

# Bank Mizrahi Tefahot

Condensed quarterly financial  
statements as of March 31, 2026

This translation of the financial statement is for convenience purposes only. The only binding version of the financial statement is the Hebrew version.



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# Bank Mizrahi Tefahot

Report of the Board of Directors and Management



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## Condensed Report of the Board of Directors and Management for financial statements as of March 31, 2026

### Introduction

At its meeting held on May 18, 2026, the Board of Directors of Bank Mizrahi Tefahot Ltd. resolved to approve and publish the Report of the Board of Directors and Management, the Risks Report and Other Supervisory Disclosures and the condensed consolidated financial statements of Bank Mizrahi Tefahot Ltd. and its consolidated companies as of March 31, 2026.

The Bank's condensed financial statements as of March 31, 2026 are prepared in accordance with the Public Reporting Directives of the Supervisor of Banks, which largely adopt the accounting principles generally accepted in the United States (US GAAP). See also Note 1 to the financial statements as of December 31, 2025 and Note 1 to these Concise Financial Statements.

Pursuant to the report structure stipulated by the Supervisor of Banks, additional information to the financial statements is provided on the Bank website:

<< [www.mizrahi-tefahot.co.il](http://www.mizrahi-tefahot.co.il) About the Bank << Investor Relations << Financial Information

This additional information of which:

- Detailed Risks Report in conformity with disclosure requirements of Basel Pillar 3 and in conformity with additional recommendations by the Financial Stability Board (FSB).
- Details of capital instruments issued by the Bank.
- Financial statements in XBRL file.

In conformity with the Equal Rights for Persons with Disabilities Regulations (Service accessibility adaptations), 2013, the website also provides accessible reports.

### Forward-looking information

Some of the information in the Report of the Board of Directors and Management, which does not relate to historical facts, constitutes "forward-looking information", as defined in the Securities Law, 1968 (hereinafter: "the Law").

Actual Bank results may materially differ from those included in the forward-looking information, due to many factors including, inter alia, changes to capital markets in Israel and overseas, macro-economic changes, geo-political changes, changes to legislation and regulation and other changes not within the Bank's control, which may result in assessments not materializing and/or in changes to business plans.

Forward-looking information typically includes words or expressions such as: "we assume", "expected", "forecasted", "estimate", "intend", "plan", "may change" and similar expressions, as well as nouns such as: "plan", "objectives", "desire", "should", "may", "will be". Such forward-looking expressions involve risk and uncertainty, as they are based on current Bank assessments with regard to future events, which include the following: Forecasts of economic developments in Israel and worldwide, especially the state of the economy, including the effect of macroeconomic and geopolitical conditions; expectation of changes and developments in the currency markets and the capital markets, forecasts related to other factors affecting the exposure to financial risks, forecasts of changes in the financial stability of borrowers, the public's preferences, changes to legislation and supervisory regulations, the behavior of competitors, the Bank's image, technological developments and human resources developments.

The information presented below relies, *inter alia*, on publications from the Central Bureau of Statistics, Ministry of Finance, Bank of Israel and others who publish data and estimates with regard to capital markets in Israel and overseas, and on forecasts and future estimates on various matters, as noted above, and any anticipated events or developments may fail to materialize, in whole or in part.

## Overview, objectives and strategy

This chapter describes major developments in the Bank and its operating segments in the first quarter of 2026, in performance, risk to which the Bank is exposed as well as targets and strategy. This chapter should be read, as needed, in conjunction with the chapter "Overview, targets and strategy" in the 2025 audited annual financial statements.

## Condensed financial information and key performance indicators for the Bank Group

	2026	2025				2025
	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter	Annual
NIS in millions						
<b>Statement of profit and loss – key items</b>						
Interest revenues, net	2,693	2,689	3,146	3,093	2,799	11,727
Non-interest financing revenues	186	145	57	43	142	387
Commissions and other revenues	604	587	627	655	605	2,474
<b>Total revenues</b>	<b>3,483</b>	<b>3,421</b>	<b>3,830</b>	<b>3,791</b>	<b>3,546</b>	<b>14,588</b>
Expenses with respect to credit losses	31	25	44	56	103	228
Operating and other expenses	1,328	1,267	1,310	1,323	1,339	5,239
Of which: Payroll and associated expenses	843	779	835	857	877	3,348
Pre-tax profit	2,124	2,129	2,476	2,412	2,104	9,121
Provision for taxes on profit	840	671	935	910	764	3,280
<b>Net profit<sup>(1)</sup></b>	<b>1,238</b>	<b>1,404</b>	<b>1,483</b>	<b>1,453</b>	<b>1,290</b>	<b>5,630</b>

The Group's net profit in the first quarter of 2026 amounted to NIS 1,238 million, compared to NIS 1,290 million in the corresponding period last year. This reflects a 14.1% annualized return on equity, compared to 16.2% in the corresponding period last year.

**The following major factors affected the Group's profits in the first quarter of 2026 compared to the corresponding period last year:**

- Total financing revenues in the first quarter of 2026 decreased by 2.1%, compared to the corresponding period last year, mainly as a result of the impact of the of the Consumer Price Index, which decreased by 0.1% in the first quarter of 2026, compared to an increase of 0.3% in the corresponding period last year, the effect of the cut to the Bank of Israel Interest during the period by 0.5%, the effect of the cut to the Fed's interest, and the effect of benefits provided to customers under the various outlines.
- Expenses with respect to credit losses in the first quarter of 2026 amounted to NIS 31 million, compared to NIS 103 million in the corresponding period last year. The decrease in expenses with respect to credit losses compared to the corresponding period last year arises mainly from a decrease in the collective provision in respect of the war and the levels of uncertainty in the economy. However, in view of the levels of uncertainty still prevailing in the economy, the balance-sheet balance of the provision for credit losses in respect of this uncertainty still remained high.
- The provision for taxes on profit in the first quarter of 2026 was affected, among other things, by the approval of the Special Payment for the Achievement of Budgetary Targets Law, whereunder banks - other than small banks - (as defined in the law) will be subject to a tax totaling NIS 3 billion in respect of the profits of the abovementioned banks for 2026. In accordance with the Bank's preliminary assessment, the Bank's share in the special tax in 2026 as a whole will be NIS 550 million (which will reduce the Bank's net profit for 2026 by this amount). In accordance with the directives of the Supervisor of Banks, the effect of the application of the special tax in the first quarter of 2026 is conservative and does not take into account the cap on the Bank's share of the total tax amount under the outline. This cap is expected to be reflected in subsequent quarters of the year. For more information see Note 17 to the financial statements and the business goals and strategy chapter below.

(1) Any mention of "net profit" or "equity" in this Board of Directors' Report refers to net profit and equity attributable to shareholders of the Bank.

## Report of the Board of Directors and Management

As of March 31, 2026

	As of				
	March 31, 2026	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025
NIS in millions					
<b>Balance sheet – key items</b>					
Total assets	554,365	551,173	525,389	517,287	498,029
Loans to the public, net	413,574	400,501	391,875	376,672	364,384
Cash and deposits with banks	74,960	82,849	68,478	78,885	87,194
Securities	45,600	47,903	45,375	39,704	29,412
Buildings and equipment	2,220	2,159	1,940	1,906	1,879
Deposits from the public	450,663	448,397	421,487	417,394	399,275
Bonds and subordinated notes	42,731	40,365	41,358	36,332	41,890
Deposits from banks	1,988	2,058	2,926	2,497	1,902
Shareholders' equity <sup>(1)</sup>	35,246	34,765	33,965	33,114	32,094

Development of balance sheet items shows consistent growth in Bank business:

- Total assets as of March 31, 2026 amounted to NIS 554.4 billion, a NIS 56.3 billion increase (11.3%) compared to March 31, 2025.
- Loans to the public, net as of March 31, 2026 amounted to NIS 413.6 billion, a NIS 49.2 billion increase (13.5%) compared to March 31, 2025.
- Deposits from the public as of March 31, 2026 amounted to NIS 450.7 billion, a NIS 51.4 billion increase (12.9%) compared to March 31, 2025.
- Shareholders' equity as of March 31, 2026 amounted to NIS 35.2 billion, an NIS 3.2 billion increase (9.8%) compared to March 31, 2025. See below also the chapter "Capital adequacy".

(1) Any mention of "net profit" or "equity" in this Board of Directors' Report refers to net profit and equity attributable to shareholders of the Bank.

# Report of the Board of Directors and Management

As of March 31, 2026

## Key financial ratios\* (in percent)

	2026		2025			2025
	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter	Annual
<b>Key performance indicators</b>						
Net profit return on equity <sup>(1)(2)</sup>	14.1	16.3	17.6	17.8	16.2	17.0
Net profit return on risk assets <sup>(1)(2)(3)</sup>	1.41	1.63	1.78	1.81	1.66	1.72
Return on average assets <sup>(2)</sup>	0.90	1.04	1.14	1.14	1.05	1.09
Deposits from the public to loans to the public, net	109.0	112.0	107.6	110.8	109.6	112.0
Ratio of Tier I equity to risk components	10.17	10.24	10.14	10.41	10.37	10.24
Leverage ratio <sup>(4)</sup>	5.89	5.88	6.01	6.03	6.03	5.88
Liquidity coverage ratio (Quarterly) <sup>(5)</sup>	147	129	131	135	139	129
Net stable funding ratio <sup>(6)</sup>	111	112	112	112	113	112
Ratio of revenues to average assets <sup>(2)</sup>	2.52	2.54	2.94	2.99	2.88	2.83
Cost-income ratio – operating expenses to total revenues <sup>(7)</sup> (Cost Income Ratio)	38.1	37.0	34.2	34.9	37.8	35.9
Basic net earnings per share (in NIS)	4.76	5.40	5.71	5.60	4.98	21.69
<b>Key credit quality benchmarks</b>						
Ratio of balance of provision for credit losses to total loans to the public	0.89	0.95	0.98	1.06	1.11	0.95
Ratio of non-accurring debts or debts in arrears 90 days or longer to loans to the public	1.03	1.02	1.05	1.07	1.12	1.02
Expenses with respect to credit losses to loans to the public, net for the period <sup>(2)</sup>	0.03	0.02	0.04	0.06	0.11	0.06
Net accounting write-offs as percentage of average loans to the public <sup>(2)</sup>	0.16	0.09	0.17	0.13	0.15	0.13
<b>Additional data</b>						
Share price (in NIS) at end of quarter	227.8	222.4	217.9	219.5	166.5	222.4
Dividends per share (in Agorot) <sup>(8)</sup>	270	285	279	199	202	965
Ratio of net interest revenues to average assets <sup>(2)</sup>	1.95	2.00	2.41	2.44	2.28	2.27
Ratio of commissions to average assets <sup>(2)</sup>	0.42	0.42	0.43	0.46	0.43	0.44

Profit and loss items, balance sheet items and various financial ratios are analyzed in detail in the Report of the Board of Directors and Management, in chapter "Explanation and analysis of results and business standing" and in chapter "Risks overview".

(\*) The financial statements are prepared in accordance with the directives and guidelines of the Supervisor of Banks as stated in Note 1 to the annual financial statements; the directives of the Supervisor of Banks largely adopt the accounting principles generally accepted in the United States (US GAAP).

- (1) Any mention of "net profit" or "equity" in this Board of Directors' Report refers to net profit and equity attributable to shareholders of the Bank.
- (2) Annualized.
- (3) Net profit to total average risk assets.
- (4) Leverage Ratio – ratio of Tier I capital (according to Basel rules) to total exposure. This ratio is calculated in conformity with Proper Conduct of Banking Business Directive 218.
- (5) Liquidity Coverage Ratio – ratio of total High-Quality Liquid Assets to net cash outflow. This ratio is calculated in conformity with Proper Conduct of Banking Business Directive 221, in terms of simple averages of daily observations during the reported quarter.
- (6) Net stable funding ratio – a liquidity ratio stipulated by the Supervisor of Banks, in conformity with recommendations of the Basel Committee, designed to maintain a sustainable financing structure over time, in addition to the liquidity coverage ratio. Calculated based on total net stable funding required for 12 months, derived from all Bank uses, to total net stable funding available for 12 months, calculated for all Bank sources.
- (7) Total operating and other expenses to total operating and financing revenues and expenses with respect to credit losses.
- (8) The dividend per share is calculated based on the amount of the dividend actually distributed in the reporting period.

## Key risks

As part of the Bank's risk mapping process, the list of major risks was specified as follows:

Credit and concentration risks, financial risks that include liquidity risk and market and interest risks, compliance and regulatory risk, operational risks including IT risk, information and cyber security risk, legal risk, human capital risk, model risk and other risks mitigated as part of business management at the Bank, such as: Reputational risk, climate and environmental risks, strategic business risk and business and geopolitical environment risk.

The Bank regularly reviews the risks mapping to ensure that it encompasses all business operations at the Bank, market conditions and regulatory requirements.

Information about developments of risks, including effects of the war, is presented in the chapter "Risks overview" below and in the Risks Report on the Bank website.

For more information see chapter "Key risks" of the 2025 Report by the Board of Directors and Management.

For more information about updates on estimated potential impact of various risk factors on the Bank Group, see chapter "Risks overview" below.

## Business goals and strategy

### Strategic plan

For more information regarding the Bank's business goals and strategy for 2025-2027, see chapter "Business goals and strategy" of the 2025 Report of the Board of Directors and Management ("The Bank's 2025-2027 Strategic Plan").

The Bank's 2025-2027 Strategic Plan provides, among other things, that the target return on net profit attributable to shareholders to average shareholders' equity will stand at 17% to 18% in each of the strategic plan's years.

On March 30, 2026, an amendment to the Special Payment for the Achievement of Budgetary Targets Law (Temporary Order – Iron Swords), 2024 (hereinafter - the "Law") was approved, whereunder, among other things, banks - other than small banks - (as defined in the Law) will be subject to a tax totaling NIS 3 billion in respect of the profits of the abovementioned banks for 2026, and to tax totaling NIS 125 million in respect of the profits of the abovementioned banks for 2027 ("Profit" as defined in the Value Added Tax, 1975), with respect of a Profit generated from activity in Israel.

In accordance with the Bank's preliminary assessment, the Bank's share in the above NIS 3 billion special tax, based on the proportionate share of its profit in 2025 out of the total profits of banks other than small banks to which the Law applies, is NIS 550 million (which will reduce the Bank's net profit for 2026 by this amount).

In view of the above, the Bank revised the target of the strategic plan for 2026 with regard to the return on net profit attributable to shareholders to average shareholders' equity to 15% to 16%. The Bank estimates that the Law is not expected to affect the achievement of the other targets in its 2026 strategic plan, nor to have any effect on the achievement of the targets of the 2027 plan. For more information, see immediate report dated March 30, 2026 (Ref. No.: 2026-01-029795).

The above information constitutes forward-looking information, as defined in the Securities Law, 1968, based on assumptions, facts and data (hereinafter - the "Assumptions"), which were detailed in the Bank's immediate report of June 5, 2025 regarding the strategic plan (Ref. No.: 2025-01-040281), which is incorporated herein by way of reference.

The Assumptions may not materialize due to the potential effect of factors which are not entirely under the Bank's control, which may result in the Law's effect on the Bank's profits varying from the above, and in the strategic plan not materializing or materializing only partially or in a different manner, all as detailed in the abovementioned immediate report.

## Developments in capital structure

### Investments in Bank capital and transactions in Bank shares

On March 26, 2026, the Bank Board of Directors, after approval by the Remuneration Committee, approved the offering of options to the Bank President & CEO and to officers of the Bank (other than Bank Board members) and to other managers at the Bank and at subsidiaries of the Bank, with respect to 2026. See Note 17 to the financial statements for additional information.

### Raising of capital sources

As part of the Bank work plan, determined by the Board of Directors and including growth targets for diverse areas of operation, the Bank assesses the impact of achieving these targets on total risk assets at the Bank and, consequently, on the capital adequacy ratio. Accordingly, along with business and profitability objectives, a plan is set to raise capital sources in order to maintain capital adequacy, in accordance with instructions of the Board of Directors concerning capital adequacy.

## Developments in financing sources

The Group's financing sources include deposits from the public and from other banking corporations, issuance of various types of bonds and equity.

The Bank selects the mix of financing sources based on its business objectives, including objectives for profitability, return on equity, liquidity, diversification of sources in Israel and overseas across different currencies, capital adequacy and leverage – subject to statutory limitations applicable to banking corporations and in accordance with the state of the capital market in Israel and globally, and management forecasts regarding development therein.

### Deposits

The Bank distinguishes between different source types by term and by customer type. The Bank reviews the degree of depositor concentration, and in this regard the Board of Directors and management have set limits and guidelines for concentration risk with regard to a single depositor, liquid means with regard to large / institutional depositors and source structure. Quantitative and qualitative indicators to be regularly monitored, which estimate change in concentration risk – have been specified as part of liquidity risk management.

Set forth below is the balance of deposits from the public by supervisory operating segments and the average interest rate:

	31/03/2026		31/03/2025	
	Balance of deposits from the public <sup>(1)</sup>	Average balance <sup>(1)</sup>	Balance of deposits from the public <sup>(1)</sup>	Average balance <sup>(1)</sup>
Households	135,397	134,140	133,502	133,285
Private banking	33,287	32,496	32,000	31,011
Small and micro businesses	53,158	52,918	51,082	52,046
Medium businesses	35,288	35,267	24,038	23,953
Large businesses	48,739	48,623	48,245	46,070
Institutional entities	127,245	136,045	94,256	90,726
Operations overseas	17,549	16,665	16,152	17,212
<b>Total</b>	<b>450,663</b>	<b>456,154</b>	<b>399,275</b>	<b>394,303</b>
<b>Expense rate (in %)</b>		<b>2.9</b>		<b>3.2</b>

(1) Including deposits not bearing interest.

For more information see chapter "Analysis of developments in assets, liabilities, equity and capital adequacy" below.

### Issuance of obligatory notes, bonds and complex capital notes

The Bank acts to raise long-term sources through issuances, including through Mizrahi Tefahot Issuance Company Ltd. (hereinafter: "Tefahot Issuance"), a wholly-owned subsidiary of the Bank. Over the years, Tefahot Issuance has issued bonds to the public pursuant to published prospectuses.

On August 20, 2025, Tefahot Issuance published a shelf prospectus for issuance of bonds dated August 21, 2025. On May 5, 2026, the Bank also published a shelf prospectus dated May 6, 2026 for the issuance of various securities. These prospectuses are valid for two years, with an optional extension by a further one year.

Total bonds and subordinated notes as of March 31, 2026 amounted to NIS 42.7 billion, compared to NIS 40.4 billion as of December 31, 2025.

Of these, contingent subordinated notes (Contingent Convertibles – CoCo) with loss-absorption provisions through principal write-off (compliant with Basel III qualification provisions and recognized by the supervisor of Banks as Tier II capital), as of March 31, 2026, amounted to NIS 8.5 billion, compared to NIS 6.1 billion as of December 31, 2025.

For more information about the credit rating of the Bank and its bonds, see chapter "Corporate Governance, Audit, Other Information about the Bank and Management thereof".

# Report of the Board of Directors and Management

As of March 31, 2026

## Issuances and repayments in the reporting period

On January 15, 2026, the Bank issued - under an international private placement to institutional investors - contingent subordinated notes (Contingent Convertibles – CoCo) with loss-absorption mechanism through principal write-off (compliant with Basel III eligibility conditions and recognized as Tier II capital by the Supervisor of Banks), whose par value is USD 750 million.

On January 28, 2026, the Bank issued - under an international private placement to institutional investors - bonds whose par value is USD 700 million.

On April 7, 2026, subsequent to the balance sheet date, full early redemption was executed of CoCo contingent subordinated notes, which were issued to institutional investors by the Bank, at a par value of USD 600 million.

## Significant developments in management of business operations

### Banking reliefs and benefits for Bank customers

The Bank adopted the Bank of Israel's support outlines in view of the Iron Swords War and the war with Iran. For more information, see the chapter Corporate Governance, Audit, Other Information about the Bank and Management thereof.

Furthermore, in order to assist Bank customers to get through this challenging period, the Bank decided to offer a range of solutions to provide support and relief to Bank customers, at a scope which is substantially wider than the basis set by the Supervisor of Banks, including, among other things, support to reservists, special benefits to mortgage holders, who are residents of the north, refurbishment, and the setting up the Orange.Israel platform. which allows businesses and tradesmen from conflict zones to advertise their businesses.

Following the conflict with Iran (Operation Lion's Roar), the Bank of Israel published during March 2026 a dedicated support outline, which was also adopted by the Bank, and which focused mainly on allowing loan repayment deferrals to mortgage customers, households and small businesses. It is noted that the Bank has expanded the reliefs provided to customers beyond the provisions of the outline published by the Bank of Israel. In mid-April 2026, the Bank of Israel extended the support outline by one month. The Bank adopted the extension.

## Voluntary consumer relief outline

In March 2025, the Bank of Israel announced a voluntary consumer relief outline for customers of the banking system. Under the outline, during 2025-2026 the banks will provide reliefs and monetary refunds to retail banking customers; this will be implemented by each bank in accordance with the plan it prepared, at a total amount of NIS 1.5 billion per year and NIS 3 billion for the entire plan period (two years) for the entire banking system.

As from April 1, 2025, the Bank has in place a dedicated consumer plan for households and small businesses comprising several benefits pertaining to management of current accounts and mortgages. The plan constitutes the voluntary consumer outline initiated by the Supervisor of Banks. The Bank's plan for the first quarter of 2026 consisted of several components, as follows (for the Bank's plan for 2025 see chapter "Significant developments in management of business operations" in the 2025 financial statements):

- Interest payable on credit balance in the account: The Bank gives private customers and small businesses annual interest of 2% on credit balances of up to NIS 30,000 in current accounts (to customers with average balance of funds available for investment of up to NIS 100,000, including credit balance in current account, deposits, savings and securities).
- "We've got the overdraft": Private customers, who have both a mortgage and a current account overdraft facility with Mizrahi-Tefahot are exempt from paying interest on their overdraft up to the monthly mortgage repayment amount of NIS 6,000, whichever is lower.
- Reduction of the interest payable on debit balance in credit facilities: Private customers and small businesses benefit from a 3% reduction in the interest payable on debit balances in their credit facilities and current loan accounts.
- "No interest overdraft": A benefit for private customers, which includes a monthly offsetting mechanism between the credit and debit balances in the account; this enables the customer not to pay interest on their overdraft up to a maximum offset amount of NIS 10,000 per day.
- Benefits for specific populations: Reservists in active service, households and small businesses located near the conflict zones in the south and the north, and Bank customers, who are first-degree relatives of people who lost their life in the war or of hostages held in Gaza will be eligible to an exemption from account management fees and 0% interest on amounts utilized out of current account credit facilities (NIS 10,000 to private customers and NIS 30,000 to owners of small businesses).
- The NIS 1,000 "New Beginnings" deposit awarded to Bank's customers to whom a child was born after October 7, 2023 and through December 31, 2025. This is a one-off benefit whose cost is included in the outline's expenses for the first quarter of 2026.
- During April 2026, the Bank awarded the one-off "Boost to Businesses" benefit - a one-off award of up to NIS 30 thousand - to businesses located near Israel's northern border and to businesses whose owners serve as reservists. This is a one-off benefit whose cost will be included in the outline's expenses for the second quarter of 2026

The Bank assesses the benefits every quarter and may revise or renew them at its discretion.

The estimated cost, which will be included in the financial statements upon utilization of the benefits in respect of this outline, amounts to NIS 600 million for a two-year period, of which NIS 299 million were recorded through March 31, 2026; NIS 77 million of this amount were recorded in the first quarter of 2026.

