared to the provisions detailed in her announcement dated March 2024), as specified below: (1) provisions on the accessibility of common deposits (as defined in the Revised Announcement) and money market funds, including the conditions for their presentation and the manner in which services related to them are provided, covering the format of presentation, offering and purchase through a simple and convenient process. (2) Duties regarding proactive outreach to retail customers at, and around, key decision points concerning the renewal or redemption of a deposit. (3) Prohibition imposed on a bank with wide-scale activity (as defined in the announcement) to unreasonably refuse to accept a deposit from a financial center. (4) Mandatory portability of deposits.

The Bank submitted its position to the Commissioner on February 8, 2026.

The Competition Authority - Public Appeal Regarding Re-Examination of the Economic Competition Rules (Type Exemption for Joint Loan Arrangements) (Temporary Order), 2018

On January 21, 2026, the Public Appeal had been published. The Economic Competition Rules (Class Exemption for Joint Loans Arrangements) (Temporary Order), 2018 (the "Type Exemption") concern loans in which credit is extended by several financial entities, jointly, to a specific borrower in the business sector. The conditions prescribed under the class exemption are intended to make an appropriate balance between the considerations underlying approval of extending such loans and enabling realization of the benefits of joint loans inherent therein, however, only in cases where no concern of harm to competition arises. As part of the Appeal to the Public, the public was asked to submit its positions regarding the developments of the structure

of the markets that are affected by the class exemption, the terms of the class exemption, modifications required therein, the scope of use of the class exemption and the mere need to extend its applicability.

Regulatory measures following the War and Operation Am K'Lavie

Against the backdrop of the continuation of the War and Operation Am K'Lavie and its consequences for the Israeli population and economy, including for households and businesses, the Banking Supervision Department and other regulators established a series of regulatory measures – including adjustments, reliefs, and deferral of dates in various regulatory provisions – with the aim of ensuring business continuity and provision of ongoing services by the banking system, in accordance with the limitations of the security situation for the purpose of providing the assistance required by customers of the banking system, with heightened sensitivity to the customers' needs and difficulties with which they cope. Various arrangements were also approved in legislation to meet the needs of the economy, certain population groups and the public following the War, and some have an impact on the Bank's activities. Following are the main measures:

Directives Issued by the Banking Supervision Department

For further information regarding Proper Conduct of Banking Business Directive No. 251, "Adjustments to Proper Conduct of Banking Business Directives for Dealing with the Iron Swords" War (Temporary Order), see the chapter Laws and Regulations Governing the Banking System in the Corporate Governance Report for 2024.

Outline for assistance to bank customers in dealing with the consequences of the Iron Swords War

Pursuant to the information regarding the assistance outline in the chapter Laws and Regulations Governing the Banking System, in the Corporate Governance Report for 2024, on March 30, 2025, Bank of Israel published a notice regarding an additional assistance outline. In general, the outline commenced in the second quarter of 2025 and end in the first quarter of 2027. The outline period may be updated in certain cases, such as a significant change in the geopolitical uncertainty, or profitability of the banking system and market conditions where it is operating. Under the outline, the entire banking system will allocate a comprehensive annual sum of NIS 1.5 billion. Should the outline continue for two years, the cost will be NIS 3 billion. The monetary scope of each bank during the first year of the outline is derived from its relative share in the gains during the years 2023–2024, as had been on the date of publication of the principles of the outline; the monetary reliefs to customers of each bank will be formulated according to different packages as set forth: provision of interest or benefits in the area of positive balances in checking accounts and a proven improvement in interest rates paid for the short term; reduction of the interest rates on debit balances; development of a mechanism for automatically diverting amounts above a pre-determined minimum balance in the checking account to yield-generating tracks; full or partial exemptions for a set period from monthly repayments or decrease of the interest rate collected on existing loans, for the duration of the outline period. The decision regarding the amount allocated for each package will be at the corporate discretion of each bank. In Bank of Israel's view, the outline is better suited for the needs of customers of the banking system than to specific taxation processes and legislative processes that propose intervening in pricing of banking products, management of checking account funds and yield-generating tracks, or strengthening the transmission from the Bank of Israel interest rate to interest-bearing deposits.

The outline for assistance to bank customers in coping with the consequences of Operation Am K'Lavie

On June 17, 2025 the Bank of Israel published a new assistance outline for populations that had directly incurred damages due to Operation Am K'Lavie, including small and micro business owners, households that were damaged or whose home had been damaged by missile attacks and had to evacuate their homes, as well as reserve soldiers who were called to duty. The outline that had been established presents the minimal terms, and each bank may expand it in favor of its customers and at their request. The outline will commence on July 1, 2025 and end on July 31, 2025. The outline will apply to various population groups, according to the provisions set out therein. The principles of the outline: regarding households that following Operation Am K'Lavie their home was damaged and they are evacuated or households that were impaired following the Operation – a deferral of payment of mortgages, unlimited in sum, for a period of three months, without charging interest and fees; deferral of consumer loans in an aggregate sum of NIS 100,000 for a period of three months, without charging interest and fees. Regarding micro and small businesses (with an annual activity turnover of up to NIS

25 million, and regarding small corporations, according to the characteristics to be published by the bank) who were adversely affected following Operation Am K'Lavie – a deferral of two months for loans in an aggregate sum of up to NIS 2 million for a business, without payment of interest and fees; additionally, for businesses of reserve soldiers – an exemption for a period of two months from payment of interest on a debit balance in the business checking account (up to NIS 30,000 in a debit balance); business that do not meet the criteria set out ("Secondary Circle") would be able to defer the businesses' loans in an aggregate sum of up to NIS 2 million for a period of two months with contractual interest. The outline set out the manner of identifying the eligible customers.

Letter sent by the Banking Supervision Department to the banking system following Operation Am K'Lavie

On June 17, 2025 the letter had been published including key points the banking system should consider in its activities following the Operation related to the following issues: availability and continuity of the banking services: handling, assistance and response to customers' inquiries against the backdrop of the Operation, placing an emphasis on urgent inquiries and inquiries on humanitarian basis; assistance to customers whose return to Israel is delayed due to the situation; alleviating the burden and assistance to customers in meeting liabilities; an expectation to show sensitivity and proactiveness aiming at assisting customers to avoid a situation of insufficient check coverage; the branches' activity in emergencies; finding solutions for the public arriving at the banks' branches on days allowances are paid, noting the fact that some of the branches in certain areas are closed or operate in a limited manner; providing phone response to customers; cyber and customer fraud aspects; assessment of risk management; reporting in emergency times and the need to conduct board of directors' discussions on the issues detailed below.

Proper Conduct of Banking Business Directive No. 252 – Adjustments to Proper Conduct of Banking Business Directives for Coping with Operation Am K'Lavie (Temporary Provision)

On June 24 2025 the Directive had been published, in which various adjustments had been made to Proper Conduct of Banking Business Directives Until July 24, 2025. The Directive noted that it is not to derogate from that stated in Proper Conduct of Banking Business Directive No. 251 for Adjustments to Proper Conduct of Banking Business Directives for Coping with the "Iron Swords War" (Temporary Provision), and it remains intact according to that prescribed in it. The adjustments concern the following issues:

- Proper Conduct of Banking Business Directive No.308A concerning "Handling Public Complaints" – adjustments were made in Sections 9(a)-(c) of Directive308A so flexibility was granted to the banking corporations regarding the manner in which a reply and notices are given to customers who had not made contact online or where the banking corporation is unable to deliver a reply online.
- Proper Conduct of Banking Business Directive No.311A, "Consumer Credit Management" prescribes that until expiration of the Temporary Provision, Section 21.4 of the provision would not apply, according to which it is required to refrain from imitating contact with a customer, who answered "no" to a similar credit offer in the past, for three months at least.
- Proper Conduct of Banking Business Directive No. 325 regarding "Managing Credit Lines in Checking Accounts" – deviation sums from the credit limit had been set according to type of customer in which the banking corporation would be allowed to refrain from setting and agreeing in advance and in writing on a credit line within one business day, provided that it would act for settling the credit line as early as possible.
- Proper Conduct of Banking Business Directive No. 367, concerning "media banking" prescribes that banks and credit card companies are given the option, in addition to sending messages in the manner agreed upon with the customer, to deliver to their customers through media banking channels notifications of a material impact, provided it is urgent that the customers receive the message, even where they are not a party to a media banking agreement. The Section's provision would not apply in cases where the customer explicitly asked not to receive notices via media banking. Additionally, it had been set that the scope of activities of customers with clearing accounts in respect of whom it is possible to use simplified identification and verification procedures, between NIS 50,000 to NIS 200,000, provided that increasing the clearing volume is required for assistance against the backdrop of the emergency situation.

- Proper Conduct of Banking Business Directive No. 411 concerning "managing money laundering and financing terrorism risks" – intended to assist the banking corporation to provide an optimal solution for customers' needs against the backdrop of the emergency situation, including damage incurred by the customers' home or property, it had been set that the scope of activity upon providing payment services to the beneficiary in respect of whom it is possible to use simplified identification and verification procedures would be increased from NIS 100,000 to NIS 200,000.
- Additionally, an Appendix had been attached to the Directive, intended to provide an option in exceptional cases, where there are special reasons arising from the emergency situation and according to the banking corporations' risk assessment, to act pursuant to the provisions under Sections 6A(a)(2and6(a)(b) of the Prohibition of Money Laundering Order (Identification, Reporting and Documentation Duties of Banking Corporations for Preventing Money Laundering and Financing Terrorism), 5761–2001 regarding operations with credit cards issued to an individual up to a credit line of NIS 100,000, including obtaining credit, subject to documentation of the reasons for this. Additionally, the option in those cases had been expanded as to rely on a copy of an identification document issued by the State of Israel bearing a name, ID number, date of birth and photo at the time of identifying a customer who is an Israeli resident, which is not an ID card.
- Proper Conduct of Banking Business Directive No. 432 concerning "transfer of activities and closing a customer's account" – the period for handling a customer's request to close an account had been extended to 10 business days (rather than 5 business days) following the date on which the customer completed the operations he is required to make pursuant to the Directive.
- Proper Conduct of Banking Business Directive No. 451 concerning "procedures for granting housing loans" – a duty had been added as for the banking corporation to examine the possibility to extend the period of principled approvals that were valid on the date of commencement of the Operation, noting the circumstances, as needed and at the banking corporation's discretion. In addition, the following dates set out in the Directive had been extended: in Section 11(b)(2) (Insurance, Assets and Life Insurance) – replacing "fourteen days" will be stated "one calendar month"; in Section 15B(e) (Notification by a Customer on His Intent to Perform Early Repayment) – replacing "three business days" will be stated "eight business days"; in Section 15C(b) (Approval due to Repayment of a Loan) – replacing "five business days" will be stated "eight business days." In Section 19A (Second Ranking Lien on an Asset) – replacing "seven days" will be stated "ten days".
- The Banking Supervision Department's Directive pursuant to Section 3(A1) of the Rules of Banking (Customer Service) (Fair Disclosure and Delivery of Documents), 5752–1992 – prescribes that a customer's signature will not be required for a customer's request to defer payments, provided that this is a deferral pursuant to the Outline for Assistance to Customers in Coping with the Consequences of Operation Am K'Lavie, published on the Bank of Israel's website, provided that the customer's consent is given and documented; it had been further prescribed that in a housing loan taken by two or more borrowers, in which there is difficulty in having one of the borrowers' signing the loan documents, and this due to Operation Am K'Lavie, that borrower's signature would not be required on the loan documents, provided that suitable steps are taken for identifying him and his documented consent is given.

Proper Conduct of Banking Business Directive No. 251 – "Adjustments to Proper Conduct of Banking Business Directives for Dealing with the Iron Swords War" (Temporary Order)

Following these adjustments, which may be found in the chapter entitled "Legislation and Regulation Governing the Banking System," in the Corporate Governance Report for 2023 and for 2024, on December 31, 2025, the validity of certain adjustments was extended once again, as specified below:

- Proper Conduct of Banking Business Directive No. 329 regarding "Restrictions in the Granting of a Housing Loan" – The exemption from certain restrictions on the granting of a housing loan is given if such loan is needed for the construction of a "mamad" (residential secure space), which is exempt from the requirement for a building permit, in accordance with the Planning and Construction Regulations (Construction Work and Structures Exempt from the Requirement for a Building Permit [Temporary Directive – Iron Swords War], 2023), on condition that the cost of the construction work does not exceed

NIS 200,000. The exemption refers to restrictions specified in Sections 5 through 8 of the Proper Conduct of Banking Business Directive No. 329 – A restriction on the granting of a housing loan at a rate of repayment from income exceeding 40 percent; a restriction of 66.6 percent in the variable interest rate out of the total housing loan; a restriction on the maximum period (namely, 30 years) for repayment of a housing loan. On February 7, 2024, it was determined that the exemption from these restrictions will also apply to a loan to improve protection in a residential apartment (in an amount not exceeding NIS 200,000), as detailed in the Home Front Command listing; an exemption was also determined in relation to these restrictions regarding the restriction on the loan to value ratio (LTV), which is set in Section 4 of Proper Conduct of Banking Business Directive No. 329 (on October 19, 2025, it was determined as stated that the exemption was extended until October 25, 2026. In addition, it was determined that a banking corporation will be entitled to grant an all-purpose loan in the mortgaging of an apartment (a housing loan not for the purpose of acquiring land rights), at an LTV ratio of 70 percent instead of 50 percent, provided that the amount of the loan exceeding the LTV ratio of 50 percent does not exceed NIS 200,000. On December 31, 2025, the easing of the restriction on an all-purpose loan for the mortgaging of an apartment has been extended until March 31, 2026.

Planning and Building Regulations (Works and Structures Exempt from Permit) (Temporary Provision) (Amendment), 2025

On October 19, 2025, the amendment has been published. Proper Conduct of Banking Business Directive No. 251, "Adjustments to Proper Conduct of Banking Business Directives for Dealing with the Iron Swords" War (Temporary Order)") determines that the reliefs related to loans for constructing residential protected spaces and improving fortification measures in Proper Conduct of Banking Business Directive No. 329 ("Restrictions on the Provision of Housing Loans") will be in effect until the expiration of the validity period of the Planning and Building Regulations (Works and Structures Exempt from Permit) (Temporary Provision) (Amendment), 2023. On October 19, 2025, the Temporary order of the Planning and Building Regulations (Works and Structures Exempt from Permit) has been extended by another year, until October 25, 2026, and therefore the validity of the reliefs outlined in Proper Conduct of Banking Business Directive No. 251, which pertain to the reliefs described above in Proper Conduct of Banking Business Directive No. 329, is also extended accordingly.

For further information regarding regulatory steps due to the War and Operation Am K'Lavie, please see the Section entitled "Major Changes in the Year Gone By" in the Board of Directors and Management's report.

Measures Published by Additional Entities and Specific Legislation

The Insurance, Capital Market and Savings Authority - extension of the non-enforcement position regarding pension consulting by a banking corporation outside the bank's branches to existing customers regarding pension advice

On June 19, 2025 the position had been published, according to which the Authority would not take administrative enforcement measures pursuant to the provisions of Section 34 of the Supervision of Financial Services Law (Pension Advice, Marketing and Clearing System), 5765-2005 (the "Pension Advice Law") in respect of an offense pursuant to Section 38(b)(4) of the Pension Advice Law against banking corporations that would provide pension advice via digital means or by phone, to customers within the pension advice domain, who immediately prior to this notification are existing customers of the banking corporations within the pension advice domain. This position will remain in effect until the expiration of the declared special situation in the home front, or until June 30, 2025, the earlier of the two, so long as the Authority had not instructed otherwise.