This information constitutes forward-looking information, as defined in the Securities Law, 1968, based on assumptions, facts and data (hereinafter jointly: "assumptions") brought before the Bank's Board of Directors. These assumptions may not materialize due to factors which are not solely controlled by the Bank.

## Report of the Board of Directors and Management

As of March 31, 2026

### Benefits awarded to the public under the Bank of Israel's 2025 outline and in respect of the events of the war (NIS in millions):

	Residential	Private individuals – other	Small and micro businesses	Medium and large businesses	Total	2025
<b>Three months ended March 31, 2026</b>						
<b>A. Benefits provided to the public</b>						
<b>A1. Amounts of benefits charged to statement of profit and loss in the reporting period:</b>						
Interest benefits through changes in credit terms <sup>(1)</sup>	3	18	12	-	33	102
Other interest benefits with respect to credit <sup>(2)</sup>	3	3	-	-	6	69
Interest benefits on on-call deposits	-	21	4	-	25	76
Interest benefits on other deposits	-	20	-	-	20	-
Waiver of commissions <sup>(3)</sup>	-	2	1	-	3	11
Charitable donations	-	-	-	-	-	1
<b>Total</b>	<b>6</b>	<b>64</b>	<b>17</b>	<b>-</b>	<b>87</b>	<b>259</b>
<b>Of which: Under the Bank of Israel's 2025 outline (voluntary outline):</b>						
Interest benefits through changes in credit terms <sup>(1)</sup>	-	18	11	-	29	80
Other interest benefits with respect to credit <sup>(2)</sup>	-	-	-	-	-	58
Interest benefits on on-call deposits	-	21	4	-	25	76
Interest benefits on other deposits	-	20	-	-	20	-
Waiver of commissions <sup>(3)</sup>	-	2	1	-	3	8
<b>Total</b>	<b>-</b>	<b>61</b>	<b>16</b>	<b>-</b>	<b>77</b>	<b>222</b>
<b>A2. Estimated amounts of benefits which have not yet been charged to the statement of profit and loss as of the report date<sup>(4)</sup>:</b>					<b>519</b>	<b>581</b>

# Report of the Board of Directors and Management

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## Additional information about activities to benefit borrowers during wartime

	Residential	Private individuals – other	Small and micro businesses	Medium businesses	Large businesses	Total	2025
<b>Three months ended March 31, 2026</b>							
<b>B.1.a Total loans that have undergone a change to terms during the reporting period<sup>(5)</sup></b>							
Change in terms for borrowers in financial difficulties	-	1	3	-	-	4	2
Change in terms for borrowers not in financial difficulties:	4,532	253	625	11	1	5,422	4,404
<b>Total credit</b>	<b>4,532</b>	<b>254</b>	<b>628</b>	<b>11</b>	<b>1</b>	<b>5,426</b>	<b>4,406</b>

	Residential	Private individuals – other	Small and micro businesses	Medium businesses	Large businesses	Total	As of December 31, 2025
<b>As of March 31, 2026</b>							
Balance of loans with changes in terms for borrowers in financial difficulties	-	-	3	-	-	3	18
Balance of loans with changes in terms for borrowers not in financial difficulties:							-
Credit with interest waiver	-	202	312	4	1	519	132
Credit in deferral of payments and/or the extension of the period in which the deferral period had not yet ended	4,543	51	316	7	-	4,917	158
Of which: Problematic credit	1	-	5	1	-	7	7
Of which: Non-problematic credit, in arrears 30 days or longer	-	-	2	-	-	2	-
Payment amounts deferred <sup>(6)</sup>	29	6	148	3	-	186	25
Average payment deferral by months	1	9	8	3	-	7	5
Credit with other change in terms	-	-	-	-	-	-	-
<b>Total</b>	<b>4,543</b>	<b>253</b>	<b>631</b>	<b>11</b>	<b>-</b>	<b>5,439</b>	<b>308</b>

### Additional information on change in terms for borrowers not in financial difficulties:

Balance of credit in which the payment deferral has ended	23,192	332	1,327	87	39	24,977	26,932
Of which: Debts defaulted after changes in terms	1,081	-	41	-	-	1,122	1,126

### B2. Balance of extended loans as of the report date, which bear no interest or reduced interest<sup>(7)</sup>

Credit balance	257	130	801	190	-	1,378	1,423
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### B2. Balance of extended loans as of the report date, which bear no interest or reduced interest<sup>(7)</sup>

Credit balance

- (1) Including by waiving interest on receivables and by deferral of loan repayments.
- (2) Including by providing loans which bear no interest or reduced interest and by providing interest grants/refunds in respect of credit provided in periods prior to the outline.
- (3) Including provision of grants/refunds in respect of commissions.
- (4) The estimated amounts of benefits which have not yet been charged to the statement of profit and loss as of the report date reflect the amounts, which the Bank expects will be charged in the future in respect of the adoption of the outlines, including the costs of the voluntary outline over two years.
- (5) Credit, whose terms changed during the reporting period, also includes credit whose repayment was deferred again during the reporting period
- (6) Including deferral of payments without interest during the deferral period. If the repayment of debt was deferred again, the cumulative deferral period is presented.  
The deferral of payments does not include a deferral to which the borrower is entitled by law.
- (7) Including loans extended under State-guaranteed funds and/or funded by the Bank of Israel.

## C. Special payment to the state due to the war

For details regarding tax expenses due to the "Special Payment for the Achievement of Budgetary Goals Law (Temporary Order – Iron Swords), 2024", and its amendment of March 30, 2026, see Note 17 to the Financial Statements and the Business goals and strategy chapter above.

## Other matters

### The Competition Commissioner's decision regarding a concentration group in the retail banking services market and the issuance of directives

Further to what is stated in the Explanation and analysis of results and business standing chapter in the Bank's financial statements as of December 31, 2025 regarding the Competition Commissioner's intention to declare the five largest banking groups - the Bank (including Bank Yahav), Bank Hapoalim, Bank Leumi, Bank Discount and First International Bank (hereinafter jointly – the "Five Largest Banking Groups" or the "Banks") - a concentration group and to issue to the Banks directives regarding deposits, on May 6, 2026 the Competition Commissioner (hereinafter - the "Commissioner") handed down a decision under Section 43(A)(6) to the Economic Competition Law, 1988, in which it was stipulated that the Five Largest Banking Groups constitute a "Concentration Group" in the retail banking services market.

In its resolution, the Commissioner determined that effectively there is very little competition between the banks with respect to the provision of all retail banking services, and that the banks refrain from competing over the offering of separable products to those customers.

In its decision, the Commissioner determined that the five banking groups will be subject to directives pertaining to their deposits activity, as follows:

- Prohibition of discrimination with regard to deposit interest rates and a requirement to be transparent and make their terms and conditions available.
- A requirement that banks will proactively contact customers on the deposit renewal or repayment date, and provide them with information as to proposed interest rates on deposits and similar money market funds, and simplifying the process of their purchase.
- A prohibition on a bank, the value of whose asset exceeds 20% of the total asset value of all banks in Israel (a "bank with large-scale activity") from unreasonably refusing to enter into an engagement with "money aggregators".
- A prohibition on placing barriers on the transfer of deposits, and allowing the transferee entity to run the transfer process.

The Commissioner determined that the coming into effect of the directives will be postponed to May 6, 2027 in order to allow the exhaustion of the appeal proceedings in the Competition Tribunal and in order to prepare for the implementation of the directives.

Further to the publication of the Commissioner's decision, on May 6, 2026 the Bank of Israel published its position regarding the Commissioner's above declaration and the deposits-related directives set under this decision. The Bank of Israel's position published as described above stated, among other things, that "under the circumstance of the matter, declaring the banks a concentration group is an extreme and disproportionate step; on the one hand, it may deter investors from operating in Israel, and on the other hand it is not expected to contribute in any way to improving the welfare of bank customers. This is particularly so given that most of the directives prescribed following the declaration have already been implemented in practice by the Banking Supervision Department as part of the structural reforms it has led". It was further noted in the Bank of Israel's position regarding the Commissioner's declaration and its subsequent directives, that "this move is merely declaratory in nature, which undermines regulatory certainty in the Israeli economy and may therefore deter investors from operating in Israel, without driving competition in any way." The Bank of Israel has also noted that with respect to at least some of the directives, the law requires the consent of the Bank of Israel. Such consent was not granted."

The Bank is studying this stipulation and its implications.

### Imposition of a financial sanction by the Sanctions Committee for Banking Corporations

On March 25, 2026, the Bank received the Supervisor of Banks' notice regarding the Sanctions Committee for Banking Corporations' decision (hereinafter - the "Committee") to impose a NIS 6.8 million financial sanction on the Bank by virtue of the power vested in it under Section 14(A) to the Prohibition of Money Laundering Law, 2000 (hereinafter - the "Law"), based on the findings of the Banking Supervision Department's audit report on the prohibition of terror financing, conducted during the first half of 2023.

Most of the breaches in respect of which the financial sanction was imposed pertain to checks against the list of entities subject to sanctions, reports to the Anti-Money Laundering Authority (hereinafter - the "Authority") based on transaction-size, reports to the Authority on transactions that appear irregular, and know-your-customer procedures.

The amount of the abovementioned financial sanction reflects, among other things, mitigating circumstances, including the Bank's collaboration with the Bank of Israel's audit team and the effective steps taken by the Bank to rectify the deficiencies.

# Report of the Board of Directors and Management

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The Bank rectified the deficiencies which were raised in the report; some of the deficiencies were rectified already during the audit

## **Engagement in insurance policy**

On March 26, 2026, the Bank's Board of Directors approved, after approval by the Remuneration Committee, the Bank's engagement in a Board member and other officers liability insurance policy, for a term of 18 months as from April 1, 2026. Pursuant to Regulation 1B1 and pursuant to Regulations 1A1 and 1B(a)(5) of the Corporate Regulations (Relief for transactions with interested parties), 2000, and in accordance with the remuneration policy for officers. The insurance policy covers, inter alia, the Bank President & CEO, the controlling shareholders of the Bank and relatives thereof. For more information see immediate report dated March 26, 2026 (Ref. No.: 2026-01-028074).

## **Legal Proceedings**

For material changes in legal proceedings to which the Bank is party, see Note 10b to the financial statements.

## Explanation and analysis of results and business standing

This chapter includes a description of material trends, occurrences, developments and changes with regard to results and business standing, including analysis of development of revenues, expenses and profit, as well as analysis of development of assets, liabilities, capital and capital adequacy. It also provides a description of results of the Bank's supervisory operating segments and operating results for holdings in major entities.

## Trends, phenomena and material changes

### General environment and impact of external factors on the Bank Group

#### Developments in the business and geopolitical environment

During the last quarter, the Israeli economy continues to deal with the consequences of the state of war and to operate in an environment of high geopolitical uncertainty.

Upon the commencement of Operation Lion's Roar and the declaration of a special situation in the home front, various restrictions were placed on activities. At this stage, levels of tension and uncertainty in the business and economic environment are high; the ceasefire with Iran is temporary, and negotiations are underway in an attempt to reach an agreement. In Israel, following the ceasefire, restrictions were lifted and negotiations are held in an attempt to reach an agreement with the Lebanese government, alongside preparations for an escalation. Following Operation Rising Lion, the Bank of Israel published a support outline for the banks' customers, including postponement of payments of mortgages and loans to groups which meet the criteria.

Israel's risk premium has declined significantly; however, this premium is still slightly higher than its level prior to the war, which started in October 2023; this occurred alongside an increase in domestic share indices and further appreciation of the shekel against the dollar.

In the current quarter, the risk assessments remained unchanged for all risks compared to the end of 2025, and they reflect the uncertainty regarding the geopolitical risks, the potential of security escalation and the uncertainty as to the future economic effects of the war. No material changes were observed in the various risk benchmarks. The credit-quality indicators do not point to a deterioration or the emergence of material risk concentrations. In addition, further interest-rate cuts and a decline in inflation rates are expected to improve borrowers' repayment capacity. The Bank will continue assessing the risk assessments in the forthcoming quarters in accordance with developments and economic conditions.

For more information see chapter "Risks Overview" below, as well as the Report of the Board of Directors and the Risks Report for 2025.

For more information about banking reliefs and benefits extended to Bank customers, see chapter "Significant developments in management of business operations" above.

### Major developments in the banking sector in Israel and overseas

For extensive information about trends in the banking sector in Israel and overseas in recent years, see chapter "Explanation and analysis of results and business standing" on the 2025 Report of the Board of Directors and Management.

## Developments in the Israeli and global economy in 2026

### Israeli economy

The levels of economic activity in Israel contracted during the first quarter of 2026 due to the effects of Operation Lion's Roar. The increase in levels of uncertainty in Israel and across the world alongside the security restrictions have led to a decline in business activity. Concurrently, credit card spending has declined sharply upon the outbreak of the operation, but recovered quickly while the operation was still ongoing. The costs of the operation, alongside the intensification of the fighting in the north have led to an increase in the government's spending, and the 2026 defense budget was increased. Inflation expectations increased following Operation Lion's Roar due to interruption to shipping routes and the increase in global energy prices; however, expectations remained within the Bank of Israel's target range. In April, due to the coming into force of the ceasefire with Iran, the shekel appreciated against the basket of currencies, which supported the subsidence in projected inflation.

#### Non-financial developments

In view of the effects of Operation Lion's Roar the Bank of Israel's Composite State of the Economy Index declined by an average of 0.2% per month in the first three months of 2026 (temporary data). This, after a 2.9% growth in Israel's GDP in 2025 and a 1.0% growth in 2024.

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The extensive mobilization of reservists and the closure of the education system have led to a sharp increase in the broad unemployment rate (ages 15 and older, original data), which stood at 15.8% in March 2026 compared to 3.9% in December 2025. The number of vacant jobs in the economy has slumped but remained higher than pre-war levels. According to a publication by the Bank of Israel's Research Division of March 2026, which was formulated under the assumption that Operation Lion's Roar and the fighting in Lebanon will end towards the end of April, GDP in Israel is expected to grow by 3.8% in 2026. The average broad unemployment rate (persons aged 25-64) is expected to be 4.5% in 2026.

## Inflation and exchange rates

In the first three months of 2026, the "known" Consumer Price Index decreased by 0.1%, compared to an increase by 0.3% in the corresponding period last year after a 2.0% increase in the past 12 months.

In the first three months of this year, the index in lieu increased by 0.3%, compared to a 1.1% increase in the corresponding period last year. During the 12 months ended March 2026, the CPI increased by 1.9% and is currently within the Bank of Israel's target range defined between 1% and 3%. Expectations in the capital market for the next 12 months are at around the middle of the Bank of Israel's target range.

Over the course of the first three months of 2026 the shekel has appreciated by 0.8% against the dollar and by 2.9% against the euro. The shekel's appreciation trend reduced inflationary pressures in Israel during this period.

Below is information about official exchange rates and changes there to:

	March 31, 2026	December 31, 2025	Change in %
Exchange rate of:			
USD (in NIS)	3.165	3.190	(0.8)
EUR (in NIS)	3.636	3.746	(2.9)

On May 13, 2026, the NIS/USD exchange rate stood at 2.908 – an appreciation of 8.1% since March 31, 2026. The NIS/EUR exchange rate as of that date stood at 3.407 – an appreciation of 6.3% since March 31, 2026.

## Monetary policy

In its interest decision of March 2026, the Bank of Israel held its interest rate at 4.0%. This was following interest rate cuts in November 2025 and January 2026 - of 0.25 percentage points each - to 4.50%. In its latest interest decision the Monetary Committee noted that the interest-rate path will be determined in accordance with the development of inflation, economic activity, geopolitical uncertainty and fiscal developments.

The forecast by the Bank of Israel's Research Division of March 2026 estimates that the average interest rate in the first quarter of 2027 would be 3.50%-3.75%.

## Fiscal policy

In the first three months of 2026, Government budget recorded a NIS 12.9 billion cumulative surplus, compared to a NIS 3.9 billion cumulative surplus in the corresponding period last year. The deficit rate as percentage of GDP for the 12 months ended in March 2026 was 4.2%. Government expenses recorded an increase of 4.3% relative to the corresponding period last year.

In March the Knesset passed the second and third readings of the state budget for 2026. The state budget will amount to NIS 699 billion, and the deficit cap will be 4.9%. As part of the budget's approval, NIS 32 billion were added to the defense budget, which will amount to NIS 143 billion compared to NIS 65 billion before the Iron Swords War.

## The State of Israel's credit rating

On January 31, 2026, the rating agency Moody's reaffirmed the State of Israel's credit rating at Baa1 and upgraded its rating outlook from negative to stable. The agency noted that geopolitical risks have subsided, despite the high level of uncertainty attached to the ceasefire agreement. However, the level of risk remains high and places a constraint on the rating.

On February 3, 2026, the rating agency Fitch upgraded the rating outlook of the five largest banks in Israel from "negative" to "stable" and affirmed the rating at Baa1. The upgrading was made against the backdrop of the upgrading of Israel's rating outlook from negative to stable and reflects the expectation that the banks' solvency and liquidity will remain stable on the back of improved operating conditions and as Israel's economy rebounds.

On March 27, 2026 the credit rating agency Fitch affirmed Israel's credit rating at A with a negative rating outlook. The agency noted that the outlook reflects a sustained increase in public debt and the risks that stress scenarios will materialize, which might weaken Israel's growth potential.

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On May 8, 2026 the S&P rating agency announced that it was affirming the credit rating of the State of Israel at A with a stable outlook. The agency noted that assuming that the security situation will not deteriorate, the Israeli economy is expected to start recovering during the second half of 2026.

## Residential construction and the mortgage market

According to data from the Central Bureau of Statistics, the number of apartments sold during the first three months of 2026 (new and second-hand apartments, original data) amounted to 22.4 thousand, a 10.0% decrease compared to the corresponding period last year and a 13.4% decrease compared to the corresponding period in 2024.

In the first three months of 2026, residential mortgages extended to the public amounted to NIS 28.4 billion, compared to NIS 23.8 billion in the corresponding period last year and NIS 17.1 billion in the corresponding period in 2024 – an increase by 19.3% and 66.0%, respectively.

According to data from the Central Bureau of Statistics, owned house prices in the 12 months ended February 2026 declined by 1.7% compared to a 0.3% increase in 2025 and a 7.3% increase in 2024.

## Capital market

The trade trend on Israeli equity markets in major indexes in the first quarter of 2026 was positive compared to a negative trend on stock exchanges in the USA and a mixed trend world-wide.

Below are changes to major stock indices in Israel (in percent):

Index	2026	2025			
	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter
Tel-Aviv 35	12.9	13.5	8.2	22.4	1.0
Tel-Aviv 125	9.6	12.7	7.5	23.6	0.8
Tel-Aviv 90	(1.9)	11.2	5.0	26.3	(0.6)

Average daily trading volume in equities and convertible securities in the first quarter of 2026 was NIS 5.6 billion, compared to NIS 2.9 billion in the corresponding period last year. In 2025, the average daily trading volume amounted to NIS 3.4 billion.

Below are changes to major bond indices in Israel (in percent):

Index	2026	2025			
	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter
All-Bond general	(0.2)	1.5	1.6	2.7	0.4
Government bonds, CPI-linked	(1.2)	0.8	1.8	2.7	(0.6)
Government bonds, non-linked	0.5	1.9	1.2	2.8	0.9
Tel-bond 20	(0.8)	1.0	2.2	3.0	0.2
Tel-bond 40	0.1	0.5	2.0	2.8	0.3

## Global economy

According to the IMF publication of April 2026, global GDP growth in 2026 is expected to amount to 3.1%, and 3.2% in 2027. This, compared to a 3.3% growth forecast in 2026 of January 2026, prior to the outbreak of the conflict in the Middle East. The decline in the global growth forecast stems from the effect of the blockade of the strait of Hormuz and the severe damage caused to energy infrastructures in the region, which might accelerate inflation and cause a deterioration in financial conditions.

The conflict which broke out in the Middle East at the end of February 2026 affected the US economy; this was reflected, among other things, in an increase in government spending and in energy, commodities and imported-goods prices; on the other hand, the energy production and exportation sectors have benefited from the conflict. Consumer confidence indices declined due to concerns that inflation rates will increase, and the projected Federal Reserve interest-rate path in the financial markets has increased. Despite the effects of the conflict, the US economy has grown at an annualized rate of 2.0% in the first three months of 2026, following growth of 2.1% in 2025 and growth of 2.8% in 2024. GDP was affected by the recovery in public spending and the expansion in investments in property, plant & equipment. On the other hand, the growth in private spending has slightly slowed-down.

The US labor market showed signs of relative stability, as the number of new vacancies remained positive in the first quarter of 2026, alongside a slight decrease in the unemployment rate to 4.3% in March 2026, compared to 4.4% in December 2025. The inflation rate stood at 3.3% in the 12 months ended March 2025 - an increase compared to 2.7%

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at the end of 2025. During 2026, the Fed held interest rates, having cut them in September, October, and December 2025 from 4.5% to 3.75%.

The GDP in the Euro Zone in the first three months of 2026 increased at an annualized 0.6%, compared to 1.5% growth for 2025 and 0.9% growth for 2024. The Purchasing Manager Index in industry sectors indicated a stagnation throughout the first quarter of 2026, whereas the Purchasing Manager Index in service sectors indicated a slow growth. The inflation rate stood at 2.6% in the 12 months ended March 2026 - an acceleration compared to 2.0% at the end of 2025. This, against the backdrop of higher energy prices due to the conflict in the Middle East. In order to support the economic activity, the monetary interest rate on deposits in the Euro Zone dropped by 2.0 percentage points from the second half of 2024 to a rate of 2.0% in April 2025, and has not changed since then.

China's economy grew in the first quarter of 2026 at an annualized rate of 5.0%, further to identical growth rates in 2024 and 2025. GDP was affected by expansion in exports and production. During the year, the government increased its support to the economy against the backdrop of the increase in energy prices. Concurrently, the trend of diverting production from the USA to alternative markets continued following the imposition of reciprocal tariffs with the USA.

Below are changes to major stock indices overseas (in percent):

Index	2026		2025		
	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter
Dow Jones	(3.6)	3.6	5.2	5.0	(1.3)
S&P 500	(4.6)	2.4	7.8	10.6	(4.6)
NASDAQ 100	(6.0)	2.3	8.8	17.6	(8.3)
DAX	(7.4)	2.6	(0.1)	7.9	11.3
FTSE 100	2.5	6.2	6.7	2.1	5.0
CAC	(4.1)	3.2	3.0	(1.6)	5.6
Nikkei	1.4	12.0	11.0	13.7	(10.7)

## Major and emerging risks

The Bank's business activity exposes the Bank to various financial and non-financial risks, whose materialization has potential to impact the Bank's business results or image. Top risks and evolving risks are derived from the Bank's business environment, which is impacted by the macro-economic environment, by risk associated with regulation and legislation, by changes to the business model and by social and consumer trends. In recent years, due to changes in the competitive landscape, in the consumer environment, in the regulatory environment and in technology, non-financial risks have been evolving.

As part of processes conducted by the Bank to map and identify risk, the Bank reviews major risks, existing or new, arising from developments in the Bank's business environment, which may materialize over the coming year and with potential to materially impact the Bank's financial results and stability. The Bank also identifies emerging risks, which may materialize over the longer term, with uncertainty about their nature and impact on the Bank. The risk mapping at the Bank is regularly reviewed to ensure it covers all risks associated with the Bank's business activity, or influenced by market conditions and from regulatory requirements.

Changes to risk assessment and to the Bank's risk profile are set forth below in chapter "Risks overview".

For more information regarding the State of Israel's credit rating, see the chapter "Developments in the Israeli and global economy in 2026" above.

For more information, including analysis of major risks to which the Bank is exposed and an overview of their management and evolution in the reported period, see chapter "Risks Overview" as well as the 2025 Risks Report on the Bank website: [www.mizrahi-tefahot.co.il](http://www.mizrahi-tefahot.co.il) > About the Bank > Investor Relations > Financial Information.

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## Events after the balance sheet date

For information about a dividend distribution with respect to earnings of the first quarter of 2026, see chapter "Analysis of structure of assets, liabilities, equity and capital adequacy" below and the statement of changes to shareholder equity and the Note "Events after the balance sheet date" of the financial statements.

On April 7, 2026, subsequent to balance sheet date, full early redemption was executed of CoCo contingent subordinated notes, which were issued to institutional investors by the Bank; for details, see the issuances and repayments chapter in the above reporting period.

## Material developments in revenues, expenses and other comprehensive income

The Group's net profit in the first quarter of 2026 amounted to NIS 1,238 million, compared to NIS 1,290 million in the corresponding period last year, a decrease of 4.0%. This reflects a 14.1% annualized return on equity, compared to 16.2% in the corresponding period last year.

The Group's net profit after deducting the effect of the special tax outline for 2026 and benefits to customers under the voluntary consumer benefits outline (net total effect of NIS 202 million) totaled NIS 1,440 million in the first quarter of 2026 - reflecting a return on equity of 16.3%. The Group's net profit after deducting the effect of the special tax outline for 2025 (total effect of NIS 71 million) totaled NIS 1,361 million in the first quarter of 2025 - reflecting a return on equity of 17.1% in that quarter. It should be noted that the voluntary consumer benefits outline started in the second quarter of 2025.

## Analysis of developments in revenues, expenses and other comprehensive income

**Net interest revenues and non-interest financing revenues<sup>(1)</sup> from current operations** in the first quarter of 2026, amounted to NIS 2,769 million, as described below, compared to NIS 2,829 million in the corresponding period last year - a 2.1% decrease.

**Net interest revenues and non-interest financing revenues<sup>(1)</sup>** in the first quarter of 2026 amounted to NIS 2,879 million, compared to NIS 2,941 million in the corresponding period last year, a decrease of 2.1%.

Net interest revenues and non-interest financing revenues net of benefits to customer under the voluntary outline (which - as stated above - commenced in the second quarter of 2025) amounted to NIS 2,953 million, compared to NIS 2,941 million in the corresponding period last year, a 0.4% increase.

Below is analysis of development of financing revenues from current operations (NIS in millions):

	2026		2025		First quarter of 2026 compared to first quarter of 2025	Change rate in %
	First quarter	Fourth quarter	Third quarter	Second quarter		
Interest revenues, net	2,693	2,689	3,146	3,093	2,799	
Non-interest financing revenues <sup>(1)</sup>	186	145	57	43	142	
<b>Total financing revenues</b>	<b>2,879</b>	<b>2,834</b>	<b>3,203</b>	<b>3,136</b>	<b>2,941</b>	<b>(2.1)</b>
Net of:						
Effect of the Consumer Price Index	(23)	(140)	347	323	60	
Revenues from interest collected with respect to problematic debts	9	12	13	11	11	
Gains from bonds and shares	49	168	37	55	38	
Other effects <sup>(2)</sup>	75	(30)	(16)	(82)	3	
<b>Total effects other than from current operations</b>	<b>110</b>	<b>10</b>	<b>381</b>	<b>307</b>	<b>112</b>	
<b>Total financing revenues from current operations</b>	<b>2,769</b>	<b>2,824</b>	<b>2,822</b>	<b>2,829</b>	<b>2,829</b>	<b>(2.1)</b>

(1) Non-interest financing revenues include effect of fair value and others and revenues (expenses) with respect to linkage differentials on CPI derivatives, where the corresponding revenue is recognized as interest revenues (expenses), in conformity with accounting rules.

(2) Including the effect of accounting treatment of derivatives at fair value is due to the difference between accounting treatment of balance sheet instruments, charged to the profit and loss statement on an accrual basis (interest, linkage differentials and exchange rate differentials only), vs. derivatives measured at their fair value and revenues from early repayment commissions, cost of benefits to customers as part of the various plans, and one-time effects, if any.

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Below are financing revenues by supervisory operating segment (NIS in millions):

Operating segment	For the three months ended March 31			
	2026	2025	Change amount	Change in %
<b>Private individuals:</b>				
Households – residential mortgages	715	684	31	4.5
Households – other	875	969	(94)	(9.7)
Private banking	111	112	(1)	(0.9)
<b>Total individuals</b>	<b>1,701</b>	<b>1,765</b>	<b>(64)</b>	<b>(3.6)</b>
<b>Business operations:</b>				
Small and micro businesses	605	632	(27)	(4.3)
Medium businesses	204	183	21	11.5
Large businesses	399	346	53	15.3
Institutional investors	97	62	35	56.5
<b>Total business activity</b>	<b>1,305</b>	<b>1,223</b>	<b>82</b>	<b>6.7</b>
Financial management	(317)	(224)	(93)	41.5
<b>Total activity in Israel</b>	<b>2,689</b>	<b>2,764</b>	<b>(75)</b>	<b>(2.7)</b>
Overseas activity	190	177	13	7.3
<b>Total</b>	<b>2,879</b>	<b>2,941</b>	<b>(62)</b>	<b>(2.1)</b>

For definition of supervisory operating segments and differences between supervisory operating segments and operating segments based on management approach – see chapter "Supervisory operating segments" below.

Below are average balances of interest-bearing on-balance sheet assets attributed to activity in Israel, in various linkage segments (NIS in millions):

Linkage segment	First quarter		
	2026	2025	Change in %
Israeli currency – non-linked	361,331	314,570	14.9
Israeli currency – linked to the CPI	80,254	84,762	(5.3)
Foreign currency (including Israeli currency linked to foreign currency)	30,228	19,508	55.0
<b>Total</b>	<b>471,813</b>	<b>418,840</b>	<b>12.6</b>
<b>Total including activity overseas</b>	<b>501,544</b>	<b>453,008</b>	<b>10.7</b>

Change in average balances of interest-bearing assets is primarily due to growth in loans to the public.

Below are interest spreads (the difference between interest revenue rate for assets and interest expense rate for liabilities)<sup>(1)</sup> based on average balances<sup>(2)</sup>, attributed to activity in Israel, in the various linkage segments (in percent):

Linkage segments	First quarter	
	2026	2025
Israeli currency – non-linked	1.50	1.82
Israeli currency – linked to the CPI	2.06	1.95
Foreign currency	0.26	0.49
<b>Total</b>	<sup>(3)</sup> <b>1.44</b>	<b>1.63</b>

(1) Revenue and expense rates calculated for interest-bearing assets and liabilities.

(2) Average balances before deduction of provision with respect to credit losses.

(3) Excluding the effect of voluntary benefits - 1.52%.

## Changes in interest spreads:

The decrease in the overall interest spread was affected, among other things, by a decrease in the inflation rate and cuts to the Bank of Israel Interest rate and the Fed interest rate compared to the corresponding period last year, and to benefits and reliefs in financing terms provided to customers under the voluntary consumer reliefs outline.

The interest spread represents the difference between interest revenue rate for on-balance sheet assets and interest expense rate for on-balance sheet liabilities, excluding the effect of derivatives.

For composition of interest rate spreads by different criteria (activity type, linkage segment and quantity and price analysis), more information about non-interest bearing assets and liabilities and information about overseas activities, see appendix "Interest Revenue and Expense Rates" to the quarterly financial statements.

Interest revenues, net and non-interest financing revenues are impacted by the change in interest rates and by the change in activity, as reflected in balances of loans and deposits.

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For details on interest rates and interest expenses of the Bank and its subsidiaries see Appendix 1 to the Financial Statements.

For more information about average balances of loans to the public and deposits from the public, and about revenues from the loan/deposit spread by operating segment, see Note 12 to the financial statements.

For more information about the impact of scenarios of changes to interest rates on interest revenues, net and on non-interest financing revenues, see chapter "Market risk and interest risk" below.

**Expenses with respect to credit losses** for the Group amounted to NIS 31 million in the first quarter of 2026, or an annualized rate of 0.03% of total loans to the public, net, compared to expenses amounting to NIS 103 million in the corresponding period last year – an annualized rate of 0.11% of total loans to the public, net. The decrease in expenses with respect to credit losses compared to the corresponding period last year arises mainly from a decrease in the collective provision in respect of the war and the levels of uncertainty in the economy. However, in view of the levels of uncertainty still prevailing in the economy, the balance-sheet balance of the provision for credit losses in respect of this uncertainty still remained high.

Development of expenses with respect to credit losses (NIS in millions) is as follows:

	First quarter	
	2026	2025
Expenses for credit losses on individual basis		
Increased expenses	131	111
Decreased expenses	(39)	(40)
<b>Total individual expense for credit losses<sup>(1)</sup></b>	<b>92</b>	<b>71</b>
<b>Net accounting write-offs<sup>(2)</sup></b>	<b>56</b>	<b>61</b>
Expenses for credit losses on group basis		
with respect to residential mortgages	(53)	(34)
Other	(64)	5
<b>Total group expense (revenues) for credit losses</b>	<b>(117)</b>	<b>(29)</b>
<b>Total expenses with respect to credit losses</b>	<b>31</b>	<b>103</b>
<b>Rate of the expenses with respect to credit losses as percentage of total loans to the public, net (annualized)</b>	<b>0.03%</b>	<b>0.11%</b>
<b>Of which: With respect to commercial loans other than residential mortgages</b>	<b>0.20%</b>	<b>0.40%</b>
<b>Of which: with respect to residential mortgages</b>	<b>(0.09%)</b>	<b>(0.06%)</b>
<b>Rate of the expenses with respect to individual provision for credit losses, as percentage of total loans to the public, net (annualized):</b>	<b>0.09%</b>	<b>0.08%</b>

(1) Including individual provisions for customers, against which a decrease in group-based provision was recorded.

(2) Write-offs due to debts measured on a collective basis

Below are details of expenses (revenues) with respect to credit losses by supervisory operating segments of the Group (NIS in millions):

Operating segment	First quarter		Expense rate for credit losses <sup>(1)</sup> in the first quarter	
	2026	2025	2026	2025
<b>Private individuals:</b>				
Households – residential mortgages	(53)	(34)	(0.09)	(0.06)
Households – other	(38)	54	(0.54)	0.79
Private banking	-	-	-	-
<b>Total individuals</b>	<b>(91)</b>	<b>20</b>	<b>(0.13)</b>	<b>0.03</b>
<b>Business operations:</b>				
Small and micro businesses	93	73	1.06	0.90
Medium businesses	3	(4)	0.05	(0.09)
Large businesses	(34)	(10)	(0.25)	(0.09)
Institutional investors	-	1	-	0.09
<b>Total business activity</b>	<b>62</b>	<b>60</b>	<b>0.20</b>	<b>0.25</b>
Financial management	(4)	-	-	-
<b>Total activity in Israel</b>	<b>(33)</b>	<b>80</b>	<b>(0.03)</b>	<b>0.09</b>
Overseas activity	64	23	1.65	0.77
<b>Total</b>	<b>31</b>	<b>103</b>	<b>0.03</b>	<b>0.11</b>

(1) Expenses with respect to credit losses, as percentage of total loans to the public, net (annualized) (in percent).

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For definition of supervisory operating segments and differences between supervisory operating segments and operating segments based on management approach – see chapter "Supervisory operating segments" below.

For more information about analysis of development of loans to the public, see chapter "Analysis of developments in assets, liabilities, equity and capital adequacy" below.

For more information about analysis of credit risk, see chapter "Credit risk" below and the Risks Report, available on the Bank website.

**Non-interest financing revenues** in the first quarter of 2026 amounted to NIS 186 million, compared to NIS 142 million in the corresponding period last year.

This item includes, *inter alia*, the effect of fair value, gain (loss) from activity involving bonds and securities, as well as linkage differentials for CPI derivatives and interest accrual effect (time value) inherent in derivative assets, for which the corresponding revenues (expenses) are recognized pursuant to accounting rules under Interest Revenues. See "Analysis of financing revenues from current operations" above.

**Commission revenues** in the first quarter of 2026 amounted to NIS 587 million, compared to NIS 533 million in the corresponding period last year – a 10.1% increase.

Below is information about commissions by major commission type (NIS in millions):

	First quarter		All of
	2026	2025	2025
Account management	112	111	447
Activities involving securities	96	80	341
Conversion differences	97	89	368
Commissions from financing transactions	103	73	366
Credit cards	68	66	283
Credit processing <sup>(1)</sup>	33	34	130
Other commissions	78	80	316
<b>Total commissions</b>	<b>587</b>	<b>533</b>	<b>2,251</b>

(1) Includes the following commissions: Handling credit, foreign trade and net revenues from servicing credit portfolios.

**Other revenues** in the first quarter of 2026 amounted to NIS 17 million, compared to NIS 72 million in the corresponding period last year.

Other revenues in the first quarter of 2025 included revenues amounting to NIS 51 million (NIS 153 million in 2025) with respect to net deferred credit balance recognized with respect to acquisition of Union Bank which is recognized on profit and loss over 5 years as from the fourth quarter of 2020 and through the end of the third quarter of 2025.

**Operating and other expenses** in the first quarter of 2026 amounted to NIS 1,328 million, compared to NIS 1,339 million in the corresponding period last year, a decrease by 0.8%.

For details by operating expense component, see below.

**Payroll and associated expenses** in the first quarter of 2026 amounted to NIS 843 million, compared to NIS 877 million in the corresponding period last year – a decrease of 3.9%.

**Maintenance and depreciation expenses for buildings and equipment** amounted to NIS 274 million in the first quarter of 2026, compared to NIS 260 million in the corresponding period last year – a 5.4% increase.

**Other expenses** in the first quarter of 2026 amounted to NIS 211 million, compared to NIS 202 million in the corresponding period last year, an increase by 4.5%.

Cost-Income ratio information is as follows<sup>(1)</sup> (in percent):

	2026		2025			2025
	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter	Annual
Cost Income Ratio	38.1	37.0	34.2	34.9	37.8	35.9

(1) Total operating and other expenses to total operating and financing revenues and expenses with respect to credit losses.

**Group profit before taxes** in the first quarter of 2026 amounted to NIS 2,124 million, compared to NIS 2,104 million in the corresponding period last year, an increase by 1.0%. For a detailed explanation, see above.

**The rate of provision to taxes from profits** in the first quarter of 2026 was 39.5% – compared to 36.3% in the corresponding period last year.

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The rate of provision for taxes of profit was influenced, among other things, from the Special Payment Law to Achieve the Budgetary Targets (Temporary Order – Iron Swords), 2024, which was passed by the Knesset in March 2024 and from the amendment to the law of March 30, 2026. For details see Note 17 to the financial statements and the business goals and strategy chapter above.

**The Bank's share of post-tax profit of associates** – in the first quarter of 2026 the Bank recognized gains with respect to associates amounting to NIS 8 million, compared to NIS 5 million in the corresponding period last year.

**The share of the non-controlling interests in net results of subsidiaries** attributable to Bank Yahav in the first quarter of 2026 amounted to NIS 54 million, compared to NIS 55 million in the corresponding period last year.

**Net profit attributable to shareholders of the Bank** in the first quarter of 2026 amounted to NIS 1,238 million, compared to NIS 1,290 million in the corresponding period last year.

**Other comprehensive income** – Changes to the Bank's shareholders' equity are due to Group net profit, as well as to other changes that do not impact net profit, including changes to fair value of bonds available for sale, and changes to actuarial obligations with respect to benefits to Bank employees, net of tax effect. These effects decreased the Bank's shareholders' equity in the first quarter of 2026 by NIS 98 million, compared to NIS 32 million in the corresponding period last year.

For more information see Note 4 to the financial statements.

Below is the development of the Group's return<sup>(1)</sup> on equity<sup>(2)</sup>:

	2026		2025			2025
	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter	Annual
Net profit return on equity	14.1	16.3	17.6	17.8	16.2	17.0

(1) Annualized.

(2) Return on average shareholder equity, including "all equity instruments", as presented under reported revenue and expense rates, net of average balance of rights of external shareholders and less/plus the average balance of unrealized loss/gain from fair value adjustment of bonds held for trading and of bonds available for sale.

Below is data for earnings and dividends per share (ordinary share of NIS 0.1 par value) (in NIS):

	2026		2025			2025
	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter	Annual
Basic earnings per share	4.76	5.40	5.71	5.60	4.98	21.69
Diluted earnings per share	4.72	5.38	5.68	5.56	4.94	21.58
Dividends per share	270	285	279	199	202	965

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## Analysis of developments in assets, liabilities, equity and capital adequacy

### Assets and liabilities

Below is development of key off-balance sheet items of the Bank Group (NIS in millions):

	Change in % compared to				
	March 31		December 31		
	2026	2025	2025	2025	
Total assets	554,365	498,029	551,173	11.3	0.6
Cash and deposits with banks	74,960	87,194	82,849	(14.0)	(9.5)
Loans to the public, net	413,574	364,384	400,501	13.5	3.3
Securities	45,600	29,412	47,903	55.0	(4.8)
Buildings and equipment	2,220	1,879	2,159	18.1	2.8
Deposits from the public	450,663	399,275	448,397	12.9	0.5
Deposits from banks	1,988	1,902	2,058	4.5	(3.4)
Bonds and subordinated notes	42,731	41,890	40,365	2.0	5.9
Shareholders' equity	35,246	32,094	34,765	9.8	1.4

**Cash and deposits with banks** – the balance of cash and deposits with banks decreased in the first quarter of 2026 by NIS 7.9 billion, due to increase in deposits from the public and as part of on-going management of Bank liquidity.

**Loans to the public, net** – loans to the public, net as of March 31, 2026 accounted for 75% of total assets, compared to 73% at the end of 2025. Loans to the public, net increased in the first quarter of 2026 by NIS 13.1 billion, an increase of 3.3%.

For more information about analysis of on-balance sheet and off-balance sheet credit risk, development of problematic debts and various risk benchmarks with regard to residential mortgages, see chapter "Risks" below and the Risks Report, available on the Bank website.

Below is data about loans to the public, net by linkage basis (NIS in millions):

	Change in % compared to				
	March 31		December 31		
	2026	2025	2025	2025	
<b>Israeli currency</b>					
Non-linked	308,056	259,683	296,231	18.6	4.0
CPI-linked	77,542	82,650	79,125	(6.2)	(2.0)
<b>Foreign currency, including linked to foreign currency</b>	27,976	22,051	25,145	26.9	11.3
<b>Total</b>	<b>413,574</b>	<b>364,384</b>	<b>400,501</b>	<b>13.5</b>	<b>3.3</b>

Below is data about loans to the public, net by supervisory operating segment (NIS in millions):

	Change in % compared to				
	March 31		December 31		
	2026	2025	2025	2025	
<b>Private individuals:</b>					
Households – residential mortgages	248,278	227,380	244,163	9.2	1.7
Households – other	27,932	27,279	28,143	2.4	(0.7)
Private banking	171	131	182	30.5	(6.0)
<b>Total individuals</b>	<b>276,381</b>	<b>254,790</b>	<b>272,488</b>	<b>8.5</b>	<b>1.4</b>
<b>Business operations:</b>					
Small and micro businesses	35,126	32,601	34,680	7.7	1.3
Medium businesses	22,911	18,220	20,621	25.7	11.1
Large businesses	55,379	42,294	51,844	30.9	6.8
Institutional investors	8,275	4,455	7,882	85.7	5.0
<b>Total business activity</b>	<b>121,691</b>	<b>97,570</b>	<b>115,027</b>	<b>24.7</b>	<b>5.8</b>
Overseas activity	15,502	12,024	12,986	28.9	19.4
<b>Total</b>	<b>413,574</b>	<b>364,384</b>	<b>400,501</b>	<b>13.5</b>	<b>3.3</b>

For definition of supervisory operating segments and differences between supervisory operating segments and operating segments based on management approach – see chapter "Supervisory operating segments" below.

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Below are details of problematic credit risk and non-performing assets before provision for credit losses, in accordance with provisions for measurement and disclosure of non-accruing debts, credit risk and provision for credit losses:

Reported amounts (NIS in millions)	Credit risk <sup>(1)</sup>							
	As of March 31, 2026				As of March 31, 2025			
	Commer- cial	Residen- tial	Indivi- dual	Total	Commer- cial	Residen- tial	Indivi- dual	Total
Credit risk at performing credit rating <sup>(2)</sup>								
On-balance sheet credit risk	134,832	242,957	27,871	405,660	107,702	223,366	26,749	357,817
Off-balance sheet credit risk <sup>(3)</sup>	95,380	18,600	16,845	130,825	77,834	17,794	15,778	111,406
<b>Total credit risk at performing credit rating</b>	<b>230,212</b>	<b>261,557</b>	<b>44,716</b>	<b>536,485</b>	<b>185,536</b>	<b>241,160</b>	<b>42,527</b>	<b>469,223</b>
Credit risk other than at performing credit rating								
A. Non-problematic	5,753	3,700	232	9,685	5,219	3,067	316	8,602
B. Problematic accruing	1,119	-	224	1,343	1,232	-	192	1,424
C. Problematic non-accruing	1,301	2,670	85	4,056	1,771	2,140	79	3,990
<b>Total on-balance sheet credit risk other than at performing credit rating</b>	<b>8,173</b>	<b>6,370</b>	<b>541</b>	<b>15,084</b>	<b>8,222</b>	<b>5,207</b>	<b>587</b>	<b>14,016</b>
Off-balance sheet credit risk <sup>(3)</sup> other than at performing credit rating	2,291	-	44	2,335	1,701	-	35	1,736
<b>Total credit risk other than at performing credit rating</b>	<b>10,464</b>	<b>6,370</b>	<b>585</b>	<b>17,419</b>	<b>9,923</b>	<b>5,207</b>	<b>622</b>	<b>15,752</b>
Of which: Accruing debts, in arrears 90 days or longer	171	-	82	253	87	-	53	140
<b>Total credit risk, including risk to the public<sup>(4)</sup></b>	<b>240,676</b>	<b>267,927</b>	<b>45,301</b>	<b>553,904</b>	<b>195,459</b>	<b>246,367</b>	<b>43,149</b>	<b>484,975</b>
<b>Non-performing assets<sup>(5)</sup></b>	<b>1,301</b>	<b>2,670</b>	<b>85</b>	<b>4,056</b>	<b>1,771</b>	<b>2,140</b>	<b>79</b>	<b>3,990</b>

	Credit risk <sup>(1)</sup>			
	As of December 31, 2025			
	Commer- cial	Residen- tial	Indivi- dual	Total
Credit risk at performing credit rating <sup>(2)</sup>				
On-balance sheet credit risk	125,271	239,336	27,845	392,452
Off-balance sheet credit risk <sup>(3)</sup>	89,731	19,284	16,440	125,455
<b>Total credit risk at performing credit rating</b>	<b>215,002</b>	<b>258,620</b>	<b>44,285</b>	<b>517,907</b>
Credit risk other than at performing credit rating				
A. Non-problematic	5,221	3,396	355	8,972
B. Problematic accruing	1,095	-	221	1,316
C. Problematic non-accruing	1,345	2,535	76	3,956
<b>Total on-balance sheet credit risk other than at performing credit rating</b>	<b>7,661</b>	<b>5,931</b>	<b>652</b>	<b>14,244</b>
Off-balance sheet credit risk <sup>(3)</sup> other than at performing credit rating	2,039	-	51	2,090
<b>Total credit risk other than at performing credit rating</b>	<b>9,700</b>	<b>5,931</b>	<b>703</b>	<b>16,334</b>
Of which: Accruing debts, in arrears 90 days or longer	90	-	80	170
<b>Total credit risk, including risk to the public<sup>(4)</sup></b>	<b>224,702</b>	<b>264,551</b>	<b>44,988</b>	<b>534,241</b>
<b>Non-performing assets<sup>(5)</sup></b>	<b>1,345</b>	<b>2,535</b>	<b>76</b>	<b>3,956</b>

(1) On- and off-balance sheet credit is stated before impact of provision for credit losses, and before impact of deductible collateral with respect to indebtedness of borrower and of borrower group.