The Supervisor of Credit Data Sharing - Amendment to Supervisor Directive No. 201, regarding "Reporting on Credit Data" - Temporary Provision Following Operation "Am K'Lavie"

On June 18, 2025 the Supervisor of Credit Data Sharing at the Bank of Israel notified the data sources that extend credit reporting to the datapool, that a temporary extension is granted for reporting loan payments in arrears, so that rather than reporting the arrears after 30 days, they would report only after 60 days. The Directive will apply also to the monthly reporting for the months June 2025 until August 2025. On September 2, 2025, the Temporary Provision was extended so it will apply also to the monthly reporting for the months June 2025 until the end of December 2025, or alternatively the official end of the War, the earlier of the two.

The Supervisor of Credit Data Sharing – Supervisor Directive No. 802 – Adjustments to the Supervisor of Information Sources Directives for Coping with Operation "Am K'Lavie" (Temporary Provision)

The Temporary Order had been published on July 2, 2025. As part of temporary adjustments in the Supervisor's that apply to the information sources, the Supervisor of Credit Data Sharing Directive No. 502 on the issue of "correcting information in a credit data system" had been amended, so that the rate of exceptional cases that would be given a reply by the information source within a period of 21 days would not exceed 20% of the total applications for correcting information that had been delivered to the information source by the Bank of Israel in a calendar month, and this rather than 5%. The Amendment will apply to customers' applications commencing June 1, 2025 and will be in effect until August 31, 2025.

The Ministry of Housing and Construction and the Chief Accountant at the Ministry of Finances – Operation Am K'Lavie – reliefs in mortgage repayments

On June 18, 2025 the letter had been published, according to which the Accountant General and the Ministry of Building and Housing decided on granting reliefs in repayment of mortgage payments to borrowers throughout the country who have an outstanding loan granted by virtue of the Housing Loans Law, 5752–1992. According to the letter, the banks are required to act pursuant to the Bank of Israel's outline for assisting customers in coping with the implications of Operation Am K'Lavie, which had been published on June 17, 2025 as well as enable borrowers to file the applications for freezing the loans and execute them, to the extent possible, without needing to arrive at the branch. In loans where the banks' share in the loan, deducting grants, stands at 40% at least, the bank may grant an additional relief by deferral of mortgage payments. Additionally, the letter addressed the extension of the date of the Committees' decisions for payment in cash approved by the bank, to enable the bank to combine reliefs and powers, execution of special operations, and reporting for maintaining the Special Committee's power for granting reliefs in mortgage repayments. The Directive's validity – up to July 31, 2025, unless another directive had been issued before then. Should the Bank of Israel publish a notice regarding a new outline in respect of housing loans by this date, the reliefs mentioned in the Bank of Israel' Directives regarding housing loans would apply also to the loans extended to those eligible at the Ministry of Construction and Housing, according to the same terms, provided than the bank would act in respect of the loans granted through the Government's funds or under its responsibility as it acts in respect of loans that had been extended through its sources.

The Authority for the Prohibition of Money Laundering's call to the reporting entities to increase awareness of money laundering and terrorist financing attempts during the War and the state of emergency

On June 24, 2025 the Authority notice had been published, according to which at this time increased attention and awareness are required of all the financial entities of the possibility of abusing the financial services they provide, including cross-boarder activities, emphasizing activities vis-a-vis countries at risk.

It had also been noted that also during this period it is required to continue reporting on unusual activities to the Prohibition of Money Laundering and Financing Terrorism Authority in any event where unusual activities are identified requiring such reporting, and this as close as possible to the execution (or attempt to execute) the unusual activity. **In cases where the reporting entity believes this is reporting on unusual activities of special urgency, it s required to inform, at the same time and immediately, the contact person of the relevant sector at the Collection and Monitoring Department at the Authority.**

The Bad Checks Regulations (Restrictions of the Applicability of the Law) (War of Revival) (Temporary Provision), 5786-2025

On November 26, 2025 the temporary order had been published, according to which, exceptions were set to the Bad Checks Law, 5741–1981, for a certain period. In this way, bad checks for the reason of "insufficient coverage" during the time set out in the Regulations (between June 13, 2025 through June 30, 2025) would be deleted from the number of checks for restricting the customer's account, for a notice spiffing the number of bad checks during the 12 months prior to the date of joining an individual as account owner or legal representative, as well as in respect of a warning regarding 5 bad checks in the account.

On December 3, 2025, the Supervisor of Credit Data Sharing at the Bank of Israel issued a clarification stating that banks must ensure that, in their reports to the Credit Data System, no alerts are transmitted that are based on checks that were removed during the relevant period.

Additional Topics

Inter-ministerial teamwork and legislative initiatives

The Notaries Bill (Amendment No. 12), 5786-2026

On February 3, 2026 the amendment to the law had been published, which prescribes that power of attorney given to a banking corporation for performing a mortgage transaction, including cancelation, transfer or change in terms, or any other action involving registration of the transaction, will be valid even if the same notary public had not drawn or confirmed the signatures on such. The amendment entered into effect immediately.

Prohibition of Money Laundering Bill (Amendment No. 36) (Temporary Freeze of Property or Operation with Property), 5785-2025.

On June 11, 2025, the Bill had been published, proposing to grant the Prohibition of Money Laundering and Terror Financing Authority the power to order bodies supervised by virtue of the Prohibition of Money Laundering Law to temporarily freeze activities and property regarding which suspicion arises of a connection to money laundering crimes, terror financing, or source crimes, without requiring a judicial order.

Public Appeal for obtaining public feedback regarding examination of the promotion of submitting financial data for official, policy-supporting research and statistics purposes and the interim report of the committee that had been established regarding

On March 26, 2025, a Public Appeal for applications was published by the inter-ministerial committee established on the subject. The committee invites the public to submit feedback, inter alia regarding the following questions: mapping the various of needs of different bodies to make financial data in the possession of financial regulators and institutions available for the purpose of data processing and research that supports public policy; characteristics of the relevant data to be made accessible; which financial data is vital for the need defined; mapping the risks involved in making the financial data available, and so forth.

On January 20, 2026, an interim report had been published for public comments. Pursuant to the interim report, the committee saw that there is need for detailed and comprehensive financial data that currently are not collected, and are of value for establishing formal statistics and executing policy-supporting research. In order to provide a solution for this, the committee recommends that the Central Bureau of Statistics will collect financial data, per the powers vested in it, on a representative sample of the households in Israel. The collection will address a variety of data (such as aggregate capital in savings' products and data from the banking identification certificate), directly from the financial entities or financial supervisors, if they already hold the required data and in accordance with the principles set out in the report. In order to reduce the burden on the reporting entities in light of the Central Bureau of Statistics' requirements, it is proposed that the data would be collected, once a year, would be data that already currently are characterized and at times reported to the customers or the financial supervisor. The Central Bureau of Statistics will produce formal statistics from these databases, and provide access to such for policy-supporting research, per the powers vested in it and while protecting the right to privacy and other protected interests. In addition, the committee recommends establishing a professional advisory committee under the Statistics Public Council, for accompaniment and improvement of the data required for establishing the statistics based on them, and accompany the provision of access to the data that were collected for the aforementioned for performing policy-supporting research.

Bill for Regulating Securitization Transactions, 5785-2025

On May 26, 2025 the Bill passed its first reading at the Knesset plenum. The Bill had been filed, aiming at regulating the issue of securitization transactions in Israel in order to bring about the market's development in this regard. A securitization transaction is a transaction in which an assignment is made of an expected and known in advance cashflow, arising from a credit portfolio or other charges (referred to in the Law as a "Back-Up Asset") from one or more individuals (referred to in the Law as a "Developer") to a corporation that issues promissory notes, repayment of which is secured by the aforementioned cashflow (referred to in the Law as a "Dedicated Corporation"). The use of the dedicated corporation is intended to enable an investment in

promissory notes as the risk involved in them is focused on only the backing assets, without the risk involved in the investment in all the developer's assets. According to the bill, no securitization transaction would be executed other than pursuant to the bill. In addition, the bill includes provisions and restrictions regarding the types of the backing assets and the manner of executing the securitization transactions, alongside setting the liability on the entities involved in such transactions and the regulatory supervision over them, including imposition of financial sanctions on such parties that are regulated corporations and imposition of criminal penalties on developers that are unregulated corporations that engaged in securitization transaction contrary to the provisions of the Law, and this in order to ensure that the securitization transactions would be executed with adequate risk management and appropriate regulation.

The Consumer Protection Bill (Amendment No.70)(Mandatory Recording Conversations, Maintaining Such and Provision of Such to the Consumer), 5785-2025

On July 9, 2025 the Bill had been presented for discussion by the Knesset Economics Committee. According to the Bill, a banking corporation that markets services and products via phone calls it initiates would bear the duty of recording phone calls (including a call made via electronic communication, in the absence of the joint presence of the representative on behalf of the banking corporation and the customer), maintaining such and providing thereof to the consumer. It is also proposed that the Banking Supervision Department would be entitled to set in Proper Conduct of Banking Business Directives that these instructions would apply to a non-voice conversation, including a conversation held by exchanging written messages or other types of conversations as it would set out.

The Legal Competency and Guardianship Bill (Amendment No. 24) (Management of a Payment Account by a Guardian or Legal Representative), 5785-2025

On January 18, 2026 the law amendment had been published, according to which a guardian and legal representative may manage the bank account of the person for whom the guardian had been appointed, or the appointer, as the case may be, to use means of payment, checks and charging authorization, including by online means for that person. Additionally, the payment service provider, including a banking corporation, may not refuse a request to obtain one or more of the said services, and will not stipulate provision of the service upon unreasonable terms under the circumstances of the matter only due to the fact that such is a payment account of a person for whom a guardian had been appointed.

Draft Protection of Privacy Regulations (Administrative Safeguards), 2025

On September 2, 2025, a draft Regulations has been published, detailing the circumstances under which the Head of Privacy Protection Authority may exercise discretion to issue an administrative warning instead of imposing a financial sanction.

The Banking Bill (Customer Service) (Amendment - Temporary Attachment), 5786-2025.

On November 10, 2025, a private member's bill was submitted to the Knesset, proposing that when a seizure order is served in an amount not exceeding NIS 5,000, a banking corporation must impose a "temporary attachment", which preserves the funds in the account but does not affect the customer's credit rating. Concurrently wit the imposition of the temporary attachment, the banking corporation will send the customer an automatic notification informing them of the debt and the need for payment. The customer will be granted a five-day period to settle the debt, and if the debt is fully paid within this timeframe, or if the attachment order is otherwise cancelled, no permanent attachment will be recorded. It is further proposed to authorize the Banking Supervision Department to establish rules regarding the delivery of the notice to the customer. It is further proposed to amend the Credit Data Law, 5776-2016, to provide that a credit bureau shall not take into account data relating to the imposition of a temporary attachment on a customer's account for the purpose of determining that customer's credit score.

Ministry of Finance - Draft Economic Plan for 2026 - Structural Changes (The Economic Arrangements Law)

On November 21, 2025, the draft plan was published for public comments, consolidating the structural changes that the government intends to advance in 2026 with the aim of accelerating economic growth. As part of the process, various legislative amendments were proposed, including in the following areas: (1) promoting competition in the banking sector and encouraging the establishment of new banks; (2) reforming the credit market for small and medium-sized businesses and improving the credit-data framework; (3) enhancing

competition in the guarantees market by removing entry barriers for non-bank guarantee providers; and (4) reducing arbitrage in investment and tax rules applicable to provident funds in order to create tax certainty (see also the interim report of the inter-ministerial team published on February 13, 2025).

Subsequently, and in accordance with the government resolution dated December 4, 2025, regarding the 2026 economic program, draft bills were published in the areas detailed below:

The Economic Plan Bill (Legislative Amendments for Implementing the Economic Policy for Budget Year 2026), 5786-2026, chapter G Promoting Competition in the Guarantees Market

On January 28, 2026 the Bill passed in first reading at the Knesset plenum, further to the final report of the team for examining the means for increasing competition in the banking system in the retail sector. Under the Bill, it is proposed to introduce indirect amendments to several laws that currently require the provision of a bank guarantee, it will also be permissible to provide a guarantee issued by an insurer, as well as a guarantee issued by a licensee for the provision of credit or by a licensee for the provision of deposit and credit services, as defined in the Supervision of Financial Services (Regulated Financial Services) Law, 5776-2016, and a guarantee issued by a systematically important payment-service provider as defined in the Banking (Licensing) Law, 5741-1981.

The Economic Plan Bill (Legislative Amendments for Implementing the Economic Policy for Budget Year 2026), 5786-2026, chapter R Credit Data

On January 28, 2026 the Bill passed in first reading at the Knesset plenum. The Bill is intended, among other things, to enable the creation of the foundation that will enable establishment of a corporate credit-data database, for collecting and giving access to credit data regarding these entities, with the aim of enhancing competition in the corporate credit market - particularly for small and medium-sized enterprises - and improving the allocation of credit within the financial system. Within this framework, it is proposed, among other things, to enable use of broader information regarding corporations for the Bank of Israel's needs. As part of the Bill, the required modifications in the arrangement that would apply to corporations when the corporations database will be established, had been specified, such as reference to the duty of commercial confidentiality instead of protection of the right to privacy that does not exist in respect of corporations, as well as reference to the transfer and use of information regarding one who is not the customer in a specific credit transaction, given the corporate structure where information is at times required not only regarding the corporation itself, but rather also regarding parities related to the corporation as their proposed definition, for example controlling shareholders of the corporation. Additionally, the Bill proposes to improve and refine the manner of work of the existing data base concerning individuals' credit data, including setting provisions that would regulate, among other things, the manner of the data base's work, expanding the Commissioner's powers on sharing credit data, including provision of instructions regarding curing defects, expansion of the uses of the information obtained from the data base and its products, and this to enable sophistication of the credit market in Israel, as well as various instructions required after learning lessons from the data base's activities in recent years. Pursuant to the resolution of the Knesset plenum on February 9, 2026, the Bill will be promoted separately from the Economic Plan Bill.

Economic Efficiency Bill (Legislative Amendments for Achieving Budgetary Targets for Fiscal Year 2026), 2026, chapter B: Taxation of Provident Funds.

On January 28, 2026 the Bill passed in first reading at the Knesset plenum. According to the proposal it is proposed to expand scope of investments provident funds are permitted, in a manner that would bring the provisions under the Tax Ordinance (the "Ordinance") closer to those set in the Supervision of Financial Services Regulations ("Provident Funds") (Term of Investments Applying to Institutional Entities), 2012 and the directives of the Commissioner of the Capital Market, Insurance and Savings, concerning investments provident funds are permitted to perform (the "Supervisory Directives"), and this provided that such an expansion does not violate the taxation principles underlying the exemption set out in section 9(2) of the ordinance. According to the aforesaid, it is proposed to determine that should the investment pursuant to the supervisory directives be a permitted investment, it would not constitute control or a significant holding also in terms of the Ordinance, and will enable a tax exemption. At the same time, it is proposed to maintain the existing rule, according to

which income from a business a provident generates directly would not be exempt from taxes, and this even if such an investment is permitted pursuant the supervisory directives.