(2) Credit risk whose credit rating as of the report date matches the credit rating for new credit performance, in conformity with Bank policies.

(3) Credit risk of off-balance-sheet financial instruments as calculated for the purpose of determining per-borrower indebtedness limits.

(4) On- and off-balance sheet credit risk, including with respect to derivatives. Of which: Debts, bonds, securities loaned or purchased in resale agreements.

(5) Assets not accruing interest.

For further information regarding debts whose payment has been postponed by 180 days or more, which are not classified as problematic, see Note 13.B.1.A to the Financial Statements.

Credit risk is composed of on-balance-sheet risk and off-balance-sheet credit risk, which are weighted by nature of the borrower and credit type, as per Bank of Israel directives. On-balance sheet risk includes balances of loans to the public, derivative instruments purchased by the public and Group investments in public bonds. Off-balance sheet credit risk includes guarantees and transactions in off-balance sheet instruments, commitments to extend credit and un-utilized credit facilities. Total credit risk to the public for the Bank Group as of March 31, 2026 amounted to NIS 554 billion, compared to NIS 534 billion as of December 31, 2025 – an increase by 3.7%.

For more information about credit risk with respect to individuals (excluding residential mortgages), credit risk in the construction and real estate economic sector in Israel and residential mortgage risk, see chapter "Credit risk".

See Notes 6 and 13 to the financial statements for further information.

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### Benchmarks for analysis of quality of loans to the public, expenses and provision for credit losses (in percent):

	As of March 31, 2026				As of March 31, 2025			
	Commer- cial	Residen- tial	Indivi- dual	Total	Commer- cial	Residen- tial	Indivi- dual	Total
<b>Analysis of quality of loans to the public</b>								
Non-accruing credit as percentage of total loans to the public	0.92	1.07	0.30	0.97	1.56	0.94	0.29	1.08
Non-accruing credit in arrears 90 days or longer as percentage of total loans to the public	1.04	1.07	0.59	1.03	1.64	0.94	0.48	1.12
Problematic credit as percentage of total loans to the public	1.72	1.07	1.09	1.29	2.66	0.94	0.99	1.47
Credit not at performing credit rating as percentage of total loans to the public	5.86	2.55	1.90	3.61	7.30	2.28	2.15	3.80
<b>Analysis of expenses with respect to credit losses for the reported period</b>								
Expenses with respect to credit losses as percentage of average balance of loans to the public	0.36	(0.08)	(0.52)	0.04	0.07	(0.01)	0.20	0.03
Net accounting write-offs as percentage of average balance of loans to the public	0.36	-	0.56	0.16	0.08	-	0.16	0.04
<b>Analysis of provision for credit losses with respect to loans to the public</b>								
Provision for credit losses as percentage of total loans to the public	1.63	0.42	2.30	0.95	2.17	0.52	2.59	1.18
Provision for credit losses as percentage of total loans to the public non-accruing	177.9	39.1	769.4	98.6	139.0	55.1	896.2	108.9
Provision for credit losses as percentage of total loans to the public non-accruing or in arrears 90 days or longer	157.0	39.1	391.6	92.7	132.5	55.1	536.4	105.2
Expense rate with respect to credit losses from net accounting write-offs	1.08	-	(0.93)	0.22	0.94	-	1.26	0.79

	As of December 31, 2025			
	Commer- cial	Residen- tial	Indivi- dual	Total
<b>Analysis of quality of loans to the public</b>				
Non-accruing credit as percentage of total loans to the public	1.02	1.03	0.27	0.97
Non-accruing credit in arrears 90 days or longer as percentage of total loans to the public	1.09	1.03	0.55	1.02
Problematic credit as percentage of total loans to the public	1.85	1.03	1.04	1.30
Credit not at performing credit rating as percentage of total loans to the public	5.87	2.42	2.29	3.52
<b>Analysis of expenses with respect to credit losses for the reported period</b>				
Expenses with respect to credit losses as percentage of average balance of loans to the public	0.13	(0.05)	0.72	0.06
Net accounting write-offs as percentage of average balance of loans to the public	0.28	-	0.59	0.13
<b>Analysis of provision for credit losses with respect to loans to the public</b>				
Provision for credit losses as percentage of total loans to the public	1.74	0.45	2.57	1.01
Provision for credit losses as percentage of total loans to the public non-accruing	171.1	43.3	964.5	104.1
Provision for credit losses as percentage of total loans to the public non-accruing or in arrears 90 days or longer	160.2	43.3	469.9	99.8
Expense rate with respect to credit losses from net accounting write-offs	0.46	29.75	1.22	0.48

## Report of the Board of Directors and Management

As of March 31, 2026

Below is development of key off-balance sheet items of the Bank Group (NIS in millions):

	Change in % compared to				
	March 31		December 31		
	2026	2025	2025	2025	
<b>Off-balance sheet financial instruments other than derivatives:</b>					
Unutilized debitory account and other credit facilities in accounts					
On-call, un-utilized	44,283	34,788	42,821	27.3	3.4
Guarantees to home buyers	17,780	18,381	17,518	(3.3)	1.5
Irrevocable commitments for loans approved but not yet granted	40,175	35,281	38,921	13.9	3.2
Unutilized revolving credit card facilities	14,123	12,980	13,658	8.8	3.4
Commitments to issue guarantees	21,088	15,175	19,231	39.0	9.7
Guarantees and other commitments	18,935	16,014	18,749	18.2	1.0
Loan guarantees	5,337	4,083	5,356	30.7	(0.4)
Documentary credit	383	306	193	25.2	98.4
<b>Derivative financial instruments<sup>(1)</sup>:</b>					
Total par value of derivative financial instruments (On-balance sheet) assets with respect to derivative instruments	549,606	444,975	503,027	23.5	9.3
(On-balance sheet) liabilities with respect to derivative instruments	6,414	5,723	6,293	12.1	1.9
(On-balance sheet) liabilities with respect to derivative instruments	6,115	4,975	7,028	22.9	(13.0)

(1) Includes forward transactions, swaps, options and credit derivatives. For more information see Note 11.

For more information about analysis of on-balance sheet and off-balance sheet credit risk, see chapter "Risks" below and the Risks Report, available on the Bank website.

**Securities** – investment in securities decreased in the first quarter of 2026 by NIS 2.3 billion. The decrease in investment in securities is under asset and liability management by the Bank.

Below is composition of Group securities by portfolio (NIS in millions):

	Carrying amount	Amortized cost (for shares – cost)	Provision for credit losses	Gain from fair value adjustments	Loss from fair value adjustments	Fair value <sup>(1)</sup>
						March 31, 2026
<b>March 31, 2026</b>						
Bonds held to maturity	3,489	3,489	-	8	(75)	3,422
Bonds available for sale	22,344	22,428	-	<sup>(2)</sup> 223	<sup>(2)</sup> (307)	22,344
Investment in shares not held for trading	1,139	821	-	<sup>(3)</sup> 250	<sup>(3)</sup> 68	1,139
Securities held for trading	18,628	19,050	-	<sup>(3)</sup> 23	<sup>(3)</sup> (445)	18,628
<b>Total securities</b>	<b>45,600</b>	<b>45,788</b>	<b>-</b>	<b>504</b>	<b>(759)</b>	<b>45,533</b>
<b>March 31, 2025</b>						
Bonds held to maturity	3,600	3,600	-	9	(115)	3,494
Bonds available for sale	16,206	16,531	(8)	<sup>(2)</sup> 110	<sup>(2)</sup> (427)	16,206
Investment in shares not held for trading	943	756	-	<sup>(3)</sup> 199	<sup>(3)</sup> (12)	943
Securities held for trading	8,663	8,562	-	<sup>(3)</sup> 121	<sup>(3)</sup> (20)	8,663
<b>Total securities</b>	<b>29,412</b>	<b>29,449</b>	<b>(8)</b>	<b>439</b>	<b>(574)</b>	<b>29,306</b>
<b>December 31, 2025</b>						
Bonds held to maturity	3,514	3,514	-	16	(78)	3,452
Bonds available for sale	24,753	24,645	-	<sup>(2)</sup> 384	<sup>(2)</sup> (276)	24,753
Investment in shares not held for trading	1,180	917	-	<sup>(3)</sup> 279	<sup>(3)</sup> (16)	1,180
Securities held for trading	18,456	18,400	-	<sup>(3)</sup> 63	<sup>(3)</sup> (7)	18,456
<b>Total securities</b>	<b>47,903</b>	<b>47,476</b>	<b>-</b>	<b>742</b>	<b>(377)</b>	<b>47,841</b>

(1) Fair value data are generally based on stock exchange prices, which do not necessarily reflect the price to be obtained on the sale of a large volume of securities.

(2) Included in shareholders' equity in "adjustments on presentation of securities available for sale at fair value".

(3) Charged to statement of profit and loss but not yet realized.

# Report of the Board of Directors and Management

As of March 31, 2026

Below is composition of Group securities portfolio by linkage segment (NIS in millions):

			Change in % compared to	
	March 31	December 31	March 31	December 31
	2026	2025	2025	2025
<b>Israeli currency</b>				
Non-linked	17,357	12,776	17,312	35.9
CPI-linked	12,215	6,072	12,337	101.2
Foreign currency (including linked to foreign currency)	14,863	9,600	17,048	54.8
Non-monetary items	1,165	964	1,206	20.9
<b>Total</b>	<b>45,600</b>	<b>29,412</b>	<b>47,903</b>	<b>55.0</b>

Below is composition of Group securities portfolio by issuer type (NIS in millions):

	Carrying amount as of		
	March 31, 2026	March 31, 2025	December 31, 2025
<b>Government bonds:</b>			
Government of Israel	34,215	24,704	34,891
US Government	7,190	1,513	9,139
<b>Total Government bonds</b>	<b>41,405</b>	<b>26,217</b>	<b>44,030</b>
<b>Bonds of financial institutions in Israel:</b>			
<b>Total bonds of financial institutions in Israel</b>	<b>1,598</b>	<b>760</b>	<b>1,281</b>
<b>Bonds of banks in developed nations:</b>			
USA	17	30	18
Other	46	61	48
<b>Total bonds of banks in developed nations</b>	<b>63</b>	<b>91</b>	<b>66</b>
<b>Corporate bonds (by economic sector):</b>			
Rental property	417	505	452
Power, gas, steam and air conditioning	219	244	230
Mining and excavation	65	72	81
Industrial – chemical industry	43	55	44
Construction	166	139	133
Other	407	305	329
<b>Total corporate bonds</b>	<b>1,317</b>	<b>1,320</b>	<b>1,269</b>
<b>Asset-backed corporate bonds (ABS)</b>			
Mining and excavation	52	60	51
<b>Total asset-backed corporate bonds (ABS)</b>	<b>52</b>	<b>60</b>	<b>51</b>
<b>Shares and other securities</b>			
Investment in shares not held for trading	1,139	943	1,180
Of which: Shares for which no fair value is available <sup>(1)</sup>	766	618	837
Shares and other securities held for trading	26	21	26
<b>Total shares and other securities</b>	<b>1,165</b>	<b>964</b>	<b>1,206</b>
<b>Total securities</b>	<b>45,600</b>	<b>29,412</b>	<b>47,903</b>

(1) Generally shown at cost (net of impairment), adjusted for changes in observed prices in ordinary transactions for similar or identical investments of the same issuer.

For more information about investments in securities, and about impairment of a temporary nature of securities available for sale, and details of the duration of such impairment and its rate as percentage of amortized cost, see Note 5 to the financial statements.

**Buildings and equipment** – the balance of buildings and equipment in the first quarter of 2026 increased by NIS 61.0 million. The increase arises mainly from technological investments against current change due to depreciation.

**Deposits from the public** – these account for 81% of total consolidated balance sheet as of March 31, 2026, which is similar to their weight as of December 31, 2025. In the first quarter of 2026, deposits from the public increased by NIS 1.5 billion, or by 0.3%.

## Report of the Board of Directors and Management

### As of March 31, 2026

Below is composition of deposits from the public by linkage segment (NIS in millions):

			Change in % compared to	
	March 31	December 31	March 31	December 31
	2026	2025	2025	2025
<b>Israeli currency</b>				
Non-linked	344,167	293,131	340,219	17.4
CPI-linked	34,041	29,707	35,170	(3.2)
<b>Foreign currency, including linked to foreign currency</b>	72,455	76,437	73,008	(5.2)
<b>Total</b>	<b>450,663</b>	<b>399,275</b>	<b>448,397</b>	<b>12.9</b>

Below is data about composition of deposits from the public by supervisory operating segment (NIS in millions):

			Change in % compared to	
	March 31	December 31	March 31	December 31
	2026	2025	2025	2025
<b>Private individuals:</b>				
Households – other	135,397	133,502	134,084	1.4
Private banking	33,287	32,000	32,795	4.0
<b>Total individuals</b>	<b>168,684</b>	<b>165,502</b>	<b>166,879</b>	<b>1.9</b>
<b>Business operations:</b>				
Small and micro businesses	53,158	51,082	53,114	4.1
Medium businesses	35,288	24,038	34,696	46.8
Large businesses	48,739	48,245	43,234	1.0
Institutional investors	127,245	94,256	134,535	(5.4)
<b>Total business activity</b>	<b>264,430</b>	<b>217,621</b>	<b>265,579</b>	<b>21.5</b>
Overseas activity	17,549	16,152	15,939	8.6
<b>Total</b>	<b>450,663</b>	<b>399,275</b>	<b>448,397</b>	<b>12.9</b>

Below is development of composition of deposits from the public by depositor size for the Group (NIS in millions):

			March 31	December 31
			2026	2025
			2025	2025
<b>Maximum deposit</b>				
Up to 1		115,335	108,527	112,941
Over 1 to 10		98,632	95,143	97,901
Over 10 to 100		43,570	43,384	44,779
Over 100 to 500		32,239	33,515	35,754
Above 500		160,887	118,706	157,022
<b>Total</b>		<b>450,663</b>	<b>399,275</b>	<b>448,397</b>

For more information about composition of deposits from the public, see Note 7 to the financial statements.

**Deposits from banks** – the balance of deposits from banks as of March 31, 2026 amounted to NIS 2.0 billion, a decrease of NIS 0.1 billion compared to the end of 2025.

**Bonds and subordinated notes** – The balance of bonds and subordinated notes as of March 31, 2026 amounted to NIS 42.7 billion, an increase by NIS 2.4 billion compared to the balance as of December 31, 2025. Over the course of the first quarter of 2026, bonds and subordinated notes were affected, among other things, by the issuance of CoCo contingent subordinated notes and bonds in consideration for NIS 4.5 billion and current redemptions and changes in the Consumer Price Index. For more information see chapter "Developments in financing sources" above.

## Capital, capital adequacy and leverage

**Shareholder equity attributable to shareholders of the Bank** – Shareholder equity attributable to equity holders of the Bank as of March 31, 2026 amounted to NIS 35.2 billion, compared to NIS 34.8 billion and NIS 32.1 billion as of December 31, 2025 and as of March 31, 2025, an increase by 1.4% and 9.8%, respectively.

Below is composition of shareholder equity (NIS in millions):

	March 31	December 31
	2026	2025
Share capital and premium <sup>(1)</sup>	3,656	3,601
Capital reserve from benefit from share-based payment transactions	129	126
Cumulative other comprehensive income (loss) <sup>(2)(3)</sup>	19	(183)
Retained earnings <sup>(4)</sup>	31,442	28,550
<b>Total</b>	<b>35,246</b>	<b>32,094</b>

(1) For more information about share issuance, see "Condensed Statements of Changes in Shareholders' Equity".

(2) For more information about other comprehensive income (loss), see Note 4 to the financial statements.

(3) Includes actuarial obligation with respect to streamlining program for employee retirement, see Notes 22 and 25 to the 2025 financial statements.

(4) For more information about development of cumulative revenues and expenses to retained earnings in the reported period, see chapter "Material developments in revenues, expenses and other comprehensive income" above.

**The ratio of shareholder equity to total assets** for the Group as of March 31, 2026 was 6.36%, compared to 6.31% as of December 31, 2025 and 6.44% as of March 31, 2025.

## Capital adequacy

### Supervisory requirement

The Bank assesses its capital adequacy in conformity with Basel rules, as stipulated in Proper Conduct of Banking Business Directives 201-211. The Bank applies the standard approach to assess exposure to credit risk, operating risk and market risk.

Total capital is composed of two tiers: Tier I capital (including Tier I equity and Tier I additional capital) and Tier II capital.

Tier I capital primarily includes capital components attributed to shareholders of the Bank (accounting capital on the books) and non-controlling interest, and is the primary loss-absorption component.

Additional Tier I capital consists of equity instruments which fulfill the requirements specified in the directives. As of March 31, 2026, the Bank had no capital instruments included in additional Tier I capital.

Tier II capital consists of the group-based provision for credit losses and CoCo (Contingent Convertible) capital instruments, which include a provision for absorbing loss of principal when the Tier I Capital ratio drops below the specified quantitative trigger level, or upon receiving notice from the Supervisor of Banks, whereby activating the provision for absorbing loss of principal is required to ensure stability of the banking corporation (a Bank "non existence" event).

The Bank applies provisions for capital measurement and adequacy, based on Basel III provisions, as published by the Supervisor of Banks and as incorporated in Proper Conduct of Banking Business Directives 201-211. As per instructions of the Supervisor of Banks, the Bank is required to maintain a minimum Tier I equity ratio of no less than 9% and a minimum total equity ratio of no less than 12.5% of weighted total of risk components of its balance sheet assets and off-balance-sheet items. Calculation of total capital and total risk components is set forth in the directives.

An additional capital requirement was added to the Tier I equity ratio at 1% of the residential mortgage balance as of the dates of financial statements, except for residential mortgages, which are subject to relief provided in the interim directive for addressing the Corona Virus crisis.

Consequently, the Bank's current required minimum Tier I capital ratio and minimum total capital ratio as of the report date are 9.6% and 12.5%, respectively.

### Capital planning at the Bank

The Bank prepares a detailed, multi-annual capital planning forecast, taking the following into consideration: Expected growth rate of risk assets and profitability, the strategic plan, dividend distribution policy, capital and leverage targets, appropriate safety margins and other factors.

## Report of the Board of Directors and Management

As of March 31, 2026

The Bank regularly monitors actual vs. forecast results, and revises the forecast as needed, considering any required action to comply with the specified capital targets.

As part of the capital planning process, the Bank reviews for existence of a sufficient capital absorption cushion to address the diverse risks associated with Bank operations, including stress scenarios.

The planning horizon is three years, during which the Bank challenges the capital planning using a range of stress scenarios that significantly impact Bank profitability, erode Bank capital and increase its risk assets. Results of the Bank's most recent capital planning indicate that the capital absorption buffer included in the minimum capital requirement in conformity with Bank of Israel directives is sufficient.

In the third quarter of 2025, the Bank's Board of Directors revised the Bank's capital management policy as part of its internal planning processes and considering the aforementioned stress scenarios and discussions held with the Banking Supervision Department as part of risk assessment processes, and has set an CET1 capital ratio internal target of no less than 9.80%, plus appropriate safety buffer for capital planning purposes.

For more information see the 2025 Risks Report available on the Bank website.

Sensitivity of Bank capital adequacy ratio to changes in Tier I equity and risk assets is as follows:

Changes to Tier I equity by NIS 100 million would cause a change in Tier I capital adequacy ratio by 0.03%. Change in risk assets by NIS 1 billion would cause a change in Tier I capital adequacy ratio by 0.03%.

Changes to the risk-free interest curve would affect the capital reserve with respect to bonds available for sale, as well as the capital reserve from adjustments for actuarial changes, which are part of supervisory capital. Accordingly, a 1% increase in risk-free interest rate would affect supervisory capital by reduction of 0.01% in tier I equity ratio.

Israel's rating affects capital ratios, primarily with respect to exposure to Government of Israel, to Israeli banks, to institutional investors and to public sector entities. According to Bank policy, the effective rating is the one provided by S&P.

For details regarding the Bank and the State of Israel's credit rating, see chapter "Corporate governance, audit, other information about the Bank and its management".

A decline in the rating of the State of Israel will not impact the Bank's capital ratios. It is only in the event of a two-notch decline in rating that the Tier I capital ratio and the total capital ratio as of December 31, 2025 will decline by 0.20% and 0.27%, respectively.

For more information about the Board of Directors resolutions with regard to capital to risk components ratio and to dividend distribution policy, see Note 25 to the 2025 financial statements and the chapter "Analysis of composition of assets, liabilities, capital and capital adequacy" (Dividend) below.

For more information regarding the circular on revision of Proper Conduct of Banking Business Directive No. 203 regarding "Measurement and Capital Adequacy – Credit Risk—the Standardized Approach", and Directive No. 329 on "Limitations on Issuing Residential Mortgages", regarding steps to address the increase in the credit risk in the construction and real estate industries and the housing market, see Note 9 to the Financial Statements.

For more information about issue of CoCo contingent subordinated notes, see Note 9 to the financial statements.

For more information see Note 9 to the financial statements.

Below is data about supervisory capital and risk assets (NIS in millions):

		As of March 31	As of December 31
	2026	2025	2025
<b>Capital for purpose of calculating the capital ratio</b>			
Tier I shareholders' equity	35,692	32,629	35,239
Tier I capital	35,692	32,629	35,239
Tier II capital	9,999	9,226	9,671
<b>Total capital</b>	<b>45,691</b>	<b>41,855</b>	<b>44,910</b>
<b>Weighted risk asset balances</b>			
Credit risk	328,534	288,419	317,841
Market risks	2,377	2,278	2,126
Operational risk <sup>(1)</sup>	20,119	23,886	24,188
<b>Total weighted risk asset balances</b>	<b>351,030</b>	<b>314,583</b>	<b>344,155</b>

(1) As from January 1, 2026 the Bank applies the revised Directive 206 regarding the calculation of the capital requirements in respect of operational risk. For more information see Note 9 to the financial statements.

# Report of the Board of Directors and Management

As of March 31, 2026

Development of Group ratio of capital to risk elements is as follows (in %):

	March 31, 2026	March 31, 2025	December 31, 2025
Ratio of Tier I equity to risk components	10.17	10.37	10.24
Ratio of total capital to risk components	13.02	13.30	13.05
Minimum Tier I equity ratio required by Supervisor of Banks	9.60	9.60	9.60
Total minimum capital ratio required by the directives of the Supervisor of Banks	12.50	12.50	12.50

Below is composition of risk assets and capital requirements with respect to credit risk by exposure group (NIS in millions):

Exposure group	As of March 31, 2026		As of March 31, 2025		As of December 31, 2025	
	Weighted risk asset balances	Capital requirement <sup>(1)</sup>	Weighted risk asset balances	Capital requirement <sup>(1)</sup>	Weighted risk asset balances	Capital requirement <sup>(1)</sup>
Debts of sovereigns	1,644	206	1,644	206	1,807	226
Debts of public sector entities	1,014	127	734	92	979	122
Debts of banking corporations	3,615	452	2,418	302	3,489	436
Securities companies	4,255	532	3,577	447	3,319	415
Debts of corporations	127,106	15,888	105,047	13,131	121,400	15,175
Debts secured by commercial property	7,997	1,000	6,301	788	7,768	971
Retail exposures to individuals	22,795	2,849	21,662	2,708	22,639	2,830
Loans to small businesses	11,103	1,388	10,628	1,329	10,935	1,367
Residential mortgages	135,357	16,920	123,534	15,442	132,261	16,533
Other assets	11,908	1,489	11,532	1,442	11,708	1,464
<b>Total</b>	<b>326,794</b>	<b>40,851</b>	<b>287,077</b>	<b>35,887</b>	<b>316,305</b>	<b>39,539</b>

(1) Capital requirement in conformity with required overall minimum capital ratio of 12.5%.

Below are risk assets and capital requirements with respect to credit market risk, CVA risk and operational risk (NIS in millions):

	As of March 31, 2026		As of March 31, 2025		As of December 31, 2025	
	Weighted risk asset balances	Capital requirement <sup>(1)</sup>	Weighted risk asset balances	Capital requirement <sup>(1)</sup>	Weighted risk asset balances	Capital requirement <sup>(1)</sup>
Market risk	2,377	297	2,278	285	2,126	266
CVA risk with respect to derivatives <sup>(2)</sup>	1,740	218	1,342	168	1,536	192
Operational Risk <sup>(3)</sup>	20,119	2,515	23,886	2,986	24,188	3,024
<b>Total</b>	<b>24,236</b>	<b>3,030</b>	<b>27,506</b>	<b>3,439</b>	<b>27,850</b>	<b>3,482</b>
<b>Total risk assets</b>	<b>351,030</b>	<b>43,881</b>	<b>314,583</b>	<b>39,326</b>	<b>344,155</b>	<b>43,021</b>

(1) Capital requirement calculated at 12.5% of risk asset balances.

(2) Credit Value Adjustments – mark to market with respect to credit risk of counter-party, in conformity with Basel III provisions.

(3) As from January 1, 2026 the Bank applies the revised Directive 206 regarding the calculation of capital requirements in respect of operational risk. For more information see Note 9 to the financial statements.

## Leverage ratio

The Bank applies the rules set in Proper Conduct of Banking Business Directive 218 with regard to leverage ratio, which adopts the Basel Committee's recommendations on leverage ratio.

The leverage ratio is reflected in percent, defined as the ratio of Tier I capital to total exposures. Total exposure for the Bank is the sum of balance sheet exposures, exposures to derivatives, to financing transactions for securities and off-balance sheet items.

# Report of the Board of Directors and Management

As of March 31, 2026

According to the directive, banking corporations must maintain a leverage ratio of 5% or higher on a consolidated basis. On November 15, 2020, the Supervisor of Banks issued a circular regarding "Adjustments to Proper Conduct of Banking Business Directives for addressing the Corona Virus (Interim Directive)", updating Proper Conduct of Banking Business Directive 250, whereby the leverage ratio shall be at least 4.5% on a consolidated basis, compared to 5% prior to this change.

In the Supervisor of Banks' circular dated December 20, 2023, the effect of this relief was extended through December 31, 2025. A banking corporation applying this relief on this date would be required to achieve again the required leverage ratio prior to the temporary order within two quarters, such that when the temporary order expires, the banking corporation would be subject to a minimum leverage ratio based on the actual leverage ratio or the minimum ratio applicable to the banking corporation prior to the temporary order, whichever is lower.

On September 14, 2025, the Supervisor of Banks published a circular, which extended the relief by one further year through December 31, 2026.

For more information see Note 9 to the financial statements.

Below is the Bank's leverage ratio:

	As of		As of
	March 31	December 31	December 31
	2026	2025	2025
<b>Consolidated data</b>			
Tier I capital	35,692	32,629	35,239
Total exposure	605,827	540,851	599,134
			<b>In %</b>
Leverage ratio	5.89	6.03	5.88
Minimum leverage ratio required by the Supervisor of Banks	4.50	4.50	4.50
<b>Significant subsidiaries</b>			
<b>Bank Yahav for Government Employees Ltd. and its subsidiaries</b>			
Leverage ratio	8.45	7.69	8.54
Minimum leverage ratio required by the Supervisor of Banks	4.50	4.50	4.50

## Dividends

### Dividend distribution policy

The new strategic plan for 2025-2027, which was approved on June 4, 2025, stipulates that the Board of Directors shall monitor the execution of the new strategic plan, in order to examine the dividend distribution rate such that it will amount to up to 50% of net profit attributable to the Bank's shareholders. This, subject to the Bank's compliance with the Tier I capital to risk components ratio, as required under the Supervisor of Banks' directives, maintaining an appropriate safety buffer and subject to the Supervisor of Banks' approval. For more information see the Dividend chapter of the 2025 Report of the Board of Directors and Management.

Note that in conformity with the aforementioned dividends policy, the Bank may buy-back Bank shares, subject to the foregoing. Note that buy-back of Bank shares, as noted above, shall be considered a "distribution", as defined in the Corporate Law, 1999 and would therefore reduce any dividends amount to be distributed by the Bank pursuant to the dividends policy. "Distribution" pursuant to the dividends policy (both dividends distribution and share buy-back), as noted above, in conformity with Board resolutions in this regard, as passed from time to time and subject to statutory provisions, including restrictions stipulated by the Supervisor of Banks.

Note that the aforementioned dividends policy does not constitute any resolution nor commitment to make any dividends distribution, and that any "distribution" would be subject to approvals as required by law, including approval of the distribution by the Board of Directors, all at the discretion of the Board of Directors and subject to all statutory provisions.

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## Dividend distribution

Below is information about dividend distributions by the Bank since 2024 (in reported amounts):

Declaration date	Payment date	Dividends	Dividends as	Total dividends paid
		per share	percent of profit	
		(Agorot)	(In %)	(NIS in millions)
March 11, 2024	March 28, 2024	81.11	20	209.4
May 22, 2024	June 6, 2024	196.99	40	508.8
August 14, 2024	August 29, 2024	224.83	40	580.8
November 20, 2024	December 5, 2024	220.56	40	570.0
<b>Total dividends distributed in 2024<sup>(1)</sup></b>				<b>1,869.0</b>
February 26, 2025	March 13, 2025	201.57	40	522.4
May 20, 2025	June 8, 2025	198.97	40	516.0
August 13, 2025	August 28, 2025	279.48	50	726.5
November 17, 2025	December 2, 2025	285.24	50	741.5
<b>Total dividends distributed in 2025<sup>(2)</sup></b>				<b>2,506.4</b>
February 25, 2026	March 16, 2026	270.04	50	702.0
<b>Total dividends distributed in 2026</b>				<b>702.0</b>

(1) Total dividends distributed with respect to 2024 earnings – NIS 2,182.0 million.

(2) Total dividends distributed with respect to 2025 earnings – NIS 2,686.0 million.

## Dividends declared

On May 18, 2026, the Bank's Board of Directors resolved to distribute dividends amounting to NIS 619.0 million, constituting 50% of earnings in the first quarter of 2026, in accordance with the Bank's dividend policy, and after examining the Bank's capital planning in the various scenarios.

The dividend amount constitutes 2,379.95% of the issued capital, i.e. 238.00 agorot per each share of NIS 0.1 par value. The effective date for dividends payment is May 28, 2026 and the payment date is June 4, 2026. The final dividends per share is subject to changes due to realized convertible securities of the Bank.

## Other off-balance sheet activity

Below is development of off balance sheet monetary assets held on behalf of Bank Group customers, for which the Bank Group provides management, operating and/or custodial services (NIS in millions):

	Change in % compared to				
		March	December	March	December
		31	31	31	31
	2026	2025	2025	2025	2025
Securities <sup>(1)</sup>	668,141	542,005	644,679	23.3	3.6
Assets of provident funds for which the Group provides operating services	250,046	192,248	238,224	30.1	5.0
Assets held in trust by Bank Group	171,456	131,471	163,265	30.4	5.0
Assets of mutual funds for which the Group provides operating services	13,936	11,506	13,535	21.1	3.0
Other assets under management <sup>(2)</sup>	17,806	18,292	17,890	(2.7)	(0.5)

(1) Value of securities portfolios for which the Bank is custodian, held by customers, including securities of provident funds and mutual funds for which the Group provides operating services. Note that customer activity as presented includes, in addition to securities of mutual funds as aforesaid, also the value of participation units in said mutual funds held by Bank customers.

(2) Including:

- Loan balances secured by deposits whose repayment to the depositor is contingent upon collection of the loan balance. The Bank receives margin or commission revenues with respect to these balances.
- Other loans managed by the Bank, including residential mortgages managed and operated by the Bank on behalf of others.

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## Financial information by operating segment

According to the public reporting directive regarding supervisory operating segments, the Bank is required to provide, on its financial statements, disclosure with regard to supervisory operating segments in conformity with a uniform, comparable layout specified by the Supervisor of Banks; attribution to supervisory operating segments is typically determined by the turnover volume for customers (annual sales or annual revenues).

Supervisory operating segments are divided into operating segments of individuals and operating segments of business customers other than individuals (including institutional investors and financial management of the Bank).

Individuals are defined as persons with no indebtedness to the Bank or whose indebtedness is classified as indebtedness of "individuals – residential mortgages" and "other", in conformity with definitions of credit risk classification by economic sector.

The Bank's operating segment using the "management approach" are based on customer assignment to the responsible organizational unit in the elapsed period.

However, customer segmentation by supervisory operating segment is based on uniform definitions specified by the Supervisor of Banks, as set forth in Note 12 to the financial statements.

The attributes specified by management for customer assignment to the responsible division are highly correlated with supervisory definitions.

However, in some cases it may be that by the "management approach", the final assignment of the customer is based on other parameters, such as: A particular unit specializing in customer activity type or experienced gained working with the customer, which provides business and service advantages to assigning the customer to that specific division.

In view of the Supervisor of Banks' requirement to discuss and analyze, in the Report of the Board of Directors and Management, the supervisory operating segments, and due to the correlation between supervisory segments and "management approach", the segment information (both qualitative and quantitative) is concisely presented below as follows:

- Supervisory segment definition.
- Explanation of differences between "supervisory" definition and how business is actually managed (under "management approach").
- Segment financial results (under "supervisory approach").

Credit interest revenues and deposit interest expenses are directly attributed to the customer. In respect of credit, customers are attributed an expense at the cost of the sources, against an inter-segment credit to the Financial Management segment. For deposits, revenue set at the original cost of capital raised is attributed to customers, against an inter-segment debit to the Financial Management segment. Each of the segments is credited for capital attributed to its operations against a debit to the Financial Management segment. Capital consumption is measured by the average risk-weighted assets managed by the segment.

All other revenues are allocated directly to the segment in accordance with the customer assignment, and the expenses are allocated to the various segments.

For more information and detailed description of the segments, see chapter "Other information about the Bank and its management" of the 2025 annual report.

## Financial information by supervisory operating segment

Below are summary financial results of supervisory operating segments (NIS in millions):

	Net profit		Percentage of total net profit	
	Three months		Three months	
	2026	2025	2026	2025
<b>Private individuals:</b>				
Households – residential mortgages	354	351	28.6	27.3
Households – other	285	287	23.0	22.2
Private banking	74	76	6.0	5.9
<b>Total individuals</b>	<b>713</b>	<b>714</b>	<b>57.6</b>	<b>55.4</b>
<b>Business operations:</b>				
Small and micro businesses	227	271	18.3	21.0
Medium businesses	115	110	9.3	8.5
Large businesses	267	219	21.6	17.0
Institutional investors	41	17	3.3	1.3
<b>Total business activity</b>	<b>650</b>	<b>617</b>	<b>52.5</b>	<b>47.8</b>
Financial management	(195)	(124)	(15.8)	(9.6)
<b>Total activity in Israel</b>	<b>1,168</b>	<b>1,207</b>	<b>94.3</b>	<b>93.6</b>
Overseas activity	70	83	5.7	6.4
<b>Total</b>	<b>1,238</b>	<b>1,290</b>	<b>100.0</b>	<b>100.0</b>

For more information about operating results under "management approach", see Note 12 to the financial statements.

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## Household Segment

### Supervisory definition

According to the supervisory definition, the household segment includes individuals other than customers included under the private banking segment. That is to say, this segment excludes individuals with total financial assets in excess of NIS 3 million. Individuals are defined as persons with no indebtedness to the Bank or whose indebtedness is classified as indebtedness of "individuals – residential mortgages" and "other", in conformity with definitions of credit risk classification by economic sector.

### Differences between management approach and supervisory definition

- Certain individual customers classified under the private banking segment according to the management approach, are classified under the household segment according to the supervisory segment approach. The difference is primarily due to total financial assets of the customers used for customer classification – the Bank threshold for classification of customers by the management approach is NIS 1 million, lower than the supervisory definition.
- In general, individual customers are assigned to the household segment. According to the supervisory approach, individual customers with high indebtedness or with business features are classified under business operating segments, rather than under the household segment.

## Operating results in the household segment

	For the three months ended March 31					
	2026			2025		
	NIS in millions					
	Other	Residential mortgages	Total	Other	Residential mortgages	Total
<b>Profit and profitability</b>						
Total interest revenues, net	875	715	1,590	969	684	1,653
Commissions and other revenues	194	26	220	174	39	213
<b>Total revenues</b>	<b>1,069</b>	<b>741</b>	<b>1,810</b>	<b>1,143</b>	<b>723</b>	<b>1,866</b>
Expenses with respect to credit losses	(38)	(53)	(91)	54	(34)	20
Operating and other expenses	567	210	777	570	206	776
Profit before provision for taxes	540	584	1,124	519	551	1,070
Provision for taxes	214	230	444	188	200	388
After-tax profit	326	354	680	331	351	682
<b>Net profit:</b>						
Attributable to non-controlling interests	(41)	-	(41)	(44)	-	(44)
<b>Attributable to shareholders of the banking corporation</b>	<b>285</b>	<b>354</b>	<b>639</b>	<b>287</b>	<b>351</b>	<b>638</b>
<b>Balance sheet – key items:</b>						
Loans to the public (end balance)	28,562	249,293	277,855	27,963	228,522	256,485
Loans to the public, net (end balance)	27,932	248,278	276,210	27,279	227,380	254,659
Deposits from the public (end balance)	135,397	-	135,397	133,502	-	133,502
Average balance of loans to the public	29,100	247,248	276,348	28,151	227,468	255,619
Average balance of deposits from the public	134,140	-	134,140	133,285	-	133,285
Average balance of risk assets	24,063	145,320	169,383	23,172	134,991	158,163
<b>Credit spreads and deposit spreads:</b>						
Margin from credit granting operations	221	596	817	235	565	800
Margin from activities of receiving deposits	638	-	638	711	-	711
Other	16	119	135	23	119	142
<b>Total interest revenues, net</b>	<b>875</b>	<b>715</b>	<b>1,590</b>	<b>969</b>	<b>684</b>	<b>1,653</b>

Net profit attributable to the household segment in the first quarter of 2026 amounted to NIS 639 million, compared to NIS 638 million in the corresponding period last year.

Net profit attributable to residential mortgage operations in the household segment in the first quarter of 2026 amounted to NIS 354 million, compared to NIS 351 million in the corresponding period last year.

Net interest revenues in the first quarter of 2026 amounted to NIS 715 million, compared to NIS 684 million in the corresponding period last year.

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The increase was largely from the continued increase in the volume of activity – an increase of 8.7% in the average balance of the public credit compared to the corresponding period last year, offset by the cost of benefits given Bank customers harmed as a result of the impact of the war.

Expenses with respect to credit losses decreased in comparison with the corresponding period last year, mainly as a result of a drop in expenses due to the collective provision.

Net profit attributable to household operations (other than residential mortgages) in the first quarter of 2026 amounted to NIS 285 million, compared to NIS 287 million in the corresponding period last year.

Interest revenues, net amounted to NIS 875 million, compared to NIS 969 million in the corresponding period last year. The decrease was largely due to the cost of benefits given to Bank customers harmed as a result of the impact of the war.

Expenses with respect to credit losses amounted to a NIS 38 million reduction of expenses in the first quarter of 2026 compared to expenses of NIS 54 million in the corresponding period last year. The change in expenses with respect of credit losses was due to a decrease in expenses with respect of the collective provision.

Operating and other expenses amounted to NIS 567 million, compared to NIS 570 million in the corresponding period last year.

For more details and extensive information about results of this segment and operating results in conformity with management's approach - see Note 12 to the financial statements.

## Private Banking Segment

### Supervisory definition

According to the supervisory definition, the private banking segment includes individuals whose financial asset portfolio at the Bank (including monetary deposits, securities portfolios and other financial assets) exceeds NIS 3 million.

### Differences between management approach and supervisory definition

- Certain individual customers classified under the private banking segment according to the management approach, are classified under the household segment according to the supervisory segment approach. The difference is primarily due to total financial assets of the customers used for customer classification – the Bank threshold for classification of customers by the management approach is NIS 1 million, lower than the supervisory definition.
- According to management approach, the private banking segment also includes businesses with liquid assets in excess of NIS 8 million. According to the supervisory segment approach, these customers are classified under business operating segments.

## Operating results in the private banking segment

	For the three months ended March 31	
	2026	2025
	NIS in millions	
<b>Profit and profitability</b>		
Total interest revenues, net	111	112
Commissions and other revenues	16	13
<b>Total revenues</b>	<b>127</b>	<b>125</b>
Operating and other expenses	5	5
Profit before provision for taxes	122	120
Provision for taxes	48	44
<b>Net profit</b>	<b>74</b>	<b>76</b>
<b>Balance sheet – key items:</b>		
Loans to the public (end balance)	173	132
Loans to the public, net (end balance)	171	131
Deposits from the public (end balance)	33,287	32,000
Average balance of loans to the public	170	132
Average balance of deposits from the public	32,496	31,011
Average balance of risk assets	136	96
<b>Credit spreads and deposit spreads:</b>		
Margin from credit granting operations	1	-
Margin from activities of receiving deposits	110	112
Other	-	-
<b>Total interest revenues, net</b>	<b>111</b>	<b>112</b>

Net profit attributable to the private banking segment in the first quarter of 2026 amounted to NIS 74 million, compared to NIS 76 million in the corresponding period last year.

For more details and extensive information about results of this segment and operating results in conformity with management's approach - see Note 12 to the financial statements.

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## Small and micro business segment

### Supervisory definition

The micro and small business segment includes businesses with annual turnover below NIS 50 million.

### Differences between management approach and supervisory definition

- According to management approach, business customers with liquid assets in excess of NIS 8 million are assigned to the private banking segment. According to the supervisory segment approach, these customers are classified under small and micro business segment based on their annual business turnover.
- Business customers currently attributed to commercial banking using the management approach and whose annual turnover is lower than NIS 30 million, are classified to the micro and small business segment using the supervisory approach.

## Operating results in the small and micro business segment

	For the three months ended March 31	
	2026	2025
	NIS in millions	
<b>Profit and profitability</b>		
Total interest revenues, net	605	632
Commissions and other revenues	142	148
<b>Total revenues</b>	<b>747</b>	<b>780</b>
Expenses with respect to credit losses	93	73
Operating and other expenses	275	275
Profit before provision for taxes	379	432
Provision for taxes	150	157
<b>After-tax profit</b>	<b>229</b>	<b>275</b>
Net profit attributed to non-controlling interests	(2)	(4)
<b>Net profit attributable to shareholders of the banking corporation</b>	<b>227</b>	<b>271</b>
<b>Balance sheet – key items:</b>		
Loans to the public (end balance)	36,373	33,988
Loans to the public, net (end balance)	35,126	32,601
Deposits from the public (end balance)	53,158	51,082
Average balance of loans to the public	35,776	35,580
Average balance of deposits from the public	52,918	52,046
Average balance of risk assets	34,088	32,972
<b>Credit spreads and deposit spreads:</b>		
Margin from credit granting operations	311	313
Margin from activities of receiving deposits	258	284
Other	36	35
<b>Total interest revenues, net</b>	<b>605</b>	<b>632</b>

Net profit attributable to the micro and small businesses segment in the first quarter of 2026 amounted to NIS 277 million, compared to NIS 271 million in the corresponding period last year. The decrease largely derived from a decrease in interest revenues, net and an increase in expenses with respect to credit losses.

Net interest revenues in the first quarter of 2026 amounted to NIS 605 million, compared to NIS 632 million in the corresponding period last year. The decrease was largely due to the cost of benefits given to Bank customers adversely affected by the impact of the war.

Operational and other expenses in the first quarter of 2026 amounted to NIS 275 million, compared to NIS 275 million in the corresponding period last year.

For more details and extensive information about results of this segment and operating results in conformity with management's approach - see Note 12 to the financial statements.

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## Medium business segment

### Supervisory definition

The medium business segment includes businesses with annual turnover from NIS 50 million to NIS 250 million.

### Differences between management approach and supervisory definition

The commercial banking segment, according to management approach, includes businesses with turnover between NIS 30 million and NIS 250 million. This means that some commercial banking customers (under management approach) whose turnover is below NIS 50 million are classified to the micro and small business segment using the supervisory operating segments.

## Operating results of medium business segment

	For the three months ended March 31	
	2026	2025
	NIS in millions	
<b>Profit and profitability</b>		
Total interest revenues, net	204	183
Commissions and other revenues	34	28
<b>Total revenues</b>	<b>238</b>	<b>211</b>
Expenses (reduction of expenses) with respect to credit losses	3	(4)
Operating and other expenses	44	43
Profit before provision for taxes	191	172
Provision for taxes	76	62
<b>Net profit</b>	<b>115</b>	<b>110</b>
<b>Balance sheet – key items:</b>		
Loans to the public (end balance)	23,196	18,509
Loans to the public, net (end balance)	22,911	18,220
Deposits from the public (end balance)	35,288	24,038
Average balance of loans to the public	22,666	17,566
Average balance of deposits from the public	35,267	23,953
Average balance of risk assets	20,062	16,527
<b>Credit spreads and deposit spreads:</b>		
Margin from credit granting operations	116	110
Margin from activities of receiving deposits	72	60
Other	16	13
<b>Total interest revenues, net</b>	<b>204</b>	<b>183</b>

Net profit attributable to the medium businesses segment in the first quarter of 2026 amounted to NIS 115 million, compared to NIS 110 million in the corresponding period last year. The increase was mainly due to an increase in net interest revenues, due to an increase in volumes of activity.

For more details and extensive information about results of this segment and operating results in conformity with management's approach - see Note 12 to the financial statements.

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## Large business segment

### Supervisory definition

The large business segment includes businesses with annual turnover in excess of NIS 250 million.

### Differences between management approach and supervisory definition

Institutional investors, which according to management approach are managed under business banking, are presented as a separate segment according to supervisory operating segments.

## Operating results of large business segment

	For the three months ended March 31	
	2026	2025
	NIS in millions	
<b>Profit and profitability</b>		
Total interest revenues, net	399	346
Commissions and other revenues	76	61
<b>Total revenues</b>	<b>475</b>	<b>407</b>
Expenses (reduction of expenses) with respect to credit losses	(34)	(10)
Operating and other expenses	67	73
Profit before provision for taxes	442	344
Provision for taxes	175	125
<b>Net profit</b>	<b>267</b>	<b>219</b>
<b>Balance sheet – key items:</b>		
Loans to the public (end balance)	55,721	42,652
Loans to the public, net (end balance)	55,379	42,294
Deposits from the public (end balance)	48,739	48,245
Average balance of loans to the public	54,506	42,476
Average balance of deposits from the public	48,623	46,070
Average balance of risk assets	82,878	64,777
<b>Credit spreads and deposit spreads:</b>		
Margin from credit granting operations	291	243
Margin from activities of receiving deposits	49	51
Other	59	52
<b>Total interest revenues, net</b>	<b>399</b>	<b>346</b>

Net profit attributable to the large businesses segment in the first quarter of 2026 amounted to NIS 267 million, compared to NIS 219 million in the corresponding period last year. The increase was primarily due to increase in interest revenues, net.