Report of the inter-office task force on the examination of a special tax on banking activity

On December 19, 2025, the inter-office team published its final report examining the imposition of a special tax on banking activity in 2026, in light of banks' elevated profits resulting from the high-interest-rate environment. The team examined several possible alternatives for the method and mechanism of imposing an additional tax on the banking system, and recommended that, should the government decide to impose such a tax, the preferred option would be a differential profits tax on banks, applied to profits exceeding 50% of the bank's average profit during the years 2018-2022 (the "base period"), as a temporary order for a number of years. This alternative focuses on banks' profits that exceed the average profit (indexed to GDP) recorded during the base period, a period characterized by low interest rates and more moderate profitability across the banking system, by a margin of 50%. Profits above this threshold would be subject to an additional marginal tax. It is further proposed that the additional tax would not apply to banks with small scale of activity. The report also includes a details discussion of the position of the Bank of Israel, which constituted a minority opinion and opposed the imposition of a sector-specific tax, and certainly a permanent one. According to the Bank of Israel's position, a sector-specific tax is inconsistent with the fundamental principles of the tax system and may create distortions in the economy, undermine certainty in the business environment, and deter additional players from entering the banking sector – in direct contradiction to the stated objective of enhancing competition. In addition, should a decision nevertheless be made to adopt the tax model proposed in the report, the Bank of Israel's position is that it should not be applied before January 2027, and that it must be clearly and unequivocally defined in advance as a temporary tax applicable solely for the year 2027. The report also presented the position of the Budget Department at the Ministry of Finance, which holds that imposing an additional tax at this time would be inappropriate, in light of the changes in the economic environment since the introduction of the additional levy on the banking system in 2024, and given the potential implications for the economy – including the possibility of the tax being passed on to consumers, the negative signal for business certainty, reduced ease of doing business in Israel, and the adverse impact on the supply of credit. In addition, according to the position of the Budget Department, is a decision is nevertheless made to impose ab additional tax as described, the preferred alternative would be to extend the levy imposed for 2024 and 2025 for an additional one to two years.

The Economic Efficiency Bill (Legislative Amendments for Achieving Budgetary Targets for the Fiscal Year 2026), 2026, Chapter G: Special Taxation of Banks' Profits in 2026 through 2030.

Further to the 2026 Economic Plan – Adjustment Measures, which outlines the fiscal-adjustment steps the government intends to advance in order to align the budget with the fiscal frameworks and which was published and approved by the government on December 4, 2025; on January 28, 2026, the government published a Bill proposing the imposition of a special tax on banking activity for the years 2026-2030, in light of the banks' exceptional profitability, had passed in first reading at the Knesset plenum. According to the Bill, it is proposed to impose an additional tax on any bank (other than a bank with a small scale of activity) whose profits in a given year exceed by more than 50% its average annual profits for the years 2018-2022. The special tax to be imposed on such profits will be at a rate of 15%. It is proposed that this provision remain in effect until 2030.

Regulation of Mortgage Advisory Bill, 5785-2024

On December 10, 2025 the Bill passed its first reading at the Knesset plenum, concerning the regulation of the mortgage advisory profession. According to the Bill, an individual engaged in mortgage-advisory services would be required to be registered in the Mortgage Advisors Registry; a Registrar of Mortgage Advisors would be appointed and a Mortgage Advisors Council would be established; rules would be set regarding the qualification examinations for practicing mortgage advisory services; a mortgage advisor would be required to act in good faith and with due diligence and to safeguard the interests of the client; and it would be stipulated that a mortgage advisor may not be employed by a financial entity nor receive any monetary or other benefit, directly or indirectly, in connection with mortgage-advisory services, other than from the client alone.

The Banking Bill (Customer Service) (Amendment - Cancellation of a Transaction Executed Under a Debit Authorization Due to Insufficient Funds and Limitation of Fees Related to Debit Authorizations), 5786-2025.

On December 10, 2025 the Bill passed its first reading at the Knesset plenum. According to the Bill, a banking corporation that seeks to cancel a transaction executed under a debit authorization (standing order) due to insufficient funds in the customer's account, will deliver to the customer a notice as early as possible, informing them of the need to deposit funds into the account no later than two and a half hours before the end of the business day, in order to prevent cancellation of the transaction by the banking corporation. It is further proposed that if a banking corporation fails to deliver the notice as required, it may not cancel the transaction executed under a debit authorization until one business day has passed from the time the notice is sent. It is further proposed that a banking corporation may not charge a fee for executing a transaction under a debit authorization, or its cancellation, in an amount exceeding ten shekels or 5% of the amount for which the transaction was executed, whichever is lower.

The Banking Ordinance Amendment Bill (No. 36) (Dormant Accounts), 5786-2025

On December 10, 2025 the Bill passed its first reading at the Knesset plenum. According to the proposal, a dormant deposit would be defined as a deposit for which 60 days have passed since the last instruction was received from the depositor, instead of ten months as currently stipulated in the Ordinance. It is further proposed that a banking corporation would not be permitted to charge any fee on a dormant deposit.

Final report on AI in the financial sector

On December 24, 2025, the inter-office team published its final report examining the use of artificial intelligence in the financial sector. The report summarizes the governmental activity in the field of AI and outlines initiatives adopted in various countries worldwide, with a particular focus on the financial sector. The report also addresses the following topics: the overall approach and guiding principles for addressing the challenges posed by AI in the financial sector, such as reliance on risk-based regulation, technological neutrality, and the pursuit of regulatory consistency for similar services and risks; the definition, importance, and complexity of AI; cross-cutting issues arising from the use of AI applications and the recommendations relating to those issues; matters stemming from AI's unique characteristics - including the "Black Box" challenge, explainability, and the degree of required human involvement; issues that raise questions regarding the general legal framework applicable to supervised financial entities, particularly in the areas of discrimination and privacy; AI governance and risk management, including tools for a comprehensive response to the full range of challenges; and market-wide considerations, including the growing challenges associated with the introduction of AI in relation to competition, financial stability, and risks of fraud, cyber threats, and disinformation. The report also presents three specific areas of activity identified for examination by the taskforce: investment advice and portfolio management, credit, and insurance underwriting. For each of these areas, the financial regulators present their views on potential uses of AI applications within their respective supervisory domains, the relevant regulatory framework, issues requiring attention, and initial recommendations. The report also details additional measures for addressing AI within financial regulation, such as recommendations regarding tools to encourage the adoption of the technology and to enhance regulatory certainty, as well as the use of AI by the regulators themselves.

The Contracts Law (General Part) (Amendment No. 3), 5786-2026

On January 7, 2026, the Amendment to the Law was published, according to which Section 25 of the Contracts Law (General Part), 5733-1973, which deals in he interpretation of a contract according to the Amendment, inter alia, a business contract that does net set out instructions as to the manner of interpretation would be interpreted only according to its wording, unless the terms specified in the Law Amendment hold true. A contract that is not a business contract, a standard contract a well as an employment contract or a collective agreement, would be interpreted according to the parties' intent, as implied by the contract and the circumstances of the issue.

The Banking Bill (Customer Service) (Amendment No. 40) (Presenting Information to the Customer Regarding His Financial Activity), 5785-2026

On January 21, 2026, the Bill had been placed on the Knesset podium for a first reading. According to the bill, a banking corporation will provide the customer, online, with information regarding the customer's financial

activity with the banking corporation for at least the past three years. This information will include, among other things, details of payment-account balances, details of debits and credits made through payment instruments issued by the banking corporation, periodic statements and confirmations, notices delivered in the customer's personal zone and copies of correspondence, as well as any additional information to be determined by the Banking Supervision Department. If a customer requests information for a period earlier than 3 years, provided that the period does not exceeds 7 years from the date of the request, the banking corporation will provide the information to the customer in a simple and convenient manner. It is further purposed that a banking corporation that fails to provide the information in accordance with the amendment will be subject to an administrative monetary sanction of NIS 50,000.

The Draft Bill for Assistance to Housing-Loans Borrowers Due to the Interest-Rate Surge (Temporary Provision), 5786-2026

On January 14, 2026, the draft bill was published, the purpose of which is to provide temporary assistance to households that have been adversely affected by the sharp rise in interest rates since March 2022. The draft proposes that, as part of a 5-year temporary order, the state will provide assistance in the form of a monthly budgetary grant to families that meet all of the following cumulative criteria: they took out a housing loan by the end of 2022 for the purchase of a single residential unit, with a value not exceeding twice the average apartment price; and the loan has not been fully repaid. The amount of assistance will be up to 75% of the real increase in the monthly repayment since March 2022; the assistance will decline linearly for apartments priced above the average price, reaching zero at twice ten average price; and the initial assistance amount determined will remain fixed for the entire period (without exposure to future increases). It is proposed that the grant be transferred through the lending institutions directly to the loan account, and that a mechanism of monthly reporting to the Accountant General at the Ministry of Finance be established.

The Insolvency and Economic Rehabilitation Law (Amendment No. 9), 2026

On January 21, 2026, the Law Amendment had been published in the Official Gazette. The Amendment permanently enshrines the "stay of proceedings" prescribed under Amendment No. 4 as a temporary order, while performing adjustments intended to provide additional protections to creditors. The Amendment's purpose is to enable debtors to obtain a temporary stay of proceedings order for establishing a debt arrangement vis-a-vis creditors, without entering full insolvency proceedings. The Amendment regulates the terms and criteria for providing the temporary relief. The Amendment sets different tracks for individuals and corporations. The principles of the Amendment are in force since February 1, 2026.

The National Cyber Protection Memorandum, 2026.

On January 22, 2026 the Law Memorandum had been published, in which it is proposed to set the regulatory and supervisory framework concerning national cyber protection, as well comprehensively enshrining the powers and protection tools held by the various government ministries, and differential regulation in respect of the sectors and vital and organizations in such, as well as in respect of the digital services and the storage services suppliers. Additionally, the Memorandum proposes to set the organizations' duties, emphasizing the vital organizations, to act for cyber protection, both routinely as well as when coping with a cyber attack, ensuring maintenance of the flexibility required in this varying type of engagement. By setting a clear powers framework, defined action principles and supervisory and enforcement mechanisms, the proposed law seeks to strengthen the national resilience in cyberspace, improve the level of preparedness and reactions to cyber attacks, encourage preparedness the cost of which is significantly lower than the economic and social cost involved in rehabilitation after an attack. It should be noted that at this stage the main provisions in the Law Memorandum do not apply to the financial sector, however the Memorandum vests in the prime minister the power, among other things, to add a sector or new sub-sector to the list prescribed in the Memorandum.

The Banking Bill (Customer Service) (Amendment - Mandatory Financial Guidance), 5786-2026

On March 26, 2026, the Bill was placed on the Knesset podium for a preliminary discussion. According to the proposal, a banking corporation will be required to provide each new customer (a minor or adult opening a checking account for the first time) with financial guidance as a condition for use of the bank account. The duty of guidance does not prevent opening the checking account, however the banking corporation bears the duty to close the account in the event where the time period prescribed under the law had expired and the new

customer failed to appropriately implement the guidance and obtained a certificate confirming this. The financial guidance will be performed by professionals selected by the banking corporations pursuant to the directives of the Banking Supervision Department. A waiting period will be set, during which the financial guidance officials will be prohibited from making ongoing contact with the new customers after performing the guidance and where the waiting period set by the Banking Supervision Department set had not yet expired. Additionally, during the waiting period the financial guidance officials will be prohibited from providing the names of the new customers to a third party so he would make ongoing contact with them aiming at offering them banking services.

Privacy Protection

Draft guideline by the Privacy Protection Authority regarding the applicability of the Privacy Protection Law to artificial intelligence systems.

On April 28, 2025, the draft was published, explaining how the authority plans to interpret and enforce the applicability of the Privacy Protection Law, 5741-1981 on AI technologies throughout all of its development and implementation stages and on information that was produced by means thereof.

The Privacy Protection Authority - Position Paper's Draft - Appointment of a Commissioner of Privacy Protection in an Organization Pursuant to the Requirements of Amendment 13 of the Privacy Protection Law

On July 23, 2025 the draft of the Position Paper had been published, following Amendment 13 to the Privacy Protection Law, 5784-2024 (the "Law", "Amendment 13"). Amendment 13 prescribes a duty to appoint a commissioner of privacy protection in public entities and in a long line of additional organizations from all across the economy, whose activities involve a risk to privacy. The Position Paper is intended to present the Privacy "Protection Authority's position (the "Authority") regarding the scope of the duty, the designation of the commissioner of privacy protection and his duties, the knowledge and skills required of him (elaborate knowledge of privacy protection laws, adequate understanding of technology and information security, familiarity with the organization's areas of activities and its purposes), and in respect of additional provisions under law that regulate the status of the commissioner at the organization, the format of his employment and the means that should be allocated to him. The interpretation proposed in the Position Paper will serve the Authority when exercising the powers vested in it, including the power to impose financial sanctions due to violation of the duty to appoint a commissioner of privacy protection and other provisions under law concerning his status and the format of its employment. At the same time, the draft notes that upon exercising the Authority's powers, including the enforcement powers, the Authority will consider the fact that at this stage the Position Paper is not a final document.

The Privacy Protection Authority - Announcement of temporary non-enforcement relating to an appointment of a Commissioner of Privacy Protection in an Organization

On August 13, 2025, the Authority's announcement has been published, thus following the new obligation prescribed by Amendment No. 13 to the Protection of Privacy Law, 2024 (the "Law") to appoint a Commissioner of Privacy Protection in every public body, as well as in a wide range of entities in the private sector. According to the Authority's announcement, considering that this is a new obligation, and given that public bodies require a procedure to appoint a Commissioner of Privacy Protection in accordance with the laws applicable to appointment procedures in these bodies, and at least some bodies practically struggle to complete the appointment procedure until the Law comes into effect – the Authority does not intent to initiate enforcement proceedings with regard to the appointment of a Commissioner of Privacy Protection of an organization in entities that are legally required to appoint a Commissioner, until October 31, 2025. The announcement clarifies that until the said date, it is required to take all actions necessary to complete the procedures of appointment and fill in the position. Entities that, until now, have taken significant steps to comply with the obligation of appointment (such as publishing a tender or a Public Appeal), will be granted a short additional period to complete the process, thus as part of the Authority's enforcement policy.

The Privacy Protection Authority – Professional Guide regarding Amendment No. 13 to the Protection of Privacy Law

On August 14, 2025, the Guide has been published. The Guide outlines the key provisions of Amendment No. 13 and includes practical highlights and examples for implementing the Law requirements, including having regard to updating core definitions in the Law, reducing the obligation to register databases, and introducing a notification requirement for large databases containing highly sensitive information, the mandatory appointment of a Data Protection Officer (DPO), financial sanctions mechanism, new criminal offences, the repeal of the shortened statute of limitations for privacy violations, and more. The Guide is intended to serve as a practical tool for organizations preparing the Amendment's entry into force and to support the advancement of privacy protection within the organization.

The Privacy Protection Authority – a guide for implementing privacy enhancement technologies in AI systems

On January 18, 2026 the guide had been published, presenting approaches for reducing the risks to privacy involved in the development of artificial intelligence systems and use thereof through privacy enhancement technologies. The guide specifies the main considerations for practical implementation of each technology, alongside examples of implementations from various fields and contact worlds in connection with artificial intelligence. In addition, challenges, restrictions and risks involved in the implementation are noted, emphasizing issues requiring special attention.

Additional regulatory publications

A Public Appeal for comments on the issuance and circulation of a stable digital currency

On May 18, 2025 the Capital Market, Insurance and Savings Authority published a Public Appeal for comments on the issuance and circulation of a representative exchange rate, and this as part of promoting the regulation of activities with digital assets. In light of the unique challenges that characterize issuance and circulation of a stable digital currency, and as part of the regulation process, the Authority called the public to comment on the issue, and particularly in respect of the following aspects: the base asset types required to enable issuing digital coins for them, what is the optimal mechanism for maintaining the value of the stable digital currency, examination of a technological infrastructure underlying the issuance and management of a stable digital currency, the manner of managing the reserves, disclosure and consumer protection requirements, coping with cyber risks, privacy protection and more.