Net interest revenues in the first quarter of 2026 amounted to NIS 399 million, compared to NIS 346 million in the corresponding period last year. The increase was primarily due to an increase in the scope of activity.

In the first quarter of 2026, expenses due to credit losses amounted to a NIS 34 million reduction of expenses, compared to a NIS 10 million reduction in expenses in the corresponding period last year.

For more details and extensive information about results of this segment and operating results in conformity with management's approach - see Note 12 to the financial statements.

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## Institutional investors segment

### Supervisory definition

This segment includes provident funds, pension funds, study funds, mutual funds, ETFs, insurance companies and stock exchange members which manage customer funds.

### Differences between management approach and supervisory definition

According to management approach, institutional investors are managed under business banking and under the financial management segment; According to supervisory operating segments, they are presented as a separate segment.

## Operating results of institutional investors segment

	For the three months ended March 31	
	2026	2025
	NIS in millions	
<b>Profit and profitability</b>		
Total interest revenues, net	97	62
Commissions and other revenues	20	13
<b>Total revenues</b>	<b>117</b>	<b>75</b>
Expenses with respect to credit losses	-	1
Operating and other expenses	49	47
Profit before provision for taxes	68	27
Provision for taxes	27	10
<b>Net profit</b>	<b>41</b>	<b>17</b>
<b>Balance sheet – key items:</b>		
Loans to the public (end balance)	8,288	4,464
Loans to the public, net (end balance)	8,275	4,455
Deposits from the public (end balance)	127,245	94,256
Average balance of loans to the public	8,336	3,527
Average balance of deposits from the public	136,045	90,726
Average balance of risk assets	1,670	1,382
<b>Credit spreads and deposit spreads:</b>		
Margin from credit granting operations	13	7
Margin from activities of receiving deposits	83	55
Other	1	-
<b>Total interest revenues, net</b>	<b>97</b>	<b>62</b>

Net profit attributable to the institutional investor segment in the first quarter of 2026 amounted to NIS 41 million, compared to NIS 17 million in the corresponding period last year. The increase was mainly due to an increase in net interest revenues, due to an increase in volume of activity.

For more details and extensive information about results of this segment and operating results in conformity with management's approach - see Note 12 to the financial statements.

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## Financial management segment

### Supervisory definition

The financial management segment includes trading operations, asset and liability management and non-banking investments.

Trade operations – Investment in securities held for trading, market making operations for securities, operations involving derivatives not designated as hedges and which are not part of asset and liability management for the Bank, borrowing of securities for trading, short selling of securities, underwriting services for securities.

Asset and liability management – including investment in bonds available for sale and in bonds held to maturity, hedging using derivatives, ALM hedging, currency hedging of investments overseas.

Real investments – Investment in shares available for sale and in associated companies of businesses.

Other financial management operations – management, operation, trust and custody services for banks, sale and management of loan portfolios.

### Differences between management approach and supervisory definition

According to management approach, institutional investors are managed under the financial management segment;

According to supervisory operating segments, they are presented as a separate segment.

## Operating results of financial management segment

	For the three months ended March 31	
	2026	2025
	NIS in millions	
<b>Profit and profitability</b>		
Interest revenues (expenses), net	(503)	(366)
Non-interest financing revenues	186	142
Commissions and other revenues	71	118
<b>Total revenues (expenses)</b>	<b>(246)</b>	<b>(106)</b>
Expenses with respect to credit losses	(4)	-
Operating and other expenses	75	85
Profit (loss) before provision for taxes	(317)	(191)
Provision for taxes	(125)	(69)
After-tax profit (loss)	(192)	(122)
Share of banking corporation in earnings of associated companies	8	5
Net profit (loss) before attribution to non-controlling interests	(184)	(117)
Net profit (loss) attributed to non-controlling interests	(11)	(7)
<b>Net profit (loss) attributable to shareholders of the banking corporation</b>	<b>(195)</b>	<b>(124)</b>
<b>Balance sheet – key items:</b>		
Average balance of risk assets	26,096	21,816
<b>Credit spreads and deposit spreads:</b>		
Margin from credit granting operations	-	-
Margin from activities of receiving deposits	-	-
Other	(503)	(366)
<b>Total interest revenues, net</b>	<b>(503)</b>	<b>(366)</b>

The loss attributable to the financial management segment in the first quarter of 2026 amounted to NIS 195 million, compared to a NIS 124 million loss in the corresponding period last year.

Financing revenues amounted to a NIS 317 million expense, compared to a NIS 224 million expense in the corresponding period last year. The decrease was mainly due to the effect of the Consumer Price Index.

See also analysis of developments in financing revenues, under chapter "Material developments in revenues, expenses and other comprehensive income".

For more details and extensive information about results of this segment and operating results in conformity with management's approach - see Note 12 to the financial statements.

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## Overseas activity

### Supervisory definition

Overseas activity of the Bank is presented separately, divided into activity by individuals and business activity.

### Differences between management approach and supervisory definition

Business customers and individual customers at overseas branches are presented as a separate segment under supervisory operating segments, and according to management approach are managed under different operating segments – primarily private banking and corporate banking.

## Operating results overseas

	For the three months ended March 31	
	2026	2025
	NIS in millions	
<b>Profit and profitability</b>		
Total interest revenues, net	190	177
Commissions and other revenues	25	11
<b>Total revenues</b>	<b>215</b>	<b>188</b>
Expenses with respect to credit losses	64	23
Operating and other expenses	36	35
Profit before provision for taxes	115	130
Provision for taxes	45	47
<b>Net profit</b>	<b>70</b>	<b>83</b>
<b>Balance sheet – key items:</b>		
Loans to the public (end balance)	15,689	12,233
Loans to the public, net (end balance)	15,502	12,024
Deposits from the public (end balance)	17,549	16,152
Average balance of loans to the public	13,808	10,172
Average balance of deposits from the public	16,665	17,212
Average balance of risk assets	18,090	14,791
<b>Credit spreads and deposit spreads:</b>		
Margin from credit granting operations	115	104
Margin from activities of receiving deposits	25	34
Other	50	39
<b>Total interest revenues, net</b>	<b>190</b>	<b>177</b>

Net profit attributable to the overseas operations segment in the first quarter of 2026 amounted to NIS 70 million, compared to NIS 83 million in the corresponding period last year. The decrease in profit arose mainly from an increase in expenses in respect of credit losses.

Net interest revenues in the first quarter of 2026 amounted to NIS 190 million, compared to NIS 177 million in the corresponding period last year.

For more details and extensive information about results of this segment and operating results in conformity with management's approach - see Note 12 to the financial statements.

## Principal investee companies

Contribution of investee companies to net operating profit in the first quarter of 2025 amounted to NIS 122 million, compared to NIS 111 million in the corresponding period last year.

### **Bank Yahav for Government Employees Ltd. (hereinafter: "Bank Yahav")**

Bank Yahav is a banking corporation, operating in conformity with a Bank license pursuant to provisions of the Banking Law (Licensing), 1981.

The Group's share of Bank Yahav's net profit in the first quarter of 2026 amounted to NIS 54 million, compared to NIS 55 million in the corresponding period last year. Bank Yahav's net profit return on equity in the first quarter of 2026 was 13.0% on annualized basis, compared to return of 15.2% in the corresponding period last year.

Bank Yahav's total balance sheet as of March 31, 2026 amounted to NIS 38,364 million, compared to NIS 37,912 million as of December 31, 2025 – a NIS 452 million increase (1.2%). Net loans to the public as of March 31, 2026 amounted to NIS 12,410 million, compared to NIS 12,458 million as of December 31, 2025 – a NIS 48 million decrease (0.4%). Net deposits from the public as of March 31, 2026 amounted to NIS 33,372 million, compared to NIS 32,954 million as of December 31, 2025 – an increase by NIS 418 million, or 1.3%.

### **Tefahot Insurance Agency (1989) Ltd. (hereinafter: "Tefahot Insurance agency")**

Tefahot Insurance agency is an insurance agency wholly-owned by the Bank, engaged in sale of life insurance and property insurance policies to mortgage customers of the Bank. In the first quarter of 2026, net profit of Tefahot Insurance agency amounted to NIS 23 million, compared to NIS 28 million in the corresponding period last year.

### **Mizrahi Tefahot Leasing Ltd. (hereinafter: "Leasing")**

Leasing is a company engaged in providing financial leasing services and extending loans to retail customers – car buyers.

Net profit of Leasing in the first quarter of 2026 amounted to NIS 6 million, compared to NIS 16 million in the corresponding period last year.

### **Other investee companies operating in Israel**

Other investee companies operating in Israel, wholly controlled by the Bank and supported by Bank infrastructure, contributed to the Bank's net profit in the first quarter of 2026 NIS 7 million, which is similar to their contribution to net profit in the corresponding period last year.

### **Investments in shares**

The Bank manages nostro investments in shares. Shares in which the Bank invested are presented as shares not held for trading and as shares and other securities in the Bank's securities portfolio and under investment in associated companies, where the Bank has a material investment in such entity.

Nostro investments and investments in investees are primarily carried out by Mizrahi Tefahot INVEST Ltd., an investment company wholly owned by the Bank, engaged in investment of funds and/or sale of interest in corporations, development, brokerage and advice on investments as well as operation and management of corporations.

These investments (which are not negotiable and have no available fair value), generally shown at cost (net of impairment), adjusted for changes in observed prices in ordinary transactions for similar or identical investments of the same issuer. Other investments (negotiable and with fair value available) are presented at market value thereof, and unrealized changes to fair value are recognized on the statement of profit and loss.

Bank investments in shares as of March 31, 2026 amounted to NIS 1,688 million, compared to NIS 1,233 million and NIS 1,687 million as of March 31, 2025 and as of December 31, 2025, respectively. Bank net gain from investment in shares in the first quarter of 2025 amounted to NIS 39 million, compared to NIS 50 million in the corresponding period last year.

For more information about investments in shares not held for trading, see Note 5 to the financial statements.

## Risks overview

This chapter provides a concise overview and analysis of developments of key risks to which the Bank is exposed. This chapter should be read, as needed, in conjunction with the chapter "Risks overview" in the 2025 audited annual financial statements. A detailed Risks Management Report which includes disclosure requirements of Basel Pillar 3 and additional information about risks, provided based on recommendations by the Financial Stability Board (FSB) is provided on the Bank website.

### Risk development and management

The Bank's business activity exposes the Bank to various financial and non-financial risks, whose materialization has potential to impact the Bank's business results or image. Top risks and evolving risks are derived from the Bank's business environment, which is impacted by the macro-economic environment, by risk associated with regulation and legislation, by changes to the business model and by social and consumer trends. In recent years, due to changes in the competitive landscape, in the consumer environment, in the regulatory environment and in technology, non-financial risks have been evolving.

As part of processes conducted by the Bank to map and identify risk, the Bank reviews major risks, existing or new, arising from developments in the Bank's business environment, which may materialize over the coming year and with potential to materially impact the Bank's financial results and stability. The Bank also identifies emerging risks, which may materialize over the longer term, with uncertainty about their nature and impact on the Bank. The risks mapping at the Bank is regularly reviewed to ensure that it encompasses all risk associated with business operations at the Bank, and risk arising from market conditions and regulatory requirements.

In view of the developments in the economy during the first quarter, as described in the chapter "Trends, phenomena and material changes - general environment and impact of external factors on the Bank Group", the Bank's risk profile and risk assessments for the first quarter of 2026 remained unchanged compared to assessments issued in the fourth quarter of 2025. The Bank will continue monitoring economic and geopolitical developments and where necessary will reassess risk levels.

### Risks description

A description of the various risks the Bank is exposed to within the framework of its activity, a description of the Bank's risk appetite and its risk management approach, the internal processes within the framework of management, including the use of extreme scenarios, are described in the Report of the Board of Directors and the Risk Report for 2025.

### Systemic scenario – uniform stress test

In line with customary world-wide practice, the Supervisor of Banks conducts a uniform macro-economic stress scenario for the banking system, designed to test systemic and individual financial stability in a different macro-economic environment and risk concentrations the banking system is exposed to.

In February 2026, the Supervisor of Banks published a uniform system-wide stress scenario for the banking system. The scenario describes a macroeconomic environment under stress due to a global crisis with a sharp slump in prices of non-financial and financial assets, which leads to significant difficulties in financial systems across the world. Consequently, global economic activity has contracted significantly, inflation levels declined and central banks across the world slash interest rates. Domestic activity has been adversely affected, including consumption, investments and exports. The unemployment rate is on the rise, pay is eroded and demand is declining, the housing market is experiencing a significant slowdown, and prices slump in all areas of the real estate sector. The Bank completed the preparation of the scenario, and its results will be reported to the Supervisor of Banks in May 2026. According to the results of the stress scenario, the Bank retains its robustness and stability throughout the scenario period, while maintaining adequate regulatory capital and leverage ratios.

## Risk factor severity

The Bank has put in place a framework for risk management and control in the Group, which includes the mapping of the material risks; for each risk factor, the Bank estimates its potential impact on business operations over the coming year based on a scale comprising five risk levels: Low, Low-medium, Medium, Medium, Medium-High and High.

The risk assessment for each risk and examination of their materiality level is reviewed as part of the ICAAP process (a self-assessment of capital adequacy) in the annual assessment process, the RAS (Risk Assessment System), which is a uniform methodological process adapted to regulatory requirements, in which the overall risk levels, management quality and risk profile for all material risks at the Bank are specified and this, based on risk indices, qualitative parameters and subjective assessments.

Furthermore, on a quarterly basis, in line with results of the Bank's annual ICAAP process, an up-to-date risk assessment is carried out for each of the risks in accordance with the actual risk profile, quantitative and qualitative indices, developments in the business environment and macroeconomic environment, and the existence of appropriate management and monitoring processes and emergency plans for dynamic, rapid response designed to minimize damage upon materialization of events. The up-to-date risk assessments are extensively discussed by Bank management and Board of Directors.

In the current quarter, the risk assessments remained unchanged and reflect the security and economic uncertainty. For details, see the 2025 Risks Report and the Risks overview chapter in the 2025 financial statements.

## Developments in the risk assessments for the first quarter of 2026:

### 1. Credit risk

In the first quarter of 2026, the positive trend in economic activity in Israel continued and economic activity was uninterrupted without any indication to increased risk levels compared to previous quarters. This stability was maintained until the outbreak of Operation Lion's Roar at the beginning of March 2026 and the security restrictions placed due to the operation, which led to a decline in business activity. At this stage, a temporary ceasefire is in place with Iran and negotiations are underway in an attempt to reach an agreement. In Israel, fighting was paused and routine activity resumed alongside preparations for renewed escalation. It is noted that at that time the credit portfolio was not affected to a material extent. At this stage, the overall impact of the credit risk remains medium and reflects the uncertainty in connection with the stability of the security situation, and the potential effect of the economic conditions on the business sector.

#### A. Overall effect of credit risks

In the first quarter of 2026, the overall level of credit risk remained medium. Despite the outbreak of Operation Lion's Roar and the geopolitical uncertainty, the credit quality and interest and inflation environment metrics remained stable.

The Bank closely monitors the potential effects and constantly reviews the risk measures and risk levels, adapting them as required to current business activity, subject to and in line with the risk appetite, and monitors resumption of payments by all customers who postponed payments, and takes steps to improve borrower repayment capacity and to reduce the risk level.

#### B. Credit risk in the construction and real estate sector

The assessment of the total impact of credit risks and sector concentration includes the risk assessment with respect to Bank exposure to the construction and real estate sector. The Bank is mostly focused in this sector on extending credit for construction using the financial support method (closed-end financing). Most of the credit risk in the construction and real estate sector is backed by real estate fully pledged to secure loan repayment, and for credit not secured by real estate collateral, there is other collateral in place, such as: deposits, securities etc. The share of the construction and real estate sector in Israel out of total credit risk to the public at the Bank is approx. 18.3%.

Improvement and stabilization of the security situation and greater clarity regarding economic conditions may cause buyers to return to the market and increase the pace of sales, which slowed-down lately. The Bank monitors the development of the industry's risk characteristics and the effects of changes on Bank operations, including monitoring the portfolio and focusing on risk concentrations such as non-linear purchase contracts and transaction cancellations; so far, no risk materialization has been identified in those risk concentrations.

#### C. Credit risk in the residential mortgage portfolio

The risk level in the mortgages portfolio remains unchanged, at a low-medium level, due to the high uncertainty regarding the geopolitical risks. The risk benchmarks during the first quarter of 2026 did not indicate a material change in risk level, and therefore the risk assessment remained unchanged. The Bank continues to monitor the developments and their impact of economic growth and activity. The vast majority of the customers who previously deferred payments under Operation Rising Lion resumed normal payments, and the Bank deals in an orderly manner with customers who still defer payments.

### 2. Market and interest risks

The overall risk level of market and interest risk remained Low-Medium. Interest risk remained medium, and reflects the interest rate environment and the potential impact on borrowers and depositors' behavior, in particular the transfer of funds from current accounts to deposits and changes to mortgage mixes in the direction towards channels which are less sensitive to changes in interest rates. The risk values are within the limits of the Bank's risk appetite.

### 3. Liquidity risk

Liquidity risk remained low-medium. In January 2025, in view of the subsidence in fighting in the south, the ceasefire in the north, and the calm in the markets, it was decided to lower the Bank's state of alert regarding liquidity, after it has increased since the outbreak of the war and due to the security situation in Israel.

In June 2025, following Operation "Rising Lion", the markets and the various indicators were closely monitored, and it was decided to maintain this state of alert.

A discussion was held in October 2025 following the coming into effect of the ceasefire in the south and it was decided to maintain this state of alert.

In March 2026, due to Operation Lion's Roar the level of alert was maintained, while tightening the close monitoring of the markets and the various indicators.

In the first quarter of 2026, the Bank maintained appropriate liquidity by investing excess liquidity in liquid assets of very high quality – Level 1 assets. The average liquidity coverage ratio was 147% (consolidated), 148% (standalone). The average ratio increased compared to the previous quarter as a result of an increase in the average balances of

liquid assets due to excess of sources raised over loans origination. As of March 31, the consolidated liquidity coverage ratio was 128%. The net stable funding ratio (on consolidated basis) as of March 31, 2026 was 111% and there were no deviations from the Bank's risk appetite limitations. The Bank maintains high foreign currency surpluses, and closely manages its liquidity based on specified guidelines, including regular review of the Bank's stability under systemic emergency scenarios.

#### 4. Information security and cyber defense risk

During the fourth quarter of 2026, the assessment of information security and cyber risk levels remained unchanged at medium-high.

In view of the war with Iran and the attack on Iranian cyberspace, and in particular the damage to the Iranian banking system, a global increase in threat factors has been identified, and primarily, an increase in Iran's motivation to potentially conduct cyberattacks on the Israeli banking-financial system. Iran may potentially attempt to achieve success in the cyberspace. The Bank constantly enhances and improves its control and protection function and monitors developments in risk aspects. It should be noted that the expansion of the use of AI technologies by attackers leads to more sophisticated cyberattacks.

In April 2026, the Bank of Israel sent to the banks a letter regarding increased risk following the implementation of innovative AI tools. The Bank is studying the risk and makes preparations for this threat.

#### 5. Model risk

Model risk may arise from making decisions or taking actions based on an erroneous model outcome or from an incorrect use of model outcomes. The materialization of the risk might lead to financial losses, incorrect strategic results or damage to the Bank's reputation.

The model risk remained low-medium; it is based on the model risk map maintained by the Bank. It is noted that most of the Bank's models are decision support models, and that the risk is closely managed by the Bank under an orderly corporate governance framework and work processes. On August 21, 2024, the Supervisor of Banks issued Proper Conduct of Banking Business Directive No. 369 regarding model risk management, which regulates the key aspects of an effective management of model risks. The directive came into effect in August 2025 with transitional provisions regarding the existing models. The Bank is applying the directive in accordance with the prescribed timelines.

The Bank commenced the implementation of AI and GenAI-based models, which give rise to unique model risks, and accordingly, the Bank has in place adequate control mechanisms in order to ensure that the risk is properly mitigated.

#### 6. IT risk

Technological risk is a significant risk, affected by accelerated evolution in technology and digital domains and by the need to provide response to changing customer and Bank needs, multitude of banking regulatory requirements and the need to implement technological tools within a short timeframe. The Technology Division operates to support normal Bank operations and to provide a response to current and future technology requirements for such operations. As part of bolstering its technology infrastructure, the Bank invests heavily in technology systems, in order to address the evolving challenges in the business environment, while maintaining its differentiation as an advanced, human bank and providing advanced technological solutions and managing various aspects of the IT risk. The Bank is developing advanced tools for analyzing data and extracting information from data, in order to improve its measuring capacity and decision making, both from business marketing aspects and from risk management aspects. The risk level remained medium.

#### 7. Legal risk

Legal risk remained Low-medium. No extraordinary events took place, which may impact the level of the Bank's exposure. Legal risk is defined in Proper Conduct of Banking Business Directive 350 regarding "Operational risks" and includes absence of potential for legal enforcement of an agreement and includes, but is not limited to exposure to fines or penalties arising from supervisory action, as well as from individual arrangements. Legal risk also includes risks arising from legal exposure due to Bank conduct with its various stakeholders (such as: customers, suppliers and other third parties).

The Bank's Legal Division regularly analyzes the legal risk components, the risk boundaries (arising, for example, from the counter-party identity, from creation of collateral etc.) as well as specific risk attributes while reviewing its risk level and exposure with attention to the different lines of business at the Bank and provides current legal advice to the Bank and its various units.

#### 8. Compliance and regulatory risks

Compliance and regulatory risk remained Low-Medium. The Bank applies the current and new regulatory provisions. The Bank continues to closely monitor and mitigate all aspects of the risks: Compliance risks (including conduct, fairness and privacy-protection compliance), AML and terror financing risk. The Bank operates within the

international banking framework that applies cross-border enforcement rules, and has therefore set a specific policy regarding the management of cross-border risks and the implementation of international sanctions.

For more information regarding a financial sanction imposed on the Bank, see the other matters chapter above.

## 9. Reputational risk

The Bank's reputational risk remained Low. The Bank regularly monitors various benchmarks and indicators with regard to its reputation, indicating that the Bank has maintained a distinct reputational image among its customers. Furthermore, the customer experience remained high and stable over time and customer sentiment with regard to the Bank as reflected on social media is positive and eclipses that of its competitors. Mizrahi Tefahot's leading reputational performance is also maintained in the mortgages domain.

## 10. Strategic business risk

The strategic business level remains unchanged, at a low-medium level. Strategic business risk incorporates all of the Bank's business operations, also reflecting the risk in the Bank's business environment. The Bank maintains appropriate safety margins for minimum capital and leverage ratios.

On June 4, 2025, the Bank's Board of Directors approved a new strategic plan for 2025-2027 (hereinafter - the "Plan Period"). For further details regarding the strategic plan and the assumptions, facts and data the plan relies upon, which may not materialize or materialize in a different manner and therefore cause the new strategic plan not to materialize or materialize in a different manner ("Forward-looking information protection"), see immediate report of June 5, 2025 (Ref. No.: 2025-01-040290)

In view of the effect of the amendment to the Special Payment for the Achievement of Budgetary Targets Law (Temporary Order – Iron Swords), 2024 on the 2026 net profit, the Bank revised the return on equity target in the strategic plan for 2026. See immediate report dated March 30, 2026 (Ref. No.: 2026-01-029795).

For more information about the Bank's business goals and strategy for 2025-2027, see chapter "Business goals and strategy" of the 2025 Report of the Board of Directors and Management. For further details see the "Business goals and strategy" chapter above.