The decision made by the National Ethics Committee of the Israeli Bar Association – Position Paper on the Authentication of Affidavits and Power of Attorney Abroad

On June 23, 2025 the Position Paper had been published, according to which from now on it is possible to authenticate via visual video-conference affidavits, power of attorney, transaction deeds and the like, also when the declarator is staying abroad, for administrative or civil purposes, before administrative authorities, dual or personal entities – such as Tax Authorities, the National Insurance Institute and the Authority for Registration and Arrangement of Land Rights, and subject to the terms specified in the decision. In this decision it had been clarified that as of this stage, the decision does not include authentication of an affidavit for filing it in legal proceedings. This decision applies simultaneously and does not cancel the National Ethics Committee's decision that it is possible to authenticate affidavits via visual conference when both parties are staying in Israel.

Israel's Central Bureau of Statistics – Public Appeal for Comments for Examination of Advancing the Time of Publication of the Consumer Price Index

On June 10, 2025 the Public Appeal for Comments had been published following a request by TASE addressed to Israel's Central Bureau of Statistics, asking to advance the time of publication of the Consumer Price Index As a rule, the Consumer Price Index for a certain month is published on the 15th of the following month at 18:30, meaning the end of the business day and after completion of trade on the Stock Exchange (on Fridays and holiday eves the time of publication is 14:00). Israel Central Bureau requests obtaining the public's position on the proposed change, according to which the Consumer Price Index would be regularly published on the 15th of the month, for the previous month, at 10:00 on weekdays, holiday eves and Fridays (should the 15th of the month be Saturday or holiday – the Index would be published on the holiday eve or the Friday preceding it at

10:00). The Public Appeal notes, inter alia, that advancing the time of publication would reduce the uncertainty during the trading day in respect of the actual Index, expand the trade possibilities and enable "trading the Index" immediately and analyze its impact on the markets, without the "offsetting" events that may occur due to its publication after the end of the trading day until the next trading day.

The Securities Authority's decision regarding moving to a Monday-Friday trading week

On August 4, 2025 the Authority announced an amendment to the Stock Exchange Regulations and the provisions by virtue thereof so that trading on the Tel Aviv Stock Exchange Ltd. (the "Stock Exchange") would be conducted on Monday-Friday, this instead of the current situation in which trading is conducted on Sunday-Thursday, commencing January 5, 2026.

Public Appeal - Capital Market Authority: Amendment to the Circular on Joining a Provident Fund or a Pension Fund

On August 12,2025, the Public Appeal has been published, through which the Capital Market Authority formulates a draft Amendment to the Circular on Joining a Provident Fund or a Pension Fund, which will include, inter alia, adjustments to reflect recent legal developments, updates to the wording of the enrollment forms attached to the circular, revised timelines for submitting and receiving documents, and changes to the beneficiary designation process. The Authority invites the public to propose amendments in accordance with the aspects outlined in the Public Appeal.

Israel Money Laundering and Terror Financing Prohibition Authority - Document on the "Misuse of Generative Artificial Intelligence ("GenAI") for Fraud and Money Laundering Purposes"

On September 16, 2025, the document has been published, aimed at raising awareness of the emerging challenges posed by GenAI, thus by reviewing potential risks associated with the misuse of GenAI applications (including "Deepfake" technology), presenting case studies from Israel and abroad; outlining evolving threats stemming from AI usage, and highlighting red flags that can assist financial institutions in identifying and reporting suspected abuse of this technology to the Authority.

Capital Market Authority - Draft Guidelines for Managing Liquidity Risks in Foreign Currency-Denominated Derivative Exposures

On October 19, 2025, the draft document has been released, setting out guiding principles for managing liquidity risks inherent in exposure to derivatives denominated in foreign currency. According to the proposed framework, institutional entities are expected to implement structured monitoring and evaluation processes, under the active supervision of the Investment Committee. Additionally, they must maintain a minimum level of foreign currency liquidity relative to their exposure to future contracts, to ensure compliance with collateral requirements, even during periods of high volatility or financial crisis.

In addition, as a complementary measure, on October 19, 2025, the Israel Securities Authority has published a draft amendment for fund managers regarding the management of investments in index-tracking mutual funds, pursuant to Section 97(b) of the Joint Investment Trust Law, 1994. The draft proposes that institutional entities maintain a minimum foreign currency liquidity ratio of 10% when engaging in derivative transactions on foreign indices.

The Israel Money Laundering and Terror Financing Prohibition Authority - Document on general trends and the evolution of money-laundering and terror-financing risks in the virtual-assets ecosystem

On December 24, 2025, the Authority published a document describing significant trends and criminal phenomena that have emerged in recent years and that have a direct impact on money-laundering and terror-financing risks through the use of virtual assets. The letter clarified that the Israel Money Laundering and Terror Financing Prohibition Authority places great importance on monitoring developments in the field and maintaining familiarity with them, on identifying the money-laundering and terror-financing risks arising therefrom, and on providing tools for managing the money-laundering risks associated with the sector - with particular emphasis on financial entities obligated to identify unusual activity and report it to the Authority.

The Israel Money Laundering and Terror Financing Prohibition Authority - National Risk Assessment on Legal Entities and Legal Arrangements

On December 31, 2025, the risk assessment document was published. The risk assessment was conducted in accordance with the requirements of the international standards of the FATF, as well as in response to the national need to expand and focus the assessment of risks relating to legal entities and legal arrangements in the context of money-laundering and terror-financing risks. The assessment is intended to assist law-enforcement authorities, regulators, and stakeholders in the public and private sectors, and outlines the following: the level of threat arising from money-laundering and terror-financing risks relevant to legal entities and legal arrangements, including reference to prevalent typologies; the potential risks inherent in each type of legal entity and legal arrangement, in light of the regulatory framework applicable to them and their potential misuse for money-laundering and terror-financing purposes; the level of effectiveness of the measures adopted by the State of Israel to address these risks; and the identification and mapping of key regulatory and legislative gaps in this area. Among the egal entities identified as being at medium-high risk of money laundering may be noted private partnerships, foreign partnerships, associations and foreign companies, as parties and corporations established under this law were identified as being at low risk. Among the legal arrangements that were identified as being at high risk of money laundering are private trusts and foreign trusts.

Taxation

Tax rate

The taxes applicable to the profit of banking corporations include corporate tax levied pursuant to the Income Tax Ordinance and profit tax levied pursuant to the Value Added Tax Law, and in 2024 and 2025, additional tax pursuant to the Value Added Tax Law (see Note 8.L.). Set forth below are the statutory tax rates applicable to banking corporations:

- Corporate tax rate: 23 percent.
- Profit tax rate – 17 percent (commencing 2026 – 18 percent).
- Special tax rate:

  2024 – 4.5 percent.

  2025 – 6 percent[1].
- Overall tax rate:
  For the years 2024–2025 – 34.19% adding a special tax as specified in Note 8.L.
  2026 and onward – 34.75 percent.

The deferred tax balances were calculated in accordance with the new tax rates applicable at the date of reversal.

[1] Subject to the payment cap as set forth in Note 8.L.in the Financial Statements.

Credit Ratings

Credit ratings and outlook for the State of Israel and the Bank as at March 2, 2026

	Rating agency	Long term	Outlook	Short term
State of Israel	Moody's	Baa1	Stable	P-2
	S&P	A	Stable	A-1
	Fitch	A	Negative	F1
BankLeumi: Foreign exchange	Moody's	Baa1	Stable	P-2
	S&P	+BBB	Stable	A-2
	Fitch	A-	Stable	F1
	Fitch	A-(xgs)	Stable	F1 (xgs)
Local rating (in Israel)	S&P Maalot	AAA	Stable	A-1+
	Midroog	Aaa	Stable	P-1

Following is the development of the Bank's credit rating and credit outlook from January 1, 2025 to March 2, 2026

On April 29, 2025, the credit rating agency Moody's ratified the Bank's rating and the negative rating outlook.

On May 29, 2025, credit rating agency S&P announced raising the Bank's rating outlook from Negative to Stable given solid performance, and also ratified the Bank's rating.

On May 29, 2025, credit rating agency S&P Maalot announced raising the Bank's rating outlook from Negative to Stable, and also ratified the Bank's rating.

On July 29, 2025, credit rating agency Fitch reiterated the Bank's rating and the negative rating outlook.

On October 15, 2025, credit rating agency Moody's announced completing a periodic review of the Bank's rating, with no change to the rating or the Bank's forecast.

On October 29, 2025, credit rating Fitch announced raising the Bank's rating outlook from Negative to Stable, and also ratified the Bank's rating.

On November 10, 2025, credit rating agency Midroog ratified the Bank's credit rating and the stable credit rating outlook.

On November 7, 2025, credit rating agency S&P published an announcement on raising Israel's credit outlook to "Stable" from "Negative" to "Stable". The announcement noted that the ceasefire agreement between Israel and Hamas reduced Israel's immediate security risk. On January 30 2026, credit rating agency Moody's also raised Israel's credit rating outlook to "stable" from "negative", and this, according to it, in light of a decrease in Israel's geopolitical risk, and given the resilience the Israeli economy showed against the geopolitical developments.

On February 3, 2026, credit rating agency Moody's announced raising the Bank's rating outlook from Negative to Stable, and also ratified the Bank's rating.

Main Operating Segments According to Management Approach - Additional Information

A. Management Approach – Retail Banking Segment

Overview

The retail banking segment is characterized by offering value propositions and financial services to households, small businesses and high net worth customers in Israel and worldwide (Private Banking). These offers and services are provided to customers according to their changing needs and preferences and in accordance with other relevant characteristics.

Segment's structure and characteristics

Branches:

Households and small businesses – extensive deployment of 184 branches, offices and service centers nationwide. At the branches, services to customers are rendered by dedicated teams of bankers according to customer segments. These teams handle all dealings related to customers and specialize in dealing with specific customer characteristics and needs.

Private Banking customers - In Israel, this segment is run through unique Private Banking centers deployed nationwide. The centers serve Israeli and nonresident high-net-worth private customers; bank representatives in these centers are familiar with the customers' needs, preferences and areas of interest. Furthermore, the department has designated branches for customers who hold investment portfolios ranging from NIS 4 million and NIS 10 million.

Direct and digital channels:

The banking services are provided through Leumi's digital platforms, primarily the Leumi website and app, as well as the PEPPER app, and at the banking centers, at the consulting centers, in the technological gateways and by way of other advanced solutions. In 2025, 88 percent of the customers performed transactions on digital channels, using either Leumi's website or the Leumi app. The segment works, inter alia, to expand the scope of activity and the range of services available through the digital channels.

A significant part of the retail credit in 2025 was provided automatically by models.

Banking app Pepper, which serves as a normal bank account, enabling execution of a range of transactions completely digitally, using advanced technology and customized user experience.

Developments in the segment's markets and customer characteristics

The segment is affected by demographic and economic changes which have taken place in Israel, as well as by changes in private consumption and customers' savings habits.

The competition in the segment is intensifying. In recent years, there have been new entrants (financial and other entities) trying to muscle their way into the retail banking market; these new entrants mainly include credit card companies (operating in the field of consumer loans), insurance companies, retail chains and technology-based financial ventures. Some of the new entrants are entities which are not regulated by the Bank of Israel or by any other authority and which do not operate under the restrictions applicable to banks.

Services and products

The Bank offers its retail customers a wide range of products which suit their various needs of their lives,

inter alia: private credit, deposits, foreign currency, credit cards, activity in securities.

Customers

The Bank's services are adapted to meet the needs of various population groups comprising the segment.

B. Management Approach – Mortgage Segment

The Mortgages Division specializes in providing mortgages to households and those interested in a mortgage to purchase a new/second-hand property, for providing all-purpose loans based on the asset mortgaged to the Bank, and performing refinancing for existing mortgage holders. The Bank offers loans for the purchase of residential apartments or loans pledged by a residential apartment or another asset. The loans are granted both from the Bank's own funds and under state-backed government plans, through units deployed in Leumi branches and in the digital space that operate in a super-regional space associated with the Mortgage Division.

In addition, Leumi offers - to customers of all banks interested in taking out a mortgage or recycling their mortgage, to hold a consultation meeting with a Leumi mortgage banker via Zoom, without having to arrive at a branch, and to sign mortgage documents digitally without coming to the Bank's branches.

Leumi is active in the entire market, as well as specific activities for population segments such as - the Haredi sector, the Arab population, senior citizens, and foreign residents, and the Bank also provides mortgages to kibbutzim and buyers groups. These are provided after becoming familiar with the needs of the sectors and responding to their needs.

The Bank has unique products such as a time-out mortgage, which enables a selection of months off from the mortgage, a range of different linkage tracks - non-linked fixed interest for different periods, linked, bullet for 15 years, and non-linked mortgages.

C. Management Approach – Commercial Banking Segment

Overview

Specializes in the provision of the entire spectrum of financial services to middle-market business entities across all economic sectors including hi-tech companies and venture-capital funds, and throughout all stages of the business lifecycle: start-ups from the early-stage phase, through the various growth stages, and up to mature corporate entities. This segment sometimes includes interested parties of businesses in the sector, such as shareholders and senior officers.

Service and marketing to these companies are carried out on an individual basis, including financing transactions by means of credit instruments tailored to the customers' unique requirements, adapting investment products and financial instruments in order to hedge risks, financing international trade transactions and providing funding to start-up companies.

Segment's structure and characteristics

The Israeli activities of the segment are managed by the Commercial Banking Department and LeumiTech, which are part of the Corporate Division. The service is rendered by customer relations managers, who coordinate the Group's customer service; the operational services are provided by employees of the Operations Division, as well as through technological services, etc. The Commercial Banking Department's business model involves 11 business centers deployed across Israel, with the aim of providing the best, most efficient service to commercial customers. LeumiTech operates through the LeumiTech business center located in Tel-Aviv.

Development in the segment's markets and its customers' characteristics

The customers operate mainly in various economic sectors in the local market, such as manufacturing, infrastructure, high-tech, trade and services, real estate, etc., as well as in foreign markets.

Services and products

The Commercial Banking Department and LeumiTech has an extensive product offering designed for its different customers, including, among other things, financing of long-term investments, financing of foreign trade, financing of rental properties and construction loans, invoice discounting and factoring, financing of mergers and acquisitions, investment consulting and passive etc. LeumiTech offers technology company additional, dedicated credit products, including financing, venture lending and SAAS credit.

Customers

The customers of the Commercial Banking segment are mid-sized businesses from various economic sectors: commerce, industry, real estate, high-tech, etc. Furthermore, the segment also includes interested parties in these companies.

As a rule, customers with approved credit facilities of more than NIS 12.5 million and up to NIS 150 million (inclusive) and/or customers with approved credit facilities of up to NIS 250 million to fund income-generating properties or customers with turnovers of more than NIS 20 million and up to NIS 600 million are assigned to the Commercial Banking segment. In addition, the segment includes technology companies regardless of the extent of their credit facilities or business turnover.

D. Management Approach – Corporate Banking Segment

Overview

The Corporate banking segment specializes in providing banking and financial services to large corporations, some of which are multinationals. The services are based on providing an overall solution for the customer's needs, bearing in mind the whole spectrum of its businesses and adjusting financing for the specific needs.

Segment's structure and characteristics

The Corporate banking segment is managed in Israel by the Corporate Department and a system of international infrastructures and financing at the Corporate Division. The Corporate Department includes two business sectors: technology, defense and authorities, manufacturing, transportation, chemicals, and finance. Services are rendered by customer relations managers, who coordinate the Group's services vis a vis customers and specialize in the business sector in which the customer operates. The segment provides a comprehensive offering of banking services to all types of companies in the various sectors, and as relevant at the Bank's branches abroad. Special/complex transactions, such as the acquisition of means of control, assessment of investment plans and project financing, international trade activity, financing of foreign or domestic debtors, syndicated loans, etc., are dealt with by designated units specializing in dealing with such transactions, due to the complexity and risk level involved.