## 11. Business and geopolitical environment risk

This risk reflects exogenous risks arising from the business environment in which the Bank operates and the uncertainty as to the security, economic and geopolitical conditions in Israel. The business and geopolitical environment risk is assessed as medium-high and also includes the risk involving potential effects on anti-banking regulation, and the effects of the macroeconomic risk, regarding which there is uncertainty as to the extent of the impact of the economic and security developments in Israel.

- **Macro-economic risk** – The Bank's activity is affected by the state of the local and global economy; significant changes in monetary policy and in interest rate curves, market volatility and changes in prices of financial assets in Israel and world-wide and in real estate prices may potentially impact the Bank's activity. In the first quarter of 2026 the Israeli economy continued to recover despite geopolitical effects.
- **Regulatory risk** – reflects the risk of legislation, including legislation in progress, in core banking areas, as well as new regulation and regulatory expectations of regulatory entities, whether in progress or completed, which may potentially impact core banking operations.

For more information regarding the Competition Commissioner's decision regarding a concentration group in the retail banking services market and the issuance of directives, see the other matters chapter above.

For further details see the risk report for, 2025 published on the Bank's website.

## Credit risk

### Risk description and development thereof

Credit risk is the risk that a borrower or counter party of the Bank would not meet their obligations to the Bank. Credit risk is a material risk for Bank operations. This risk is affected by these major factors: Business risk due to customer activities, concentration risk due to over-exposure to a borrower or borrower group and to economic sectors, geographic concentration risk, risk due to exogenous changes which mostly involve changes to the borrower's macro-economic environment, environmental risks and climate risks, credit risks outside of Israel and operational risks which, should they materialize, would have implications for credit risks. This risk is also inter-related with some other risks, such as: market and interest risk, liquidity risk, compliance risk and other risks.

Credit is at the core of banking activity, and therefore this is a significant risk in the activity of the banking system.

The Bank monitors, inter alia through a dedicated forum headed by the CRO and attended by representatives of the various business lines, the changes in the Bank's total credit risk, and discusses the required changes in policy, and other actions as needed, following the changes.

As noted above, the overall level of credit risk remained Medium.

### Analysis of developments in credit quality and problematic credit risk

#### Significant exposure to groups of borrowers

Disclosure of credit risk with respect to significant exposure to borrower groups is provided with regard to each group of borrowers whose net indebtedness, on a consolidated basis, after allowed deductions pursuant to Proper Conduct of Banking Business Directive 313, exceeds 15% of the banking corporation's capital (as defined in Regulation 313).

As of March 31, 2026, the Bank had no borrower group which meets the aforementioned criteria.

For more information about significant exposures to borrower groups, see chapter "Credit Risk" in the Report of the 2025 Report of the Board of Directors and Management.

#### Major borrowers

Below is the sector composition of the top 6 borrowers for the Group As of March 31, 2026 (NIS in millions):

Borrower no.	Economic sector	On-balance sheet credit risk <sup>(1)</sup>	Off-balance sheet credit risk <sup>(1)</sup>	Total credit risk <sup>(1)</sup>
1.	Financial services	2,886	8	2,894
2.	Construction and real estate	-	2,224	2,224
3.	Financial services	2,139	-	2,139
4.	Financial services	579	1,538	2,117
5.	Financial services	1,994	16	2,010
6.	Construction and real estate	1,426	422	1,848

(1) On- and off-balance sheet credit risk is stated before impact of provision for credit losses, and before impact of deductible collateral with respect to indebtedness of borrower and of borrower group.

### Leveraged financing

Leveraged financing is credit financing provided to customers which fulfills one of the following criteria:

#### 1. Credit for an equity transaction would be classified according to one of the following rules:

- Credit for an equity transaction (as defined below), provided that the balance of such credit exceeds 0.5% of Bank capital or NIS 35 million, whichever is higher.
- For credit financing acquisition of equity interests in another banking corporation, or in a banking holding corporation, provided that the balance of such credit exceeds NIS 35 million.
- Additional credit extended to the borrower after the financing for the equity transaction, with repayment primarily based on the cash flows derived from the equity interest whose purchase was financed by the banking corporation.

"Equity transaction": A transaction with one of the following goals:

- Buyout – purchase or buyback, by the borrower, of the borrower's issued capital (including an employees' stock purchase plan).
- Acquisition of another corporation – the purchase of any capital rights in another corporation, or the purchase of all, or a significant share, of the assets of another corporation.
- Capital distribution – the payment of dividends or another transaction whose goal is to increase shareholder value.

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An equity transaction, with regard to leveraged financing, is one where the loan balance exceeds 0.5% of Bank capital and where the LTV ratio exceeds 50%.

2. **Financing for leveraged companies**, which is material credit extended to companies with attributes which indicate that an adverse change in the global economic environment or in the specific environment of the sector in which they do business, may significantly impact their capacity to repay the Bank. The Bank has specified criteria for defining credit included in this category, based on the business customer's credit risk rating, as reflected by the Bank's rating model; it also specified benchmarks for leveraging (i.e. for significantly high deviation from typical norms for the sector), determined based on generally accepted financial ratios among Bank customers with material credit in major economic sectors in which the Bank operates. Leverage benchmarks and economic sectors are reviewed based on changes to the business environment and are modified as necessary. Borrowers flagged for one or more of the criteria specified are individually reviewed by a forum which includes representatives from the Corporate Division, the Risk Management Division and the Information and Financial Reporting Division. The forum reviews changes to financial parameters of the company and the economic environment in which it operates.

Details of Bank exposure to credit constituting leveraged financing are as follows:

Credit for equity transactions (NIS in millions):

Economic sector of acquired company	March 31, 2026				March 31, 2025				December 31, 2025			
	On-balance sheet credit risk	Off-balance sheet credit risk	Total credit risk	Individual provision for credit losses	On-balance sheet credit risk	Off-balance sheet credit risk	Total credit risk	Individual provision for credit losses	On-balance sheet credit risk	Off-balance sheet credit risk	Total credit risk	Individual provision for credit losses
Commerce	194	-	194	-	251	-	251	-	372	-	372	-
Power and water	385	-	385	-	-	-	-	-	379	-	379	-
Transport and storage	-	427	427	-	-	-	-	-	-	-	-	-
Financial services	612	-	612	-	931	-	931	-	602	-	602	-
<b>Total</b>	<b>1,191</b>	<b>427</b>	<b>1,618</b>	<b>-</b>	<b>1,182</b>	<b>-</b>	<b>1,182</b>	<b>-</b>	<b>1,353</b>	<b>-</b>	<b>1,353</b>	<b>-</b>

Credit to leveraged companies (NIS in millions):

Economic sector of borrower	March 31, 2026				March 31, 2025				December 31, 2025			
	On-balance sheet credit risk	Off-balance sheet credit risk	Total credit risk	Individual provision for credit losses	On-balance sheet credit risk	Off-balance sheet credit risk	Total credit risk	Individual provision for credit losses	On-balance sheet credit risk	Off-balance sheet credit risk	Total credit risk	Individual provision for credit losses
Construction and real estate	368	516	884	-	92	383	475	-	455	436	891	-
Commerce	-	-	-	-	177	4	181	-	-	-	-	-
Transport and storage	386	48	434	-	429	49	478	-	387	48	435	-
<b>Total</b>	<b>754</b>	<b>564</b>	<b>1,318</b>	<b>-</b>	<b>698</b>	<b>436</b>	<b>1,134</b>	<b>-</b>	<b>842</b>	<b>484</b>	<b>1,326</b>	<b>-</b>

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## Developments in problematic credit risk

Below is a summary of overall problematic credit risk and non-performing assets before provision for credit losses, in accordance with provisions for measurement and disclosure of non-accruing debts, credit risk and provision for credit loss (NIS in millions):

	Total credit risk		
	March 31, 2026	March 31, 2025	December 31, 2025
<b>Problematic credit risk:</b>			
Non-accruing credit risk	4,094	4,036	3,996
Accruing problematic credit risk	1,419	1,488	1,380
<b>Total problematic credit risk</b>	<b>5,513</b>	<b>5,524</b>	<b>5,376</b>

Major risk benchmarks related to credit quality (in percent):

	March 31, 2026	March 31, 2025	December 31, 2025
Non-accruing credit in arrears 90 days or longer as percentage of total loans to the public	1.03	1.12	1.02
Non-accruing credit in arrears 90 days or longer as percentage of total non-residential loans to the public	0.96	1.41	0.99
Non-accruing credit in arrears 90 days or longer as percentage of total residential mortgages	1.07	0.94	1.03
Ratio of problematic loans to the public to total non-residential mortgages	1.61	2.33	1.71
Ratio of problematic credit risk to total credit risk with respect to the public	1.00	1.14	1.01

For more information see chapter "Explanation and analysis of results and business standing" above.

## Analysis of change to non-accruing debts

Below is the movement in non-accruing debts (in millions of NIS):

	For the three months ended March 31, 2026				For the three months ended March 31, 2025				For the year ended December 31, 2025			
	Com-mercial	Res-idential	Indivi-dual	Total	Com-mercial	Res-idential	Indivi-dual	Total	Com-mercial	Res-idential	Indivi-dual	Total
Non-accruing loans to the public – balance at start of period	1,327	2,535	76	3,938	2,019	2,141	83	4,243	2,019	2,141	83	4,243
Loans classified as non-accruing during the period	197	608	29	834	231	368	17	616	740	2,046	64	2,850
Loans resuming accrual of interest revenues during the period	(91)	(433)	(8)	(532)	(296)	(345)	(4)	(645)	(366)	(1,584)	(16)	(1,966)
Loans subject to accounting write-off	(96)	-	(7)	(103)	(95)	-	(10)	(105)	(414)	-	(30)	(444)
Loans repaid	(56)	(40)	(5)	(101)	(102)	(24)	(7)	(133)	(652)	(68)	(25)	(745)
<b>Non-accruing debt balance at end of period</b>	<b>1,281</b>	<b>2,670</b>	<b>85</b>	<b>4,036</b>	<b>1,757</b>	<b>2,140</b>	<b>79</b>	<b>3,976</b>	<b>1,327</b>	<b>2,535</b>	<b>76</b>	<b>3,938</b>

For more information about problematic credit risk, see Notes 6 and 13 to the financial statements.

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### Analysis of provision for credit losses

Analysis of movement in balance of provision for credit losses (NIS in millions):

	Provision for credit losses					
	Loans to the public				Banks, governments and bonds	Total
	Com- mercial	Housing	Individual – other	Total		
	<b>For the three months ended March 31, 2026</b>					
Balance of provision for credit losses at start of period	2,270	1,098	733	4,101	5	4,106
Expenses with respect to credit losses	126	(53)	(38)	35	(4)	31
Net accounting write-offs	(117)	-	(41)	(158)	4	(154)
<b>Balance of provision for credit losses at end of period</b>	<b>2,279</b>	<b>1,045</b>	<b>654</b>	<b>3,978</b>	<b>5</b>	<b>3,983</b>
	<b>For the three months ended March 31, 2025</b>					
Balance of provision for credit losses at start of period	2,448	1,213	697	4,358	12	4,370
Expenses with respect to credit losses	83	(34)	54	103	-	103
Net accounting write-offs	(88)	-	(43)	(131)	-	(131)
<b>Balance of provision for credit losses at end of period</b>	<b>2,443</b>	<b>1,179</b>	<b>708</b>	<b>4,330</b>	<b>12</b>	<b>4,342</b>

For more information about provision for credit losses see Notes 6 and 13 to the financial statements.

Major risk benchmarks related to provision for credit losses (in percent):

	March 31, 2026	March 31, 2025	December 31, 2025
Ratio of provision for credit losses to total loans to the public	0.95	1.18	1.01
Ratio of provision for credit losses to total credit risk with respect to the public	0.72	0.89	0.77

	Three months <sup>(1)</sup>		All of
	2026	2025	2025
Ratio of expenses with respect to credit losses to average balance of loans to the public, gross	0.03	0.11	0.06
Ratio of net write-offs to average balance of loans to the public, gross	0.15	0.14	0.13
Ratio of expenses with respect to credit losses to average balance of loans to the public, net	0.03	0.11	0.06
Of which: With respect to commercial loans other than residential mortgages	0.21	0.40	0.24
Of which: with respect to residential mortgages	(0.09)	(0.06)	(0.05)
Ratio of net write-offs to average balance of loans to the public, net	0.16	0.15	0.13

(1) Annualized.

### Loans bearing variable interest

For more information about loans bearing variable interest for individuals, see "Credit risk to individuals" below.

For more information about residential mortgages bearing variable interest, see "Residential mortgages risk" below.

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## Credit risk to individuals (excluding residential mortgages)<sup>(1)</sup>

The individual customer segment is highly diversified – by number of customers and by geographic location. Most customers in this segment are salaried employees with an individual account or joint household account. A slowdown in non-banking operations is a major risk factor for household activity and higher unemployment may increase the number of customers who face difficulties.

Credit policies and work procedures with regard to extending credit, including to individual customers, include directives and guidelines with regard to credit underwriting and adapting credit to customer needs and repayment capacity: Review of credit objective, requested LTV, loan term, analysis of customer's repayment capacity and repayment sources, for all of their indebtedness. This includes review of various economic parameters of the customer based, inter alia, on the customer's regular income<sup>(2)</sup>, pledged or unencumbered savings, knowledge of the customer and past experience working with the customer. There are also procedures, designated work processes and controls for proactive offering of consumer credit to individual customers, in conformity with Bank of Israel directives.

As for credit to individual customers, the Bank's policy is in line with the Supervisor of Banks' Proper Conduct of Banking Business Directive 311A regarding "Management of consumer credit".

The Bank regularly monitors the risk level in the credit portfolio for individuals using, *inter alia*, the internal credit rating model for individual customers, as well as through continuous monitoring and analysis of expenses with respect credit losses.

(1) As defined in Proper Conduct of Banking Business Directive 451.

(2) For measuring regular income in customer accounts, the Bank uses "credit turnover" data for the account, including inter alia salaries and regular pensions.

Below is information about credit risk to individuals – balances and various risk attributes (NIS in millions):

	As of		As of
	March 31	December 31	March 31
	2026	2025	2025
<b>Debts</b>			
Current account balances	1,857	1,968	2,081
Utilized credit card balances	5,016	5,084	5,228
Auto loans – adjustable interest	1,071	1,382	1,127
Auto loans – fixed interest	5,240	4,682	5,009
Other loans and credit – variable interest	14,812	13,821	14,626
Other loans and credit – fixed interest	413	395	423
<b>Total debt (on-balance sheet credit)</b>	<b>28,409</b>	<b>27,332</b>	<b>28,494</b>
<b>Un-utilized facilities, guarantees and other commitments</b>			
Current accounts – un-utilized facilities	6,294	5,805	5,986
Credit cards – un-utilized facilities	10,473	9,770	10,137
Guarantees	309	286	327
Other liabilities	56	33	50
<b>Total un-utilized facilities, guarantees and other commitments (off-balance sheet credit)</b>	<b>17,132</b>	<b>15,894</b>	<b>16,500</b>
<b>Total credit risk to individuals</b>	<b>45,541</b>	<b>43,226</b>	<b>44,994</b>
<b>Of which:</b>			
Bullet / balloon loans <sup>(3)</sup>	775	658	647
<b>Financial asset portfolio and other collateral against credit risk<sup>(4)</sup></b>			
Financial assets portfolio:			
Deposits	4,444	4,332	4,427
Securities	356	287	349
Other monetary assets	67	115	77
Other collateral <sup>(5)</sup>	3,282	3,504	3,388
<b>Total financial assets portfolio and other collateral against credit risk</b>	<b>8,149</b>	<b>8,238</b>	<b>8,241</b>

(1) As defined in Proper Conduct of Banking Business Directive 451.

(2) For measuring regular income in customer accounts, the Bank uses "credit turnover" data for the account, including inter alia salaries and regular pensions.

(3) Loans with a grace period for principal longer than one year.

(4) Amounts presented are the financial assets portfolio and other collateral, only up to customer debt amount.

(5) Collateral is after applying the safety factor, in conformity with Bank factors accounted for when extending credit.

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Below is composition by size of borrower indebtedness<sup>(1)</sup>:

Loan ceiling and credit risk (NIS in thousands)	As of March 31, 2026		As of March 31, 2025		As of December 31, 2025	
	Number of Borrowers	Total credit risk	Number of Borrowers	Total credit risk	Number of Borrowers	Total credit risk
Up to 10	252,220	800	246,324	805	251,061	801
Above 10 Up to 20	116,323	1,719	116,041	1,714	115,693	1,709
Above 20 Up to 40	154,804	4,528	152,352	4,455	154,587	4,521
Above 40 Up to 80	169,222	9,710	164,988	9,485	168,402	9,663
Above 80 Up to 150	110,764	12,062	106,598	11,567	109,939	11,963
Above 150 Up to 300	60,630	12,396	57,620	11,813	59,402	12,154
Above 300	11,118	4,326	8,754	3,387	10,710	4,183
<b>Total</b>	<b>875,081</b>	<b>45,541</b>	<b>852,677</b>	<b>43,226</b>	<b>869,794</b>	<b>44,994</b>

(1) Number of borrowers is for total on- and off-balance sheet credit risk.

Composition of on-balance sheet credit by regular income<sup>(1)</sup> in account:

Income	As of March 31, 2026		As of March 31, 2025		As of December 31, 2025	
	NIS in millions	in %	NIS in millions	in %	NIS in millions	in %
Accounts with no fixed income for the account <sup>(2)</sup>	7,427	26.1	7,168	26.2	7,225	25.4
Less than NIS 10 thousand	3,086	10.9	3,271	12.0	3,253	11.4
Between NIS 10 thousand and NIS 20 thousand	8,131	28.6	7,937	29.0	8,166	28.7
Over NIS 20 thousand	9,765	34.4	8,956	32.8	9,850	34.5
<b>Total</b>	<b>28,409</b>	<b>100</b>	<b>27,332</b>	<b>100</b>	<b>28,494</b>	<b>100</b>

(1) For measuring regular income in customer accounts, the Bank uses "credit turnover" data for the account, including *inter alia* salaries and regular pensions.

(2) Primarily with respect to loans extended in conjunction with assignment of vehicle portfolios and loans extended by the leasing company. Due to the nature of account management, this revenue is not reflected in the current account.

Below is composition of on-balance sheet credit by remaining term to maturity<sup>(1)</sup>:

Term to maturity	As of March 31, 2026		As of March 31, 2025		As of December 31, 2025	
	NIS in millions	in %	NIS in millions	in %	NIS in millions	in %
Up to 1 year	4,302	20	4,099	20.2	4,271	20.2
Over 1 year to 3 years	6,747	31.3	6,308	31.1	6,634	31.3
Over 3 years to 5 years	4,957	23	4,863	24	4,883	23.0
Over 5 years to 7 years	2,427	11.3	2,240	11	2,403	11.3
Over 7 years <sup>(2)</sup>	3,103	14.4	2,770	13.7	2,994	14.2
<b>Total</b>	<b>21,536</b>	<b>100</b>	<b>20,280</b>	<b>100</b>	<b>21,185</b>	<b>100</b>

(1) Excluding utilized current account balances in credit card.

(2) Primarily loans to salaried Government employees, where loan repayment is directly deducted from the customer's paycheck and which bear significantly lower risk than similar loans for the same term.

Below is information about problematic credit risk for individuals before provision for credit losses (NIS in millions):

	As of March 31, 2026			As of March 31, 2025			As of December 31, 2025		
	Credit risk <sup>(1)</sup>			Credit risk <sup>(1)</sup>			Credit risk <sup>(1)</sup>		
	On balance sheet	Off balance sheet	Total	On balance sheet	Off balance sheet	Total	On balance sheet	Off balance sheet	Total
Balance of problematic credit risk	309	3	312	271	4	275	297	2	299
Problematic credit risk rate <sup>(2)</sup>	1.09%	0.02%	0.69%	0.99%	0.03%	0.64%	1.04%	0.01%	0.66%

(1) On- and off-balance sheet credit before impact of provision for credit losses, and before impact of deductible collateral with respect to indebtedness of borrower and of borrower group.

(2) The ratio of problematic credit risk to total credit risk before provision for credit losses.

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Below is the expense rate with respect to credit losses to individuals (annualized):

	Three months		2025
	2026	2025	
Expense with respect to credit losses as percentage of total loans to the public to individuals	(0.53%)	0.79%	0.72%

Data for credit risk to individuals show that:

- Total debts to private individuals (on-balance sheet credit) increased by 3.9% compared to March 31, 2025 and decreased by 0.3% compared to December 31, 2025.
- Composition of debts as of March 31, 2026:
  - Checking accounts - 6.5%
  - Credit cards - 17.7%
  - Auto loans - 22.2%
  - Other loans and credit - 53.6%
- Of all debts (on-balance sheet credit) as of March 31, 2026, 28.7% is secured by financial assets and other collateral in the customer's account (compared to 30.1% as of March 31, 2025 and 28.9% as of December 31, 2025).

## Credit risk in construction and real estate economic sector in Israel

In financing the construction and real estate industry, specific analysis and monitoring tools are used to assist the Bank in reaching decisions on the granting of financial support to the various projects. Construction financing is focused mainly on residential construction. In addition, the financing is allocated between geographic regions, based inter alia on relevant demand. In extending credit for construction, the Bank focuses on the financial support method (closed assistance). The application of this method is designed to reduce the exposure to risks in the granting of the loans, because it incorporates current and close monitoring of the progress of the financed projects, both before the loans are provided, and as the project receives the financial support, while maintaining a distinction between the financed projects and the business risks inherent in the other activities of the developer-borrower. The Bank is assisted by outside construction supervisors, and also relies on liens on the land in the project, to secure the loans. Loans are issued for financed projects only by business centers and branches with professional knowledge of the subject, and under the supervision of the construction and real estate sector. The Bank also sets policies and rules for financing other real estate transactions, such as financing for rental properties, purchase groups, urban renewal, etc. Moreover, in order to minimize risk, the Bank partially insures the portfolio of land designated for construction in a closed project and the portfolio of housing bonds and performance guarantees in assisted projects with domestic and overseas reinsurers.

On February 28, 2026, Operation Lion's Roar commenced, which triggered a slowdown in activity in the sector, increased the decline in transaction volumes, which had commenced prior to the operation, and increased uncertainty among buyers and developers. Furthermore, the increase in oil and raw material prices due to the war increased expectations of an increase in inflation and lowered expectations of interest-rate cuts in the near future, which could have eased conditions for buyers and support the sector. The security situation increased households' demand for apartments with a safe room. The direct damage caused by missile strikes to residents' homes may increase short-term demand in the housing sector and substantially accelerate urban-renewal processes across the country.

In the field of housing construction starts in 2025, construction started on 80 thousand housing units, a decrease of 14.6% compared to 2024. Residential housing construction completions increased by 9.8%, at 60 thousand residential units. The inventory of new apartments in March 2026 stood at approx. 85 thousand apartments; approx. 55% of unsold apartments are located in Tel Aviv and the Central region. The increase in inventory reflects the decline in the volume of transactions, which was affected mainly by the high interest rate, and the economic uncertainty due to the many security-related events in recent years.

The decline in the volume of sales due to the ongoing security-related events together with the Supervisor of Banks' restrictions on the percentage of non-linear contracts, the prolongation of construction periods and the increase in raw-material prices led to an increase in projects' budgets. The Bank closely monitors the development of the risk characteristics arising from this segment, the project's cash flows and the need - as required - to revise the budgetary framework while ensuring that the supervisors address these changes on a regular basis.