A system of infrastructures and international financing operates through two business sectors: infrastructures and energy sector and international financing sector, which also includes financing the hotelier industry in Israel and server farms in Israel. Customer accompaniment is provided by the customer relations managers, who specialize in the business sector in which the customer operates in outlines for project financing and corporate financing, as relevant. Special/complex financing transactions, such as financing means of control, assessment of investment plans, international trade activity, syndicated loans, etc., are dealt with by designated units specializing in dealing with such transactions, which are under the responsibility of the system.

Developments in the segment's markets and customer characteristics

The Corporate Banking Department manages the credit risks with due care while assessing the creditworthiness of customers on an ongoing basis, especially the creditworthiness of risk-sensitive customers; the department also assesses the impact of trends and developments on these customers.

In the fields of infrastructures, the potential of transactions is tracked, with an emphasis on tenders of the General Comptroller and the potential of transactions in the fields of conventional energy and renewable energy.

Services and products

The services rendered include, among other things, ongoing financing according to the customers' needs, financing of investments to maintain and expand operations, provision of financing and international trade solutions (including financing with credit insurance or private insurance companies of projects abroad), financing of mergers and acquisitions, granting loans for extensive transactions carried out through syndicates in collaboration with the institutional entities and foreign and Israeli

banks, financial instruments hedging foreign exchange risks, interest risks and fluctuations in commodities prices, ongoing accompaniment of developers bidding on state tenders in the fields of national infrastructure and energy, leading financial closings, while organizing syndication as needed, and accompanying developers during the establishment period and while operating the projects. The service also includes promotion of banking services to the companies, managers and companies' employees.

Customers

This segment's customers are mostly market leaders in their fields. Some of these companies are public, operating in various economic sectors and have complex and multi-tiered organizational structures comprising several management and control tiers.

Generally, customers with approved credit facilities of more than NIS 150 million or with a turnover of more than NIS 600 million are assigned to the Corporate Banking segment.

E. Management Approach – Real Estate Segment

Overview

The service is rendered by customer relations managers, who coordinate the Group's customer service; the operational services are provided by employees of the Operations Division, as well as through technological services, etc. The projects are funded through construction loans and are closely monitored and supervised with an emphasis on meticulous review of each project.

Segment's structure and characteristics

Leumi's Real Estate segment in Israel is mostly managed by the Construction and Real Estate Department of the Corporate Division. The department provides a comprehensive offering of banking services to construction companies and large real estate developers and contractors in Israel; the department's areas of expertise cover all aspects of real estate activities. Services are rendered by customer relations managers, who coordinate the Group's services vis a vis customers and specialize in the business sector in which the customer operates.

Developments in the segment's markets and customer characteristics

The Real Estate function manages the credit risks with due care while assessing the creditworthiness of customers on an ongoing basis, especially the creditworthiness of risk-sensitive customers; the department also assesses the impact of trends and developments on these customers.

In the residential construction sector, according to the data of the first three quarters, it seems that 2025 was characterized by an acceleration housing projects started compared with recent years, against the backdrop of high volumes of residential building permit issuance. This, alongside a certain recovery in completions and deliveries of apartments, likely due to the improvement in the labor force in the construction sector, with replacement of Palestinian construction workers with other workers (Israeli and foreign workers). The acceleration in housing starts occurred despite a slowdown in apartment sales during 2025, a continued increase in the inventory of unsold units, and price declines throughout most of the year.

In the commercial real estate sector, during the War, the activity in shopping centers has been positively affected by the extensive government supports of households and the reduced number of Israelis traveling abroad. However, the expected decline of these effects over the coming year, alongside the stabilization in the security situation in the central scenario, may lead to a slowdown in shopping center activity during 2026, however, the moderation in inflation and the interest rate cuts may offset part of this impact. On the supply side, most of 2025 saw a significant increase in the initiation of new commercial-property construction.

The office market showed signs of recovery during the first half of 2025, following several years of a substantial decline in prices and occupancy rates. However, this recovery has so far been concentrated mainly in Tel-Aviv, where occupancy rates remain high and rental prices have resumed their upward trend. In contrast, in the suburbs of Tel-Aviv, prices continue to stagnate alongside a continued decline in occupancy rates, against the backdrop of strong supply-side pressures.

In 2026, real estate activity is expected to be affected by the following factors: the macroeconomic environment; regulatory changes - particularly those relating to the residential housing market; continued implementation of government programs - especially in the real estate domain; completion of construction projects; as well as the scope of the government's investments in national infrastructures.

Services and products

Construction and real estate projects are funded through industry-specific and unique monitoring and analysis tools, which support the decision-making process and the monitoring of loans extended to the various projects and properties. Funding is extended with the aim of diversifying the credit portfolio and distinguishing between the various segments – housing, income-generating properties - especially commercial and office space, and construction for industry and commerce. Generally, loans granted in

the construction phase are extended by way of construction loans, which allow the Bank to closely monitor and supervise the relevant project.

Customers

The segment's customers include large and mid-sized real estate development companies, executive and infrastructure contractors and selected business companies engaged in real estate development and contracting in the field of rental properties.

The information in this section constitutes forward-looking information. For the meaning of the term, please see the chapter "Forward-Looking Information".

F. Management Approach – Capital Markets Segment

Overview

The financial management function of the Bank and the Group manages the trading room and provides various services to banks and institutional investors, including serving as an account manager on their behalf. Set forth below are the segment's main areas of activity:

- Management of the Nostro portfolio by investing the Bank's own funds in marketable and non-marketable investment instruments and by management of direct investments in shares of marketable and non-marketable companies; non-financial investments are managed by Leumi Partners.
- Management of the trading room, which provides trading services to the Bank's customers, including market-making, primarily in currencies, securities and derivatives.
- Management of resources and liquidity sources and applications.
- Management of market risk exposures – including management of underlying exposures, interest and liquidity exposures.
- Price management – by setting transfer prices and pricing of special financial transactions.
- Management of banking activity of institutional customers and other corporations with extensive capital market activities.
- Development of financial instruments.

Segment's structure

Financial management is carried out by the Capital Markets Division, which coordinates the function at the Group level. The division manages the banking portfolio and the held-for-trading portfolio and provides services to customers with capital markets and financial markets activities, including institutional customers. The banking portfolio activity is managed by the Financial Management Department and includes the management of liquidity sources and applications, as well as of exposures to market and liquidity risks and the Nostro portfolios. The trading activity is carried out by the trading room and Nostro units in NIS and in foreign currency.

The main tools for managing the banking portfolio are transfer prices, trading activity in the available-for-sale and held-to-maturity Nostro portfolios, and the use of derivatives.

The ALM Department's main areas of responsibility include managing the Bank's financial capital and market risk exposures, managing corporate and statutory liquidity and liquidity risk, as well as allocating liquidity sources to the various applications by implementing the transfer prices policy. This policy is determined according to the Bank's needs, planning and management of the mix of liquidity sources and applications as well as developments in the business environment and forecasts. As part of this activity, the Bank also sets the methodology for netting P&L centers and prices complex and special transactions.

The liquidity is managed on a regular basis in accordance with the Bank's policy and pursuant to the binding directives. Liquidity is also managed by a special-purpose unit, whose main function is optimal

planning and management of liquidity balances, subject to the risk appetite, while ensuring a liquidity level that enables the Bank to carry out its business activity while meeting all of its financial obligations in a normal business environment as well as under extreme scenarios. The measurement, analysis, planning and reporting activities are carried out through the OneSumX risk management system, which provides extensive information on all of the Bank's financial activities and on the market and liquidity risks associated therewith. The system enables to assess and monitor the effect of various scenarios (price and quantity) on the Bank's financial profitability and capital.

For a description of the principal points of the securities investment (Nostro) policy, please see the section entitled "Structure of, and Changes in, Assets, Liabilities, Capital, and Capital Adequacy", under "Securities".

Segment's profit

The segment's profit is mainly impacted by the Nostro activity, the trading room activity, ALM management, management of customers' accounts and accounts of other corporations with extensive capital market activities, as well as the results of non-financial associates. Set forth below are the main components of the net income:

- Results of market risks management, including changes in transfer prices. Income and expenses resulting from changes in transfer prices are carried in full to the financial segment, to which all of the market risks from the other operating segments are also transferred.
- Realized gains/losses of securities and from provisions for impairment of securities in respect of a decline which is not temporary in nature in the value of securities and unrealized gains/losses from adjustments of held-for-trading securities to market value.
- Adjustments of derivatives to market value.
- Effects of exchange rate differentials (foreign currency/NIS) and linkage differences (to the CPI), including adjustments from translation of foreign investments and the effect of the related tax effect.
- Income arising from market-making activities.
- Income/expenses arising from investment of pension, jubilee and regular leave reserves.
- Certain costs relating to pension liabilities, calculated on an actuarial basis.
- Profits of associates.

The segment's operating expenses mainly include direct operating expenses, as well as overheads associated with management of market risks, the Bank's own securities (Nostro) portfolios and the trading room.

Services and products

The segment's activity mainly involves custodian services, brokerage, and marketable and non-marketable derivatives. In addition, the Bank provides operating services to provident funds, mutual funds and investment funds' management companies.

Customers

The segment's customers include insurance companies, provident funds, study funds, pension funds, mutual funds, exchange-traded funds, commercial banks and investment banks, as well as other customers with extensive capital market activities.

G. Appendices

Income and Expenditure Rates[a] and Analysis of the Changes in Interest Income and Expenses

Part A – Average Balances and Interest Rates — Assets

	2025			2024			2023		
	Balance Average[b]	Income Interest rate	% Income	Balance Average[b]	Income Interest rate	% Income	Balance Average[b]	Income Interest rate	% Income
	In NIS million		In %	In NIS million		In %	In NIS million		In %
Interest-bearing assets									
Loans to the public[c]									
In Israel	**469,472**	**27,675**	**5.89**	423,901	26,128	6.16	395,467	24,360	6.16
Outside Israel	**10,158**	**748**	**7.36**	8,992	736	8.19	7,483	594	7.94
Total[i]	**479,630**	**28,423**	**5.93**	432,893	26,864	6.21	402,950	24,954	6.19
Loans to the government									
In Israel	**2,430**	**92**	**3.79**	1,626	73	4.49	1,209	54	4.47
Outside Israel	**–**	**–**	**–**	–	–	–	–	–	–
Total	**2,430**	**92**	**3.79**	1,626	73	4.49	1,209	54	4.47
Deposits with banks									
In Israel	**16,912**	**629**	**3.72**	13,294	609	4.58	15,072	613	4.07
Outside Israel	**197**	**2**	**1.02**	192	1	0.52	243	–	–
Total	**17,109**	**631**	**3.69**	13,486	610	4.52	15,315	613	4.00
Deposits with central banks									
In Israel	**92,665**	**4,143**	**4.47**	96,650	4,326	4.48	78,781	3,478	4.41
Outside Israel	**–**	**–**	**–**	–	–	–	39	2	5.13
Total	**92,665**	**4,143**	**4.47**	96,650	4,326	4.48	78,820	3,480	4.42
Securities borrowed or purchased under reverse repurchase agreements									
In Israel	**5,247**	**206**	**3.93**	3,297	174	5.28	2,839	127	4.47
Outside Israel	**–**	**–**	**–**	–	–	–	–	–	–
Total	**5,247**	**206**	**3.93**	3,297	174	5.28	2,839	127	4.47
Bonds held-to-maturity and available-for-sale[d]									
In Israel	**121,557**	**5,166**	**4.25**	119,346	5,040	4.22	113,356	4,167	3.68
Outside Israel	**–**	**–**	**–**	–	–	–	–	–	–
Total	**121,557**	**5,166**	**4.25**	119,346	5,040	4.22	113,356	4,167	3.68
Bonds - held-for-trading[d]									
In Israel	**10,923**	**430**	**3.94**	9,318	375	(4.02)	7,276	260	3.57
Outside Israel	**–**	**–**	**–**	–	–	–	–	–	–
Total	**10,923**	**430**	**3.94**	9,318	375	(4.02)	7,276	260	3.57
Total interest-bearing assets	**729,561**	**39,091**	**5.36**	676,616	37,462	5.54	621,765	33,655	5.41
Non-interest-bearing receivables for credit cards	**6,971**			6,566			6,188		

	2025			2024			2023		
	Balance Average[b]	Income Interest rate	% Income	Balance Average[b]	Income Interest rate	% Income	Balance Average[b]	Income Interest rate	% Income
	In NIS million		In %	In NIS million		In %	In NIS million		In %
Other non-interest-bearing assets[e]	**72,752**			66,537			72,760		
Total assets[k]	**809,284**	**39,091**		749,719	37,462		700,713	33,655	
Total interest-bearing assets attributable to foreign operations	**10,355**	**750**	**7.24**	9,184	737	8.02	7,765	596	7.68

Please see notes on page 376.

Part B – Average Balances and Interest Rates – Liabilities and Equity

	2025			2024			2023		
	Average balance[b]	Interest expenses	% of expense	Average balance[b]	Interest expenses	% of expense	Average balance[b]	Interest expenses	% of expense
	In NIS million		In %	In NIS million		In %	In NIS million		In %
Interest-bearing liabilities									
Deposits by the public									
In Israel	**488,455**	**19,372**	**3.97**	441,617	18,428	4.17	381,508	15,678	4.11
Demand deposits	**125,330**	**4,462**	**3.56**	136,628	5,035	3.69	117,020	4,376	3.74
Fixed deposits	**363,125**	**14,910**	**4.11**	304,989	13,393	4.39	264,488	11,302	4.27
Outside Israel	–	–	–	–	–	–	5	–	–
Demand deposits	–	–	–	–	–	–	5	–	–
Fixed deposits	–	–	–	–	–	–	–	–	–
Total	**488,455**	**19,372**	**3.97**	441,617	18,428	4.17	381,513	15,678	4.11
Deposits by the Israeli Government									
In Israel	**134**	**2**	**1.49**	109	2	1.83	225	2	0.89
Outside Israel	–	–	–	–	–	–	–	–	–
Total	**134**	**2**	**1.49**	109	2	1.83	225	2	0.89
Deposits by central banks									
In Israel	**3,895**	**90**	**2.31**	7,981	89	1.12	14,325	12	0.08
Outside Israel	–	–	–	–	–	–	–	–	–
Total	**3,895**	**90**	**2.31**	7,981	89	1.12	14,325	12	0.08
Deposits by banks									
In Israel	**12,136**	**277**	**2.28**	10,917	295	2.70	6,001	105	1.75
Outside Israel	**1**	–	–	65	1	1.54	14	–	–
Total	**12,137**	**277**	**2.28**	10,982	296	2.70	6,015	105	1.75
Securities loaned or sold under reverse repurchase agreement									
In Israel	**15,254**	**709**	**4.65**	10,790	633	5.87	10,627	630	5.93
Outside Israel	–	–	–	–	–	–	–	–	–
Total	**15,254**	**709**	**4.65**	10,790	633	5.87	10,627	630	5.93
Bonds									
In Israel	**39,194**	**1,789**	**4.56**	31,138	1,505	4.83	29,243	1,231	4.21
Outside Israel	–	–	–	–	–	–	–	–	–
Total	**39,194**	**1,789**	**4.56**	31,138	1,505	4.83	29,243	1,231	4.21
Total liabilities Interest-bearing	**559,069**	**22,239**	**3.98**	502,617	20,953	4.17	441,948	17,658	4.00
Deposits by the public that are not Interest-bearing deposits	**136,379**			141,984			156,866		
Credit card payables Non-interest bearing	**1,877**			1,786			1,891		
Other liabilities that are not Interest-bearing[f]	**45,088**			41,404			44,694		
Total liabilities	**742,413**	**22,239**		687,791	20,953		645,399	17,658	
Total capital resources	**66,871**			61,928			55,314		
Total liabilities and the capital resources	**809,284**	**22,239**		749,719	20,953		700,713	17,658	
Interest rate spread		**16,852**	**1.38**		16,509	1.37		15,997	1.41
Net return on assets Interest-bearing[g][j]									
In Israel	**719,206**	**16,102**	**2.24**	667,432	15,773	2.36	614,000	15,401	2.51
Outside Israel	**10,355**	**750**	**7.24**	9,184	736	8.01	7,765	596	7.68
Total	**729,561**	**16,852**	**2.31**	676,616	16,509	2.44	621,765	15,997	2.57
Total interest-bearing liabilities attributable to foreign operations	**1**	–	–	65	1	1.54	19	–	–

Please see notes on p. 376.

Part C – Average Balances and Interest Rates – Additional Information on Interest-Bearing Assets and Interest-Bearing Liabilities Attributed to Activities in Israel

	2025			2024			2023		
	Balance Average[b]	Income (Expenses) Interest rate	% Income (Expense)	Balance Average[b]	Income (Expenses) Interest rate	% Income (Expense)	Balance Average[b]	Income (Expenses) Interest rate	% Income (Expense)
	In NIS million		In %	In NIS million		In %	In NIS million		In %
Non-linked NIS									
Total interest-bearing assets	**508,399**	**28,409**	**5.59**	477,324	26,560	5.56	445,361	24,832	5.58
Total interest-bearing liabilities	**383,692**	**(15,034)**	**(3.92)**	345,598	(13,250)	(3.83)	296,619	(10,750)	(3.62)
Interest rate spread			**1.67**			1.73			1.96
CPI-linked NIS									
Total interest-bearing assets	**77,907**	**4,058**	**5.21**	69,110	4,226	6.11	62,458	3,593	5.75
Total interest-bearing liabilities	**37,981**	**(1,511)**	**(3.98)**	29,346	(1,303)	(4.44)	27,864	(1,135)	(4.07)
Interest rate spread			**1.23**			1.67			1.68
Foreign currency (including currency Israeli, foreign-currency linked)									
Total interest-bearing assets	**132,900**	**5,874**	**4.42**	120,998	5,939	4.91	106,181	4,634	4.36
Total interest-bearing liabilities	**137,395**	**(5,694)**	**(4.14)**	127,608	(6,399)	(5.01)	117,446	(5,773)	(4.92)
Interest rate spread			**0.28**			(0.10)			(0.56)
Total activity in Israel									
Total interest-bearing assets	**719,206**	**38,341**	**5.33**	667,432	36,725	5.50	614,000	33,059	5.38
Total interest-bearing liabilities	**559,068**	**(22,239)**	**(3.98)**	502,552	(20,952)	(4.17)	441,929	(17,658)	(4.00)
Interest rate spread			**1.35**			1.33			1.38

Please see comments on the next page.

Part D – Analysis of Changes in Interest Income and Interest Expenses

	2025 vs. 2024			2024 vs. 2023		
	Increase (decrease) due to change[h]		Net change	Increase (decrease) due to change[h]		Net change
	Quantity	Price		Quantity	Price	
	In NIS million					
Interest-bearing assets						
Loans to the public						
In Israel	**2,686**	**(1,139)**	**1,547**	1,753	15	1,768
Outside Israel	**86**	**(74)**	**12**	124	18	142
Total	**2,772**	**(1,213)**	**1,559**	1,877	33	1,910
Other interest-bearing assets						
In Israel	**265**	**(196)**	**69**	1,088	810	1,898
Outside Israel	**–**	**1**	**1**	–	(1)	(1)
Total	**265**	**(195)**	**70**	1,088	809	1,897
Total interest income	**3,037**	**(1,408)**	**1,629**	2,965	842	3,807
Interest-bearing liabilities						
Deposits by the public						
In Israel	**1,858**	**(914)**	**944**	2,508	242	2,750
Total	**1,858**	**(914)**	**944**	2,508	242	2,750
Other interest-bearing liabilities						
In Israel	**393**	**(50)**	**343**	21	523	544
Outside Israel	**–**	**(1)**	**(1)**	1	–	1
Total	**393**	**(51)**	**342**	22	523	545
Total interest expenses	**2,251**	**(965)**	**1,286**	2,530	765	3,295
Total interest, net	**786**	**(443)**	**343**	435	77	512

Comments:

a) The data in the above tables are stated after the effect of derivatives instruments hedging.

b) Based on monthly opening balances, except for the unlinked Israeli currency segment where the average balance is calculated according to daily inputs, and before deducting the average on-balance sheet loan loss provisions; foreign subsidiaries - based on quarterly opening balances.

c) Before deducting the average balance of loan loss provisions. Including non-accrual impaired debts.

d) The average balance of unrealized gains/losses from fair value adjustments of available-for-sale bonds was deducted/added from the average balance of held-for-trading bonds and available-for-sale bonds, as were gains/losses in respect of available-for-trading bonds included in shareholder's equity under accumulated other comprehensive income, in the adjustments in respect of presentation of available-for-sale securities at fair value item in respect of bonds transferred from the available-for-sale portfolio, in the amount of NIS (1,716) million (December 31, 2024 – NIS (3,380) million; December 31, 2023 - NIS (3,821) million).

e) Including book balances of derivatives, other non-interest-bearing assets, non-monetary assets, and less loan loss provision.

f) Including book balances of derivatives and non-monetary liabilities.

g) Net yield – net interest income divided by total interest-bearing assets.

h) The change attributable to the quantity change was calculated by multiplying the new price by the change in quantity. The change attributable to the change in price was calculated by multiplying the former quantity by the new price.

i) Fees and commissions in the amount of NIS 485 million were included in interest income from loans to the public (December 31, 2024 - NIS 381 million; December 31, 2023 - NIS 393 million).

j) Net yield on interest-bearing assets (NIM) for the fourth quarter of 2025 and 2024 was 2.01 percent and 2.21 percent, respectively.

k) Total assets in the fourth quarter of 2025 and 2024 totaled NIS 840,888 million and NIS 766,914 million, respectively.

Quarterly Consolidated Income Statement - Multi-Quarter Information

	For the year ended December 31							
	2025				2024			
	4	3	2	1	4	3	2	1
	In NIS million							
Interest income	9,197	10,630	10,211	9,053	8,877	9,966	9,792	8,827
Interest expenses	5,373	6,159	5,671	5,036	(5,058)	5,421	5,414	(5,060)
Interest income, net	3,824	4,471	4,540	4,017	3,819	4,545	4,378	3,767
Loan loss expenses (income)	140	32	223	55	197	312	(18)	222
Interest income, net after loan loss expenses (income)	3,684	4,439	4,317	3,962	3,622	4,233	4,396	3,545
Noninterest income								
Noninterest finance income (expenses)	434	500	410	293	686	(46)	446	734
Fees and Commissions	1,072	977	1,014	1,021	994	984	910	935
Other Income	18	13	22	54	48	40	9	859
Total noninterest income	1,524	1,490	1,446	1,368	1,728	978	1,365	2,528
Operating and other expenses								
Salaries and Related Expenses	881	858	881	960	910	933	882	1,071
Buildings and equipment – maintenance and depreciation	404	343	334	374	385	386	374	375
Other Expenses	413	408	395	397	417	397	395	379
Total operating and other expenses	(1,698)	1,609	1,610	1,731	1,712	1,716	1,651	1,825
Profit before taxes	3,510	4,320	4,153	3,599	3,638	3,495	4,110	4,248
Provision for profit taxes	1,036	1,719	1,623	(1,292)	1,294	1,285	1,340	1,503
Profit after taxes	2,474	2,601	2,530	2,307	2,344	2,210	2,770	2,745
The Bank's share in associates' profits (losses), net after tax	75	99	80	96	107	83	(501)	40
Net income:								
Before attribution to shareholders Non-controlling	2,549	2,700	2,610	2,403	2,451	2,293	2,269	2,785
Attributable to interests Non-controlling[a]	–	–	–	–	–	–	–	–
Attributable to the Bank's shareholders	2,549	2,700	2,610	2,403	2,451	2,293	2,269	2,785
Basic and diluted earnings per share (in NIS):								
Diluted basic earnings attributable to the Bank's shareholders	1.71	1.81	1.74	1.60	1.63	1.51	1.49	1.83

a) Sums lower than NIS 1 million.

Loan loss expenses (income)

	For the year ended December 31							
	2025				2024			
	4	**3**	**2**	**1**	4	3	2	1
	In NIS millions							
Loan loss income – specific	**(4)**	**(74)**	**(162)**	**(17)**	(23)	(63)	(86)	(156)
Collective expense for Loan losses	**144**	**106**	**385**	**72**	220	375	68	378
Total loan loss expense (income) for Loan losses	**140**	**32**	**223**	**55**	197	312	(18)	222
Of which:								
Expenses (income) for credit losses for commercial credit risk	**32**	**(15)**	**91**	**(8)**	69	166	(60)	75
Expenses (income) for credit losses for credit risk for housing	**3**	**–**	**41**	**(14)**	46	14	(27)	3
Loan loss expenses for other credit risk for private individuals	**93**	**27**	**96**	**64**	71	113	69	144
Expenses (income) for credit losses for credit risk for banks, governments and bonds	**12**	**20**	**(5)**	**13**	11	19	–	–
Total loan loss expense (income) for Loan losses	**140**	**32**	**223**	**55**	197	312	(18)	222
Ratios (in %):[a]								
Percentage of the specific loan loss income out of the average outstanding loans to the public[b]	**–**	**(0.06)**	**(0.14)**	**(0.01)**	(0.02)	(0.06)	(0.08)	(0.15)
Percentage of loan loss expense (income) out of the average outstanding loans to the public	**0.11**	**0.03**	**0.19**	**0.05**	0.17	0.28	(0.02)	0.21
Percentage of net write-offs for loans to the public out of the average outstanding loans to the public	**0.07**	**0.05**	**0.08**	**0.11**	0.08	0.10	0.20	0.03
Percentage of net write-offs for loans to the public out of the outstanding loan loss provisions for loans to the public	**4.91**	**3.64**	**5.52**	**7.78**	5.40	6.16	12.81	1.73

a) Annualized.

Rate lower than 0.01 percent.

Noninterest income

	For the year ended December 31							
	2025				2024			
	4	3	2	1	4	3	2	1
	In NIS million							
Noninterest finance income (expenses)	434	500	410	293	686	(46)	446	734
Fees and Commissions	1,072	977	1,014	1,021	994	984	910	935
Other Income	18	13	22	54	48	40	9	859
Total	1,524	1,490	1,446	1,368	1,728	978	1,365	2,528

Fees and Commissions

	For the year ended December 31							
	2025				2024			
	4	**3**	**2**	**1**	4	3	2	1
	In NIS million							
Account management	**149**	**150**	**145**	**148**	147	147	143	145
Credit cards	**99**	**(10)**	**100**	**111**	104	109	112	97
Activity in securities and certain derivatives	**204**	**190**	**198**	**190**	176	165	149	164
Fees and commissions for financial product distribution	**66**	**62**	**59**	**56**	56	52	49	48
Management, operating and trust services provided to entities entities	**33**	**31**	**30**	**29**	29	28	27	27
Credit handling	**70**	**58**	**61**	**69**	66	63	54	72
Exchange rate differentials	**131**	**132**	**129**	**129**	132	139	116	111
Foreign trade activity	**34**	**37**	**34**	**35**	35	38	36	39
Net income from loan portfolio servicing	**–**	**1**	**–**	**1**	3	1	1	1
Management fees and commissions on life insurance and apartment insurance	**8**	**9**	**8**	**9**	8	9	9	10
Financing fees and commissions	**251**	**290**	**224**	**218**	212	206	189	196
Other fees and commissions	**27**	**27**	**26**	**26**	26	27	25	25
Total fees and commissions	**1,072**	**977**	**1,014**	**1,021**	994	984	910	935

Salary expenses

	For the year ended December 31							
	2025				2024			
	4	**3**	**2**	**1**	4	3	2	1
	In NIS million							
Salaries and related expenses	**793**	**768**	**792**	**871**	811	846	796	986
Pension, severance and retirement expenses	**88**	**90**	**89**	**89**	99	87	86	85
Total salary expenses	**881**	**858**	**881**	**960**	910	933	882	1,071

Consolidated Balance Sheet as of End of Quarter - Multi-Quarter Information

	December 31							
	2025				2024			
	4	3	2	1	4	3	2	1
	In NIS million							
Assets								
Cash and Deposits with Banks	**154,647**	**138,307**	**147,063**	**123,917**	155,828	136,673	128,278	144,064
Securities:								
Held-to-maturity bonds	**17,318**	**17,944**	**19,137**	**18,712**	18,867	19,036	17,668	16,962
Available-for-sale bonds	**116,473**	**106,661**	**103,485**	**90,618**	90,500	87,756	98,037	110,165
Equity securities not held for trading	**7,030**	**6,792**	**6,734**	**7,503**	7,178	6,021	5,578	5,432
Held-for-trading securities	**7,299**	**9,683**	**13,293**	**13,469**	7,556	8,465	7,290	5,165
Total securities	**148,120**	**141,080**	**142,649**	**130,302**	124,101	121,278	128,573	137,724
Securities borrowed or purchased under reverse repurchase agreements	**8,417**	**5,883**	**7,583**	**1,521**	4,684	5,936	1,538	2,288
Loans to the public	**526,800**	**502,193**	**496,040**	**469,636**	462,406	453,772	440,480	435,537
Loan loss provision	**(6,850)**	**(6,806)**	**(6,813)**	**6,789**	(6,887)	(6,821)	(6,681)	(6,955)
Loans to the public, net	**519,950**	**495,387**	**489,227**	**462,847**	455,519	446,951	433,799	428,582
Loans to governments	**3,406**	**2,992**	**2,428**	**2,187**	2,509	1,957	1,918	1,387
Investments in associates	**3,908**	**3,724**	**3,491**	**3,526**	3,580	3,462	3,358	4,129
Buildings and Equipment	**3,153**	**3,016**	**2,941**	**2,863**	2,822	2,721	2,688	2,682
Assets in respect of derivatives	**24,317**	**29,412**	**41,572**	**29,383**	29,193	27,509	26,679	25,745
Other assets	**7,053**	**7,312**	**7,379**	**7,204**	7,315	7,152	7,208	7,072
Total assets	**872,971**	**827,113**	**844,333**	**763,750**	785,551	753,639	734,039	753,673
Liabilities and equity								
Deposits by the Public	**686,887**	**641,123**	**642,253**	**596,447**	618,301	588,305	581,187	595,805
Deposits by Banks	**13,123**	**16,874**	**22,873**	**13,019**	18,043	18,970	18,179	24,139
Deposits by governments	**87**	**107**	**125**	**139**	172	102	109	101
Securities loaned or sold under repurchase agreements	**21,814**	**12,372**	**16,208**	**14,251**	11,686	12,312	8,633	6,307
Bonds, promissory notes and deferred liability letters Subordinated notes	**44,207**	**44,883**	**40,515**	**34,108**	31,969	32,061	29,369	30,902
Liabilities due to Derivatives	**24,604**	**30,265**	**42,027**	**27,673**	27,752	26,500	24,156	23,591
Other liabilities	**14,114**	**14,441**	**14,792**	**14,320**	15,965	15,126	13,966	15,695
Total liabilities	**804,836**	**760,065**	**778,793**	**699,957**	723,888	693,376	675,599	696,540
Shareholders' equity	**68,130**	**67,043**	**65,535**	**63,788**	61,658	60,258	58,435	57,128
Non-controlling interests	**5**	**5**	**5**	**5**	5	5	5	5
Total equity	**68,135**	**67,048**	**65,540**	**63,793**	61,663	60,263	58,440	57,133
Total liabilities and equity	**872,971**	**827,113**	**844,333**	**763,750**	785,551	753,639	734,039	753,673

Consolidated Income Statement for 2021-2025 - Multi-Year Information

	2025	2024	2023	2022	2021
	In NIS million				
Interest income	**39,091**	37,462	33,655	18,795	11,672
Interest expenses	**22,239**	20,953	17,658	5,584	1,326
Interest income, net	**16,852**	16,509	15,997	13,211	10,346
Loan loss expenses (income)	**450**	713	2,383	498	(812)
Interest income, net after loan loss expenses (income)	**16,402**	15,796	13,614	12,713	11,158
Noninterest income					
Noninterest Finance Income	**1,637**	1,820	1,279	1,408	(1,714)
Fees and Commissions	**4,084**	3,823	3,737	3,535	3,506
Other Income	**107**	956	165	75	291
Total noninterest income	**5,828**	6,599	5,181	5,018	5,511
Operating and other expenses					
Salaries and Related Expenses	**3,580**	3,796	3,484	3,935	4,242
Buildings and equipment - maintenance and depreciation	**1,455**	1,520	1,541	1,357	1,535
Other Expenses	**1,613**	1,588	1,869	1,543	1,651
Total operating and other expenses	**6,648**	6,904	6,894	6,835	7,428
Profit before taxes	**15,582**	15,491	11,901	10,896	9,241
Provision for profit taxes	**5,670**	5,422	3,988	3,564	3,275
Profit after taxes	**9,912**	10,069	7,913	7,332	5,966
The banking corporation's share in profits (losses) in associates' profits, after tax	**350**	(271)	(886)	387	101
Net income					
Before attribution to non-controlling interests	**10,262**	9,798	7,027	7,719	6,067
Attributable to non-controlling interests	**-**[a]	-[a]	-[a]	(10)	(39)
Attributable to the Bank's shareholders	**10,262**	9,798	7,027	7,709	6,028
Basic and diluted earnings per share (in NIS):					
Diluted basic earnings attributable to the Bank's shareholders	**6.86**	6.46	4.58	5.14	4.15

a) Sums lower than NIS 1 million.

Consolidated Balance Sheet as at December 31 – Multi-Year Information

	2025	2024	2023	2022	2021
	In NIS million				
Assets					
Cash and Deposits with Banks	**154,647**	155,828	105,476	186,569	197,402
Securities:					
Held-to-maturity bonds	**17,318**	18,867	15,406	14,528	8,031
Available-for-sale bonds	**116,473**	90,500	126,137	61,809	71,430
Equity securities not held for trading	**7,030**	7,178	4,828	4,353	4,344
Held-for-trading securities	**7,299**	7,556	13,677	2,260	3,122
Total securities	**148,120**	124,101	160,048	82,950	86,927
Securities borrowed or purchased under reverse repurchase agreements	**8,417**	4,684	3,053	3,034	2,447
Loans to the public	**526,800**	462,406	426,203	389,768	347,391
Loan loss provision	**(6,850)**	(6,887)	(6,717)	(4,986)	(4,512)
Loans to the public, net	**519,950**	455,519	419,486	384,782	342,879
Loans to governments	**3,406**	2,509	1,806	1,109	940
Investments in associates	**3,908**	3,580	4,014	4,947	1,113
Buildings and Equipment	**3,153**	2,822	2,874	2,735	2,720
Goodwill	**–**	–	–	–	14
Assets in respect of derivatives	**24,317**	29,193	27,410	26,638	14,027
Other assets	**7,053**	7,315	7,330	6,402	7,985
Total assets	**872,971**	785,551	731,497	699,166	656,454
Liabilities and equity					
Deposits by the Public	**686,887**	618,301	567,824	557,084	537,269
Deposits by banks	**13,123**	18,043	20,776	22,306	25,370
Deposits by governments	**87**	172	160	247	300
Securities loaned or sold under repurchase agreements	**21,814**	11,686	13,776	3,952	2,282
Bonds, Promissory Notes and Subordinated Bonds	**44,207**	31,969	32,114	27,805	15,428
Liabilities for derivatives	**24,604**	27,752	26,636	23,311	15,551
Other liabilities	**14,114**	15,965	15,709	15,018	18,202
Total liabilities	**804,836**	723,888	676,995	649,723	614,402
Non-controlling interests	**5**	5	5	5	442
Shareholders' equity	**68,130**	61,658	54,497	49,438	41,610
Total equity	**68,135**	61,663	54,502	49,443	42,052
Total liabilities and equity	**872,971**	785,551	731,497	699,166	656,454

Glossary of Terms

Term	Definition
a	
Obligo	Represents the customers' total indebtedness to the bank.
Securitization	A process whereby bank loans and credit are pooled to create a long-term loan through bonds.
Cybernetic (cyber) event	An event during which the Bank's IT and/or computer-embedded systems and infrastructures are attacked by, or on behalf of, opponents (whether external or internal to the banking corporation) and such attack may result in the materialization of the cyber risk, including an attempted attack even if it did not result in actual damage.
Private individuals	Individuals who are not corporations (whether registered or non-registered) and who are not engaged in business activity. Private individuals defined, in accordance with the directives of the Bank of Israel, as belonging to a category that includes loans to individuals that are not intended for business purposes, with such individuals being classified as belonging to the Private Individuals Economic Branch, in accordance with the uniform definitions of the Central Bureau of Statistics, which also includes private households and private banking.
Restructuring of a Problem Debt	A debt for which, because of economic or legal reasons related to the debtor's financial difficulties, the Bank has granted a concession by changing the terms and conditions of the debt to alleviate the burden of the debtor's near-term cash payments or by accepting other assets in lieu of repayment.
On-call credit	Credit extended for a number of days and which is repaid after a call has been issued, in accordance with the terms and conditions of the agreement between the Bank and the customer.
Special mention credit	On-balance-sheet special mention credit for which there are potential weaknesses which should be monitored closely by the Bank's management. Off-balance sheet loans are classified as special mention credit if the materialization of the contingent liability in respect of the item is defined as "reasonably possible" and if the debts that may be recognized as a result of the materialization of the contingent liability meet the criteria for classification into this category.

Term	Definition
Standby Letter of Credit (SBLC)	A Standby Letter of Credit is a bank guarantee defined as a commercial letter of credit whose primary goal is to ensure the execution of payment. A Standby Letter of Credit is similar to a guarantee in the sense that it constitutes a commitment undertaken by the Bank to pay the amount specified therein against a payment demand from the beneficiary, whereas, in the case of a commercial letter of credit, one is required to present various documents in order to realize the Bank's guarantee.
Substandard loan	Loans which are insufficiently guaranteed by the current sound worth and repayment capacity of the borrower or the pledged collateral, if any. On-balance sheet credit risk that has been classified in this way should have a well-defined weakness or weaknesses, which jeopardize the liquidation of the debt. Loans, in respect of which a collective loan loss provision is recorded, shall be classified as a substandard loan when it has been in arrears of 90 days or more.

Term	Definition
Non-performing credit risk	Balance-sheet loans which examined on an individual basis, and which, based on present circumstances and information, it is probable that the Bank will not be able not to collect the full amounts payable to it (principal and interest) under the contractual terms of the debt agreement. A debt shall be classified as non-performing whenever the principal or interest has been in arrears of 90 days or more, unless it is both well secured and in the process of collection. Off-balance-sheet loans are classified as non-performing debts if the materialization of the contingent liability, as specified in the relevant clause, is defined as "reasonably possible" and if the debts that may be recognized as a result of the materialization of the contingent liability meet the criteria for classification into this category. Additionally, a non-performing debt can also be considered as a debt whose terms and conditions were changed due to the restructuring of a troubled debt.
b	
Basel 2/Basel 3	Directives regarding risk management by the banks that have been established by the Basel Committee for Banking Supervision (BCBS), which deals with supervision and which sets standards for the supervision of banks throughout the world. The directives of the Basel Committee constitute the benchmark for the fundamental standards intended to ensure the stability of financial institutions.
e	
Common Equity Tier 1 capital	Going Concern Capital Common Equity Tier 1 (CET1) Capital includes the equity of the banking corporation's shareholders, with the addition of some of the rights that do not provide control of the capital of consolidated subsidiaries (minority interests), less goodwill, other intangible assets, regulatory adjustments, and additional deductions, pursuant to what is specified in Proper Conduct of Banking Business Directive No. 202, "Measurement and Capital Adequacy – Regulatory Capital," and pursuant to the transitional provisions of Proper Conduct of Banking Business Directive No. 299, "Measurement and Capital Adequacy – Regulatory Capital – Transitional Provisions."

Term	Definition
Regulatory capital	Capital that is used for the calculation of the Bank's capital adequacy ratio (CAR) and for the establishment of additional regulatory ratios (such as: leverage ratio, credit concentration, etc.). Accounting capital components and other qualifying Regulatory Capital instruments (such as subordinated notes that qualify as Regulatory Capital).
Tier 2 capital	A tier of capital included in the calculation of qualifying regulatory capital. Tier 2 capital (also known as "gone concern capital") is a substandard component of the Bank's capital; it mainly comprises qualifying capital instruments previously issued by the Bank that have been included in Tier 2 capital, pursuant to the transitional provisions for the implementation of Basel 3 Directives, as well as the new qualifying capital instruments that constitute the Contingent Convertible (CoCo) capital instruments issued by the Bank that will be converted into the Bank's shares if the situation reaches a point of non-viability. In addition, Tier 2 capital includes components such as the balance of the collective credit loss allowance before the related tax effect, up to a maximum of 1.25% of total credit risk-weighted assets.
Exposure at Default (EAD)	The expected scale of exposure of an opposing side in the event of a credit failure.

Term	Definition
Repurchase Agreement or Reverse Repurchase (Repurchase Agreement or Reverse Repurchase)	These ameliatory agreements are agreements for the purchase or sale of securities in return for cash or securities, when, at the time of the transaction, both the buyer and the seller agree to carry out a reverse transaction, which would be the reverse of the original transaction, on a date and at a price that have been agreed upon in advance.
Specific Provision	An allowance determined for any debt analyzed on a case-by-case basis, except for housing loans (including any debt that is the reorganization of a problematic debt and which is subject to a case-by-case analysis, in accordance with the policies of the Bank). The amount of the allowance is assessed in accordance with the anticipated capitalized cash flow at the original effective interest rate of the debt or when the debt is defined as a security- conditional debt or when a seizure of assets is expected, in accordance with fair value of the security, after the deduction of the costs of materialization and with the implementation of cautious security factors. In order to determine the suitable amount of the allowance, the Bank conducts an ongoing check, in accordance with procedures, of the relevant borrowers.
Collective provision	The collective allowance for credit losses is applied for large groups of homogenous and relatively small debts, as well as of specifically-assessed debts that were found to be unimpaired. The collective provision for off-balance-sheet credit instruments is based on provision rates determined for balance-sheet credit, with the Bank taking into account its assessments regarding the likelihood of utilizing various off-balance-sheet items.
h	
Indebtedness	The Bank's total credit exposure to a borrower or group of borrowers, including credit for which the bank has assumed responsibility, investments in the borrower's securities, the commitment of the Banking Corporation to pay money on a customer's behalf (including guarantees and Documentary Credit), and transactions in over- the-counter (OTC) derivatives. Liability is calculated pursuant to the Proper Conduct of Banking Business Directive No. 313 of the Banking Supervision Department.

Term	Definition
Delinquent Debt	The delinquency (arrears) status of a debt is determined according to its contractual repayment terms. The debt is in arrears if the debt (whether all of it or part of it) has not been repaid within 30 days of the date set for repayment. For this purpose, a debt in a current account in excess of the authorized credit facility will be regarded as being in arrears if not repaid within 30 days, or if that account is not credited with sums sufficient to cover the debt under the credit facility within a period determined by the Bank's management.
Other options	Breaking down into purchase contracts (CALL) and sale contracts (PUT). A purchase contract is the right to buy a certain quantity of a specific asset at a realized price until (American)/on (European) a specified date. A sale contract is the right to sell a certain quantity of a specific asset at a realized price until (American)/on (European) a specified date.
Actuarial calculation	Any calculation that expresses a condition of uncertainty, that is, which has been adapted to take into account the possibility of a risk. For example, an Actuarial Calculation reflects past experience and management's estimates as to the expected retirement dates of the Bank's employees and the expected retirement benefits allocated on a linear basis over the expected service period.

Term	Definition
Off-Balance-Sheet Exposures	These exposures arise from the Bank's undertakings to its borrowers that have not yet been realized/utilized by the borrowers as of the reporting date and which therefore have not yet been recorded as a balance-sheet asset or liability. Examples of these exposures are, inter alia: • An undertaking to extend credit that has not yet been utilized; • Unutilized credit facilities • An undertaking that is in accordance with guarantee agreements; • An undertaking that is in accordance with an authorization in principle that commits the bank to maintain a certain interest rate for a specific period of time. • and so forth.
Linkage-based and foreign- exchange-rate-based exposures	Exposure to the Basis Risk is the potential loss resulting from changes in the Consumer Price Index or in foreign exchange rates, due to the difference between the value of a customer's assets and the value of that customer's liabilities, including the impact of future transactions in each of the linkage sectors. Exposure to the base exposure risks are measured as a percentage of the Group's exposed capital. The exposed capital of the Bank, including equity and certain reserves, less fixed assets and investments in held companies.
j	
Capital Adequacy Ratio (CAR)	The ratio between the Bank's qualifying Regulatory Capital and its risk-weighted assets, that is, the Bank's assets weighted to reflect credit, market and operational risks, calculated in accordance with the Bank of Israel's directives and reflecting the risk stemming from exposures undertaken by the Bank in the course of its activities.
Liquidity coverage ratio	Liquidity coverage ratio examines a time-horizon of 30 days under a stress scenario, and is intended to ensure that a banking corporation has an inventory of high-quality liquid assets that is able to cover the corporation's liquidity requirements in this time horizon.

Term	Definition
Net stable funding ratio	The NSFR is aimed at improving the resilience of banking corporations' liquidity risk profile in the long term, by requiring them to maintain a stable financing profile according to the composition of their assets and their off-balance-sheet activities. The ratio prevents banking corporations from over-reliance on short-term wholesale financing. The measurement is made both on the consolidated and separate levels each quarter; the requirement is to meet a 100 percent ratio.
Leverage ratio	Defined as the measured capital (the numerator) divided by the measured exposure (the denominator), with the ratio expressed as a percentage.
k	
Subordinated bonds	Bonds the rights to which have been deferred because of the claims of all the other creditors of the Banking Corporation, less other bonds in the same category.

Term	Definition
From	
Securitization structures	Structures created for the purpose of transferring to bond holders the cash flow generated by other instruments/assets. For this purpose, the Bank is creating a Special Purpose Entity (SPE), whose function is to absorb the assets generating the cash flow being transferred by its originator and to channel the receipt of this cash flow to the bond holders, in accordance with the structure agreed upon with the bond holders and in accordance with the order of priorities as defined in the various bond series (tranche). The assignment of the above rights creates a legal structure in which the SPE's creditors will be unable to access the assets of the transferring entity but will not be exposed to the risks inherent in the entity's other activities, it being taken into consideration that the essence of the SPE is the absorption of the receipt of the above cash flow and its transfer to bond holders.
Israel's Capital Model	The Bank employs Israel's Capital Model, which is based on the ranking of the borrowers, in order to assess the credit risk at the overall level of the credit portfolio and in the portfolio's different cross-sections.
Embedded Derivative Instruments	Embedded derivatives are derived instruments that are embedded in contracts and in other financial instruments, or in commercial purchase/sale contracts of commodities and services (in accounting literature, these contracts are termed host contracts). The accounting process is carried out in accordance with the economic substance of the items and transactions and not in accordance with their legal form; thus, embedded derivatives that, in accordance with economic characteristics, are not clearly and closely connected with the host contract are separated from it for the purpose of measurement in the Bank's books.
Dormant shares	Shares directly held by a company. These shares do not provide equity or voting rights.
Credit spread (Bid-Ask)	The spread between the proposed purchase price and the selling price. This is, in effect, the difference between the highest price that the buyer is willing to pay for an asset and the lowest price at which the seller is willing to sell it.
Average duration (AD)	Average Duration (AD), which is measured in years, weights the periodic interest payments of the financial instrument over its life span until its final redemption.
n	

Term	Definition
Credit derivative	A contract that transfers a credit risk from a buyer to a seller. Credit derivatives can take various forms: options for protection against credit failure, note for coverage of segments of a credit risk, SWAP for full coverage of the risk, etc.
Pillar 1	The allocation of minimal capital against credit risks, market risks, and operational risks, by a technique that links the extent of exposure to various risks and the regulatory capital demand. The provisions of Pillar 1 that have been established by the Basel Committee within the context of the provisions of Proper Conduct of Banking Business Directives Nos. 201 to 209 establish both a monitoring method for the calculation of risk-weighted assets and the manner in which capital demands are calculated in respect of risk assets as noted above.
Asset and Liability Management (ALM)	The management of the Bank's assets and liabilities with the aim of avoiding a mismatch between the assets and liabilities and, in the long-term, increasing the Bank's capital for the benefit of its shareholders.

Term	Definition
Risk-weighted assets (RWA)	Risk-weighted assets reflect the Bank's balance-sheet exposure resulting from the Bank's activities, and they are weighted with their own specific risks, in accordance with Proper Banking Conduct Directives Nos. 203-209 and everything that they specify with regard to credit risk, market risk, and operational risk. Risk assets, as noted above, are intended to reflect the weighted risk in respect of which the Bank is expected to maintain the regulatory capital demand in the context of the demands for capital adequacy.
Base Point (BP)	Base Point (BP), which is 1/100th of 1%, is used as a measurement unit for the calculation of interest rates.
O	
Credit risk	Credit risk is the Bank's risk of loss as a result of the possibility that a borrower or counterparty fails to meet its agreed commitments towards the banking corporation.
Conduct Risk (Conduct vis-a-vis customers)	Conduct Risk (conduct vis-a-vis customers) is the risk that any dealings with the Bank's customers that are not fair, transparent, or aimed to meet their needs will lead to losses resulting from the payment of legal damages or fines, or from reputational damage.
Liquidity Risk	Liquidity risk is the risk arising from uncertainty regarding the possibility of raising resources and/or disposing of assets, unexpectedly and within a very short time, without incurring a substantial loss.
Operational risk	Operational risk is the risk of loss as a result of inadequate, or failure of, internal processes, people and systems, or external events. This definition includes legal risk but does not include strategic risk and image risk.
Residual Risk	Residual risk is the risk remaining after the attribution of all specific risks. For example: When a person purchases an asset, that person is exposed to various risks. Many of these risks are not unique to the purchased asset, but rather reflect broader scenarios, such as an increase or decrease in share prices, an increase or decrease in interest rates, or a change in the growth rate of the economy or of a specific industry. Exposure to this risk can be reduced by diversification.
Basis risks	A Basis Risk is the potential loss resulting from changes in the Consumer Price Index or in foreign exchange rates, due to the difference between the value of a customer's assets and the value of that customer's liabilities, including the impact of future transactions in each of the linkage sectors.

Term	Definition
Interest Rate Risks	The risk of loss or reduction of value as a result of changes in interest rates across various currencies.
Strategic Risk	A business risk that includes current and future adverse effects on capital, profits, reputation, or standing as a result of erroneous business decisions, inappropriate implementation of decisions, or lack of response to industry- specific, economic, regulatory, or technological changes.
Reputational Risk	The risk that the publicizing or the public disclosure of conduct or a transaction relating to customers, as well as business results and events relating to a group, will have an adverse effect on the public's faith in the group, or will cause a reduction in the customer base, or will lead to high legal costs or a reduction in revenues.

Term	Definition
Market risks	Market risk is defined as the risk of loss in balance sheet and off-balance sheet positions as a result of a change in the fair-value of a financial instrument due to change in market conditions (i.e., changes in: price levels in various markets; interest rate volatility; foreign exchange rates; inflation rates; share prices and commodities, as well as in other economic measures).
Syndication	A transaction in which several lenders share the extension of a loan to a single borrower, but in which each lender extends a loan in a certain amount to the borrower and has the right to be directly repaid by that borrower. Groups of lenders frequently finance such loans together, with the amount extended being greater than what any single lender is willing to lend.

Interest cost	The interest component allocated to a current year and classified as part of payroll expenses.
Service cost	All of the components of the cost of employee benefits that are allocated to a specific period of time.
s	
Net Basic Earnings Per Share	The net basic profit per share will be calculated through the division of the profit or loss attributed to ordinary shareholders of the parent company (numerator) by the weighted average number of ordinary shares outstanding during a given period (denominator).
Diluted Net Earnings Per Share	The distribution of the profit and loss attributable to the shareholders of the parent company, in accordance with the average weighting of the number of shares current in a given cycle and with the impact of all the diluted potential standard shares being taken into account.
Actuarial gain/loss	Mostly reflects adjustments in respect of actuarial estimates, as at the end of the year, of defined benefit pension plans and a deduction of amounts previously recorded in Other comprehensive income.
Benchmark Interest Rate	Interest rate determined on an external objective basis, that is, according to a pre-set formula, where the Banking Corporation plays no direct role in the determination of that interest rate.
t	

Term	Definition
Fair value	The value reflecting the price according to which a financial asset can be materialized or the financial obligation in a transaction can be transferred between a willing buyer and a willing seller. This value is determined according to the fair value hierarchy set in accounting standards: • Level 1 – Value based on quoted market prices; • Level 2 – Value assessed in the course of the use of observed data; • Level 3 – Value assessed in the course of the use of unobserved data.
Active market	A market in which transactions in an asset or a liability are conducted at a frequency and volume sufficient for the provision of information about pricing on an ongoing basis.
Internal Rate of Return (IRR)	A measure used to estimate the profitability of potential investments. The index indicates the effectiveness and quality of a specific investment, as opposed to the present net value indicating the investment's value and scope. The Internal Rate of Return is the interest rate that deducts expected cash flow from a financial instrument vis-a-vis its balance in the Bank's balance sheet.

Term	Definition
Return on Equity (ROE)	The ratio between the yield of a business (net profit) and its equity. The Return on Equity (ROE) measures the Bank's ability to create net profits from assets and demonstrates to what extent the Bank is effective in utilizing additional investments in order to increase its revenues. The Return on Equity (ROE) in banks is expressed in the following ratios: • Net profit attributed to shareholders of the Bank, less a dividend to preferred shares that was not registered as an expense in the profit and loss report and which was declared only in the reporting period and is being distributed in the context of the average equity; • Net profit attributed to shareholders of the Bank, less a dividend to preferred shares that was not registered as an expense in the profit and loss report and which was declared only in the reporting period and is being distributed in the context of the average equity, less the average balance of preferred shares that were included in the equity.
Auxiliary Corporation	A corporation that is not itself a banking corporation but whose activities are only in the field of activity that is permitted to the banking corporation that controls this corporation, except for activities that have been especially designated for banking corporations in accordance with the law.
Supervisory Review Process (SREP) (Supervisory Review Process) – SREP	This process is intended to ensure that banking corporations will allocate adequate capital in order to support all of the risks inherent in their activities, and also in order to encourage banking corporations to develop and use improved risk management techniques for the purpose of monitoring and managing their risks. In the context of this process, the Banking Supervision Department examines the risk profile of the banking corporation and the internal process that the Bank undertakes in order to assess the overall suitability of the regulatory capital adequacy held by the Bank against exposure. This process is intended to provide the Regulator with the tools needed for an independent assessment of the Bank's risk profile and its risk management, and to define the measures needed for early intervention for the purpose of preventing any impairment of the Bank's stability and its financial strength.

Term	Definition
Defined benefit plan	The fixed and known-in-advance amounts of the allowance or insurance policy that are paid to eligible persons, whether these amounts are dependent on the investment expenses of the allocation fund or on the insurer.
Return on Equity (ROE)	Net profit, less a dividend to preferred shares that was not registered as an expense in the profit and loss report and which was declared only in the reporting period and is being distributed in the context of the average equity.
A	
ABS – Assets Back Securities **(Asset-Backed Bonds)**	Securities concerning which the guarantees provided for them, or the lien on them, with regard to the
B	
Balanced Score Card (BSC)	A management tool for the measurement of the performance of the Bank and the lines of its business in a variety of quantitative and qualitative topics that have been defined by the Bank's management in the context of its strategic plan.
B.O.T - Build Operate Transfer	The financing of public projects where a private entity receives a franchise from a public agency to finance, plan, build, and operate a public facility for a limited period at the end of which ownership of the project is assumed by the government.

Term	Definition
C	
CECL - Current Expected Credit Losses	Model of provisions for anticipated credit losses.
Collateralized Debt Obligation (CDO)	Bonds backed by a bonds portfolio and/or "seniority" loans and various rankings.
Credit Default Swap (CDS)	A financial instrument transferring credit exposure to the issuer between the parties to the transaction.
Collateralized Loan Obligation (CLO)	A bond backed by a loan portfolio.
COSO - Committee Of Sponsoring Organizations of the Treadway Commission	Structured model of internal audit. The framework of the model is intended to assist businesses and other entities in estimating, assessing and empowering the internal audit systems they operate.
Cross Border Activity **("Cross Border Activity")**	A term referring to various financing arrangements that cross national borders, such as extending loans to people and entities in another country, credit letters, banking receipts, etc.
CVA - Credit Valuation Adjustment	Calculation of the credit risk in derivatives reflects the expected loss the Bank may incur in the event where the opposite party to the transaction will encounter a situation of credit failure.

Term	Definition
D	
Dodd Frank Wall Street Reform and Consumer Protection Act (DFA)	The DFA is a federal law, which took effect on July 28, 2010, and includes a comprehensive reform of the financial regulation, which has various impacts on the Leumi Group, the main one refers to transactions in derivatives over the counter (OTC) of the Swap domain.
E	
EMIR – European Market Infrastructure Regulation	The European Union's regulation, which is intended to increase the stability of OTC markets in all the European Union countries.
F	
Foreign Accounts Tax Compliance Act (FATCA)	An American law that is intended to improve tax enforcement, prescribes that financial entities outside the USA are required to report to the American Tax Authority on accounts they manage and belong to one who is required to report, even if he is not a USA resident.
FDIC – Federal Deposit Insurance Corporation	The Federal Deposit Insurance Corporation and one of the agencies of the supervision of banks in the USA.
Freddie Mac (FHLMC)	An agency affiliated with the US government that purchases mortgages, turns them into bonds and sells them to the public. (This company does not have a US government guarantee).
Fannie Mae (FNMA)	A public company under the auspices of the US government that purchases mortgages, turns them into bonds and sells them in the free market (this company does not have a US government guarantee).
Forward **(Forward contract)**	A contract between two parties for the sale of any asset amount at a specific price on a date known in advance (the expiration date). The contract forms a binding relationship between the parties to the agreement. This is not a standard contract and is not traded in organized capital markets, but is rather drawn according to the customer's need.

Term	Definition
Future **(Future option)**	A contract between two parties for the sale of any asset amount at a specific price on a date known in advance (the expiration date). The contract forms a binding relationship between the parties to the agreement. This future contract is a standard contract traded in organized capital markets.

Term	Definition
G	
(GNMA) Ginnie Mae	A federal mortgage company. The bonds it issues are guaranteed by the Government National Mortgage Association.
I	
ICAAP - Internal Capital Adequacy Assessment Process	The Capital Adequacy Assessment Process (ICAAP) is aimed at calculating the capital required to support the various risks to which the Group is exposed, in order to ensure that the Group's effective capital exceeds the capital requirements at any given time.
L	
LGD - Loss Given Default **Loss Given Default (the loss rate)**	The rate from the borrower's overall credit exposure on the date of the exposure at default (EAD), which is expected to adversely affect the Bank upon the occurrence of the default event.
LTV **LTV ratio))**	The rate constituting the Bank's financing in the purchase transaction relative to the value of the purchased asset, The financing rate reflects another dimension of the loan risk, as a high LTV ratio reflects a higher risk for the bank extending the credit.
M	
MBS - Mortgage Back Securities **(Mortgage-Backed Bonds)**	Bonds backed by financial assets in which the interest and capital payments are based on the cashflow stemming from repayment of loans guaranteed by financial assets. The backing assets may be groups of loans, including mortgages for residence or other financial assets.
N	
NIM - Net Interest Margin	Ratio between net interest income and the average balance of interest-bearing assets.
NPL - Non Preforming Loan	Problematic credit that does not bear interest.
O	
OECD	An international organization of the developed countries accepting the principles of liberal democracy and free market. The Organization is a platform for discussing policies, comparing performances, finding solutions for difficulties and formulating codes, guiding principles and common standards for executing an economic and social policy on the national level. Within the framework of the Organization, each member-country may significantly contribute to the Organization's policies and drafting common lines of action.

Term	Definition
P	
PD – Probability of Default **(A failure within a year following the rating within a given period).**	A term describing the odds that the borrower will arrive at a situation of credit failure within a given period following the date of rating. The term provides an assessment of the probability that a borrower would not be able to meet his liabilities per the contractual terms of his debts.
PSU **(Performance-pending RSUs)**	A bonus in the form of shares that are blocked and depend on future performances of the banking corporation.

Term	Definition
R	
Return on Risk-Adjusted Capital (RORAC) **(RORAC) Return on Risk-Adjusted Capital**	A method that compares returns on various investments that takes into account the risk. The actual return is adjusted by measuring the degree of the asset's risk exposure and adjusts downwards the return on riskier assets. The method's efficiency depends on the accuracy of the assessment of the risk in various assets, and to what degree is the "penalty" imposed on riskier assets indeed reflects the degree of risk aversion of each given investor. For new types of assets, such as financial derivatives, risk assessment is a very uncertain issue, in light of the experience concerning the conduct of their prices in practice.
Restricted Stock Units **(RSUs)**	An ordinary share as per the terms of its issuance cannot be freely traded over a certain period of time, or until the occurrence or non-occurrence of a certain event, and this period had not yet expired and/or this event had not yet materialized.
S	
SBA – Small Business Administration	An American government agency for supporting small businesses in the USA.
SCDO – Synthetic Collateralized Debt Obligation	An agreement backed by a CDS portfolio (which are derivatives) at various seniority levels.
SWAP	A series of future contracts or series of forward contracts for several periods, known in advance, in which both parties agree to replace payment flows on a conceptual principal.

Term	Definition
V	
VaR – Value at Risk Value at Risk	Is a model for measuring the maximal loss expected due to materialization of the market risks within a given period of time, and at a statistical level of security set out in advance. The use of this method requires ongoing evaluation of all the corporation's positions based on the assets' fair value and liabilities. The model's goal is assessing the risks the banking institutions are exposed to, as well as for returning adequate capital for covering losses resulting from materialization of the market risks in various activities.