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In recent years there has been a slowdown in demand in the office space segment in view, among other things, of the slowdown in the high-tech sector, which is a major user of office space; this slowdown led to a mixed trend in the market, which is reflected in a decline in rent and occupancy rates in this segment which are more prominent in the suburbs of Tel Aviv and Gush Dan (where there is also surplus supply), whereas the new office buildings at the center of Tel Aviv benefit from a demand and a certain price increase.

Financing of real estate transactions at the Bank is conducted in conformity with clear policy and rules stipulated in the lending policy for various activity channels, such as: financing for land, residential construction, rental real estate, purchase groups, urban renewal, etc. Bank operations in this sector are conducted while adhering to appropriate underwriting procedures and credit spreads to reflect the risk. The risk level in this sector is also taken into account in the quarterly review process of the group-based provision.

The Bank regularly monitors the credit portfolio and risk characteristics of activity in this area, as well as new credit provided, in conformity with benchmarks stipulated in Bank policy.

Over the course of the first quarter of 2026, total exposure to the construction and real estate sectors increased by 2% compared to a 4.1% increase in the corresponding period last year. The share of the construction and real estate sector in Israel out of total credit risk to the public at the Bank as of March 31, 2026, as presented below (Credit Risk by Economic Sector) is 18.3%. Note that according to Proper Conduct of Banking Business Directive 315, the rate of indebtedness of the construction and real estate sector (for calculation of sector concentration) is 13.4% (excluding liabilities, including contingent liabilities to extend credit or to provide guarantees and amounts of housing bonds and loans to finance land, for which the Bank has obtained insurance policies). The Bank reviews in each quarter the calculation of the group-based provision for credit losses in this sector, and adjusts this provision so as to account, inter alia, for growth in the loan portfolio and the underwriting conditions.

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Below is information about credit risk in the construction and real estate economic sector in Israel, by real estate collateral type (NIS in millions):

March 31, 2026								
Credit risk to the public <sup>(1)</sup>								
On balance sheet <sup>(2)</sup>	Off balance sheet <sup>(3)</sup>		Total	Credit risk	Total problematic credit risk	Balance of provision for credit losses		
	Guarantees to home buyers <sup>(5)</sup>	Facilities and other commitments				Non-accruing	Other problematic <sup>(4)</sup>	On-balance sheet credit risk
<b>Secured by real estate:</b>								
Housing	32,027	7,259	25,055	64,341	157	59	162	35
Commercial and industrial	12,208	204	3,149	15,561	129	106	157	4
<b>Total secured by real estate</b>	<b>44,235</b>	<b>7,463</b>	<b>28,204</b>	<b>79,902</b>	<b>286</b>	<b>165</b>	<b>319</b>	<b>39</b>
Not secured by real estate	9,026	10	9,284	18,320	70	105	186	18
<b>Total for construction and real estate economic sector in Israel</b>	<b>53,261</b>	<b>7,473</b>	<b>37,488</b>	<b>98,222</b>	<b>356</b>	<b>270</b>	<b>505</b>	<b>57</b>
Of which: Designated for project assistance	32,627	7,454	25,656	65,737	145	59	47	35
March 31, 2025								
Credit risk to the public <sup>(1)</sup>								
On balance sheet <sup>(2)</sup>	Off balance sheet <sup>(3)</sup>		Total	Credit risk	Total problematic credit risk	Balance of provision for credit losses		
	Guarantees to home buyers <sup>(5)</sup>	Facilities and other commitments				Non-accruing <sup>(6)</sup>	Other problematic <sup>(4)</sup>	On-balance sheet credit risk
<b>Secured by real estate:</b>								
Housing	25,130	6,591	18,321	50,042	150	69	226	27
Commercial and industrial	10,830	229	2,928	13,987	97	100	159	4
<b>Total secured by real estate</b>	<b>35,960</b>	<b>6,820</b>	<b>21,249</b>	<b>64,029</b>	<b>247</b>	<b>169</b>	<b>385</b>	<b>31</b>
Not secured by real estate	7,476	9	8,162	15,647	100	142	187	20
<b>Total for construction and real estate economic sector in Israel</b>	<b>43,436</b>	<b>6,829</b>	<b>29,411</b>	<b>79,676</b>	<b>347</b>	<b>311</b>	<b>572</b>	<b>51</b>
Of which: Designated for project assistance	25,018	6,799	18,549	50,366	148	67	33	27

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As of March 31, 2026

	December 31, 2025							
	Credit risk to the public <sup>(1)</sup>							
	Balance of provision for credit losses							
	Credit risk	Total problematic credit risk		On-balance sheet credit risk		Off-balance sheet credit risk		
On balance sheet <sup>(2)</sup>	Off balance sheet <sup>(3)</sup>	Total	Non-accruing	Other problematic <sup>(4)</sup>	On-balance sheet credit risk	Off-balance sheet credit risk		
	Guarantees to home buyers <sup>(5)</sup>	Facilities and other commitments						
<b>Secured by real estate:</b>								
Housing	30,954	7,070	23,131	61,155	148	69	186	29
Commercial and industrial	12,053	199	2,841	15,093	101	107	160	3
<b>Total secured by real estate</b>	<b>43,007</b>	<b>7,269</b>	<b>25,972</b>	<b>76,248</b>	<b>249</b>	<b>176</b>	<b>346</b>	<b>32</b>
<b>Not secured by real estate</b>	<b>9,735</b>	<b>9</b>	<b>10,285</b>	<b>20,029</b>	<b>84</b>	<b>78</b>	<b>166</b>	<b>18</b>
<b>Total for construction and real estate economic sector in Israel</b>	<b>52,742</b>	<b>7,278</b>	<b>36,257</b>	<b>96,277</b>	<b>333</b>	<b>254</b>	<b>512</b>	<b>50</b>
<b>Of which: Designated for project assistance</b>	<b>31,197</b>	<b>7,258</b>	<b>23,805</b>	<b>62,260</b>	<b>146</b>	<b>58</b>	<b>37</b>	<b>30</b>

- (1) On- and off-balance sheet credit risk, problematic credit risk and non-accruing loans to the public are stated before impact of provision for credit losses, and before impact of deductible collateral with respect to indebtedness of borrower.
- (2) Loans to the public, investment in bonds by the public, other debt by the public and other assets with respect to derivatives against the public.
- (3) Credit risk of off-balance-sheet financial instruments as calculated for the purpose of determining per-borrower indebtedness limits.
- (4) On- and off-balance sheet credit risk with respect to the public, which is inferior or under special supervision.
- (5) Off-balance sheet credit risk due to housing bonds, which are mostly backed by insurance purchased from international reinsurers.

Below is information about credit risk in the construction and real estate economic sector in Israel, by asset status (NIS in millions):

	March 31, 2026			March 31, 2025			December 31, 2025		
	Credit risk <sup>(1)</sup>			Credit risk <sup>(1)</sup>			Credit risk <sup>(1)</sup>		
	On balance sheet	Off balance sheet	Total	On balance sheet	Off balance sheet	Total	On balance sheet	Off balance sheet	Total
<b>Secured by real estate</b>									
Real estate yet to be completely constructed:									
Raw land	19,886	2,318	22,204	16,199	1,526	17,725	19,269	1,319	20,588
Real estate under construction	15,693	31,097	46,790	10,803	23,357	34,160	15,400	29,669	45,069
Real estate completely constructed	8,656	2,252	10,908	8,958	3,186	12,144	8,338	2,253	10,591
<b>Total credit secured by real estate in Israel</b>	<b>44,235</b>	<b>35,667</b>	<b>79,902</b>	<b>35,960</b>	<b>28,069</b>	<b>64,029</b>	<b>43,007</b>	<b>33,241</b>	<b>76,248</b>
<b>Not secured by real estate</b>	<b>9,026</b>	<b>9,294</b>	<b>18,320</b>	<b>7,476</b>	<b>8,171</b>	<b>15,647</b>	<b>9,735</b>	<b>10,294</b>	<b>20,029</b>
<b>Total credit risk for construction and real estate</b>	<b>53,261</b>	<b>44,961</b>	<b>98,222</b>	<b>43,436</b>	<b>36,240</b>	<b>79,676</b>	<b>52,742</b>	<b>43,535</b>	<b>96,277</b>

Below is information about credit risk in the construction and real estate economic sector in Israel, by debt classification (NIS in millions):

	March 31	December 31	Change
	2026	2025	
	Credit risk to the public <sup>(1)</sup>		
<b>Credit risk at performing credit rating:</b>			
Total non-problematic credit risk	92,968	91,519	1.6%
<b>Credit risk other than at performing credit rating:</b>			
Problematic accruing	270	254	6.3%
Problematic non-accruing	356	333	6.9%
Non-problematic	4,628	4,171	11.0%
<b>Total credit risk other than at performing credit rating</b>	<b>5,254</b>	<b>4,758</b>	<b>10.4%</b>
<b>Total credit risk for construction and real estate</b>	<b>98,222</b>	<b>96,277</b>	<b>2.0%</b>

- (1) On- and off-balance sheet credit risk, problematic credit risk and non-accruing loans to the public are stated before impact of provision for credit losses, and before impact of deductible collateral with respect to indebtedness of borrower.

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## Credit risk by economic sector

As of March 31, 2026

Reported amounts (NIS in millions)

	Total credit risk <sup>(1)</sup>				Off balance sheet debts <sup>(2)</sup> and credit risk (other than derivatives) <sup>(3)</sup>				Credit losses <sup>(3)</sup>		
	Total	Of which:			Total	Debts <sup>(2)</sup>	Proble-matic <sup>(5)</sup>	Non-accruing	Expenses with respect to credit losses	Net account-ing write-offs	Balance of provision for credit losses
		Credit perfor-mance rating <sup>(4)</sup>	Credit in good standing other than at perform-ing credit rating	Proble-matic <sup>(5)</sup>							
<b>Borrower activity in Israel</b>											
<b>Public – commercial</b>											
Agriculture, forestry and fishing	1,234	1,142	46	46	1,234	890	46	33	(2)	(3)	30
Mining and excavation	5,892	5,890	-	2	5,770	4,353	2	-	11	-	47
Industry and production	15,395	14,151	728	516	15,200	8,628	516	196	(18)	3	341
Of which: Diamonds	1,159	858	123	178	1,159	786	178	71	(2)	1	47
Construction and real estate – construction <sup>(6)</sup>	86,030	81,163	4,442	425	85,921	42,395	425	259	5	7	343
Construction and real estate – real estate operations	12,192	11,805	186	201	11,751	10,370	197	93	2	-	219
Electricity and water delivery	16,199	15,609	585	5	15,865	9,138	5	1	13	-	179
Commerce	19,278	18,012	727	539	19,079	14,741	539	372	40	52	430
Hotels, dining and food services	2,912	2,660	92	160	2,818	2,199	160	40	4	7	104
Transport and storage	6,009	5,437	482	90	5,996	3,439	90	50	20	4	132
Information and communications	2,880	2,781	85	14	2,809	1,684	14	7	-	(1)	27
Financial services	42,751	42,675	68	8	37,369	21,809	8	3	(2)	(8)	41
Other business services	8,941	8,535	267	139	8,915	5,635	139	55	2	6	165
Public and community services	4,010	3,819	109	82	3,998	3,018	82	60	13	7	89
<b>Total commercial</b>	<b>223,723</b>	<b>213,679</b>	<b>7,817</b>	<b>2,227</b>	<b>216,725</b>	<b>128,299</b>	<b>2,223</b>	<b>1,169</b>	<b>88</b>	<b>74</b>	<b>2,147</b>
Private individuals – residential mortgages	267,974	261,604	3,700	2,670	267,974	249,293	2,670	2,670	(53)	-	1,045
Private individuals – other	45,550	44,849	389	312	45,541	28,409	312	85	(38)	41	654
<b>Total public – activity in Israel</b>	<b>537,247</b>	<b>520,132</b>	<b>11,906</b>	<b>5,209</b>	<b>530,240</b>	<b>406,001</b>	<b>5,205</b>	<b>3,924</b>	<b>(3)</b>	<b>115</b>	<b>3,846</b>
Banks in Israel	5,377	5,377	-	-	810	791	-	-	-	-	-
Government of Israel	34,222	34,222	-	-	-	-	-	-	-	-	-
<b>Total activity in Israel</b>	<b>576,846</b>	<b>559,731</b>	<b>11,906</b>	<b>5,209</b>	<b>531,050</b>	<b>406,792</b>	<b>5,205</b>	<b>3,924</b>	<b>(3)</b>	<b>115</b>	<b>3,846</b>
<b>Borrower activity overseas</b>											
Total public – activity overseas	16,657	16,353	-	304	15,988	11,294	288	150	38	43	132
Overseas banks	8,776	8,776	-	-	8,713	8,713	-	-	1	-	5
Overseas governments	7,525	7,525	-	-	335	335	-	-	(5)	(4)	-
<b>Total activity overseas</b>	<b>32,958</b>	<b>32,654</b>	<b>304</b>	<b>25,036</b>	<b>20,342</b>	<b>288</b>	<b>150</b>	<b>34</b>	<b>39</b>	<b>137</b>	
<b>Total</b>	<b>609,804</b>	<b>592,385</b>	<b>11,906</b>	<b>5,513</b>	<b>556,086</b>	<b>427,134</b>	<b>5,493</b>	<b>4,074</b>	<b>31</b>	<b>154</b>	<b>3,983</b>

(1) On- and off-balance sheet credit risk, including with respect to derivatives (NIS in millions): Debts<sup>(2)</sup> – 427,134; bonds – 44,435; securities borrowed or acquired under resale agreements – 7; (on- and off-balance sheet) credit risk with respect to derivatives – 9,276; and credit risk of off-balance-sheet financial instruments as calculated for the purpose of determining per-borrower indebtedness limits – 128,952.

(2) Loans to the public, loans to governments, deposits with banks and other debts, except for bonds and securities borrowed or acquired in conjunction with resale agreements.

(3) Includes with respect to off-balance sheet credit instruments (included on balance sheet under Other Liabilities).

(4) Credit risk whose credit rating as of the report date matches the credit rating for new credit performance, in conformity with Bank policies.

(5) On- and off-balance sheet credit risk, which is non-accruing, inferior or under special supervision.

(6) Includes on-balance sheet credit risk amounting to NIS 501 million and off-balance sheet credit risk amounting to NIS 687 million, extended to certain purchase groups which are in the process of construction. For more information on credit exposures secured by international re-insurers, see "Key exposure to foreign countries" below.

# Report of the Board of Directors and Management

As of March 31, 2026

## Credit risk by economic sector – Continued

As of March 31, 2025

Reported amounts (NIS in millions)

	Total credit risk <sup>(1)</sup>				Off balance sheet debts <sup>(2)</sup> and credit risk (other than derivatives) <sup>(3)</sup>						
	Of which:				Credit losses <sup>(3)</sup>						
	Total	Credit performance rating <sup>(4)</sup>	Credit in good standing other than performing credit rating	Problematic <sup>(5)</sup>	Total	Debts <sup>(2)</sup>	Problematic <sup>(5)</sup>	Non-accruing	Expenses with respect to credit losses	Net accounting write-offs	Balance of provision for credit losses
<b>Borrower activity in Israel</b>											
<b>Public – commercial</b>											
Agriculture, forestry and fishing	1,208	1,096	83	29	1,208	889	29	17	(2)	-	30
Mining and excavation	4,605	4,605	-	-	4,473	2,475	-	-	11	-	44
Industry and production	15,145	13,793	818	534	14,848	8,250	531	257	(24)	(1)	459
Of which: Diamonds	1,568	1,198	120	250	1,568	1,058	250	118	(12)	(2)	109
Construction and real estate – construction <sup>(6)</sup>	67,657	63,863	3,307	487	67,536	33,067	486	263	19	6	395
Construction and real estate – real estate operations	12,019	11,641	207	171	11,581	9,835	171	83	1	-	228
Electricity and water delivery	11,726	11,284	432	10	11,371	6,489	10	7	(4)	1	124
Commerce	17,624	16,308	645	671	17,530	13,360	671	297	19	13	458
Hotels, dining and food services	2,290	2,002	106	182	2,285	1,747	182	74	6	4	117
Transport and storage	4,165	3,517	577	71	4,144	3,044	71	54	7	5	87
Information and communications	1,937	1,908	14	15	1,835	999	15	11	4	1	29
Financial services	32,828	32,592	231	5	27,444	15,136	5	3	(9)	(1)	37
Other business services	8,323	7,779	333	211	8,296	5,378	211	91	15	15	186
Public and community services	3,483	3,282	61	140	3,481	2,607	140	126	(1)	9	70
<b>Total commercial</b>	<b>183,010</b>	<b>173,670</b>	<b>6,814</b>	<b>2,526</b>	<b>176,032</b>	<b>103,276</b>	<b>2,522</b>	<b>1,283</b>	<b>42</b>	<b>52</b>	<b>2,264</b>
Private individuals – residential mortgages	246,357	241,150	3,067	2,140	246,357	228,520	2,140	2,140	(34)	-	1,179
Private individuals – other	43,233	42,611	347	275	43,226	27,332	275	79	54	43	708
<b>Total public – activity in Israel</b>	<b>472,600</b>	<b>457,431</b>	<b>10,228</b>	<b>4,941</b>	<b>465,615</b>	<b>359,128</b>	<b>4,937</b>	<b>3,502</b>	<b>62</b>	<b>95</b>	<b>4,151</b>
Banks in Israel	1,716	1,716	-	-	432	432	-	-	-	-	-
Government of Israel	24,785	24,785	-	-	4	4	-	-	-	-	-
<b>Total activity in Israel</b>	<b>499,101</b>	<b>483,932</b>	<b>10,228</b>	<b>4,941</b>	<b>466,051</b>	<b>359,564</b>	<b>4,937</b>	<b>3,502</b>	<b>62</b>	<b>95</b>	<b>4,151</b>
<b>Borrower activity overseas</b>											
Total public – activity overseas	12,375	11,792	-	583	12,158	9,335	573	520	41	36	187
Overseas banks	22,661	22,661	-	-	22,570	22,531	-	-	-	-	3
Overseas governments	1,946	1,945	-	1	433	311	1	1	-	-	1
<b>Total activity overseas</b>	<b>36,982</b>	<b>36,398</b>	<b>584</b>	<b>35,161</b>	<b>32,177</b>	<b>574</b>	<b>521</b>	<b>41</b>	<b>36</b>	<b>191</b>	
<b>Total</b>	<b>536,083</b>	<b>520,330</b>	<b>10,228</b>	<b>5,525</b>	<b>501,212</b>	<b>391,741</b>	<b>5,511</b>	<b>4,023</b>	<b>103</b>	<b>131</b>	<b>4,342</b>

(1) On- and off-balance sheet credit risk, including with respect to derivatives (NIS in millions): Debts<sup>(2)</sup> – 391,741; bonds – 28,448; securities borrowed or acquired in conjunction with resale agreements – 77; (on- and off-balance sheet) credit risk with respect to derivatives – 6,346; and Credit risk of off-balance-sheet financial instruments as calculated for the purpose of determining per-borrower indebtedness limits – 109,471.

(2) Loans to the public, loans to governments, deposits with banks and other debts, except for bonds and securities borrowed or acquired in conjunction with resale agreements.

(3) Includes with respect to off-balance sheet credit instruments (included on balance sheet under Other Liabilities).

(4) Credit risk whose credit rating as of the report date matches the credit rating for new credit performance, in conformity with Bank policies.

(5) On- and off-balance sheet credit risk, which is non-accruing, inferior or under special supervision.

(6) Includes on-balance sheet credit risk amounting to NIS 992 million and off-balance sheet credit risk amounting to NIS 1,054 million, extended to certain purchase groups which are in the process of construction. For more information on credit exposures secured by international re-insurers, see "Key exposure to foreign countries" below.

# Report of the Board of Directors and Management

As of March 31, 2026

## Credit risk by economic sector – Continued

As of December 31, 2025

Reported amounts (NIS in millions)

	Total credit risk <sup>(1)</sup>				Off balance sheet debts <sup>(2)</sup> and credit risk (other than derivatives) <sup>(3)</sup>						
	Of which:			Problematic <sup>(5)</sup>	Credit losses <sup>(3)</sup>						
	Total	Credit performance rating <sup>(4)</sup>	Credit in good standing other than at performing credit rating		Non-accruing	Expense to credit losses	Net accounting write-offs	Balance of provision for credit losses			
<b>Borrower activity in Israel</b>											
<b>Public – commercial</b>											
Agriculture, forestry and fishing	1,168	1,070	53	45	1,168	854	45	32	(3)	-	29
Mining and excavation	5,167	5,165	-	2	5,035	3,822	2	-	3	-	36
Industry and production	15,167	13,972	759	436	14,980	8,758	436	180	(53)	67	362
Of which: Diamonds	1,208	898	115	195	1,208	796	195	81	(29)	40	50
Construction and real estate – construction <sup>(6)</sup>	82,021	77,688	3,929	404	81,906	40,155	404	257	(51)	(14)	345
Construction and real estate – real estate operations	14,256	13,831	242	183	13,878	12,126	179	72	(9)	1	217
Electricity and water delivery	13,479	12,916	555	8	13,119	7,745	8	2	42	5	166
Commerce	17,445	16,243	601	601	17,229	13,430	601	374	43	53	442
Hotels, dining and food services	2,579	2,322	98	159	2,575	1,975	159	50	(1)	7	107
Transport and storage	5,295	4,688	517	90	5,279	2,817	90	54	62	31	116
Information and communications	2,060	2,021	27	12	1,988	1,183	12	7	(1)	(1)	26
Financial services	40,130	40,067	56	7	36,566	20,393	7	4	(12)	(2)	35
Other business services	8,561	8,221	195	145	8,547	5,362	145	76	25	42	169
Public and community services	3,700	3,481	125	94	3,688	2,754	94	65	26	23	83
<b>Total commercial</b>	<b>211,028</b>	<b>201,685</b>	<b>7,157</b>	<b>2,186</b>	<b>205,958</b>	<b>121,374</b>	<b>2,182</b>	<b>1,173</b>	<b>71</b>	<b>212</b>	<b>2,133</b>
Private individuals – residential mortgages	264,579	258,648	3,396	2,535	264,579	245,226	2,535	2,535	(119)	(4)	1,098
Private individuals – other	45,006	44,302	405	299	44,994	28,494	299	76	200	164	733
<b>Total public – activity in Israel</b>	<b>520,613</b>	<b>504,635</b>	<b>10,958</b>	<b>5,020</b>	<b>515,531</b>	<b>395,094</b>	<b>5,016</b>	<b>3,784</b>	<b>152</b>	<b>372</b>	<b>3,964</b>
Banks in Israel	4,595	4,595	-	-	584	584	-	-	-	-	-
Government of Israel	35,485	35,485	-	-	1	1	-	-	-	-	-
<b>Total activity in Israel</b>	<b>560,693</b>	<b>544,715</b>	<b>10,958</b>	<b>5,020</b>	<b>516,116</b>	<b>395,679</b>	<b>5,016</b>	<b>3,784</b>	<b>152</b>	<b>372</b>	<b>3,964</b>
<b>Borrower activity overseas</b>											
Total public – activity overseas	13,628	13,272	-	356	13,464	9,261	342	194	75	120	137
Overseas banks	17,430	17,430	-	-	17,364	17,364	-	-	1	-	4
Overseas governments	9,486	9,485	-	1	347	347	1	1	-	-	1
<b>Total activity overseas</b>	<b>40,544</b>	<b>40,187</b>	<b>-</b>	<b>357</b>	<b>31,175</b>	<b>26,972</b>	<b>343</b>	<b>195</b>	<b>76</b>	<b>120</b>	<b>142</b>
<b>Total</b>	<b>601,237</b>	<b>584,902</b>	<b>10,958</b>	<b>5,377</b>	<b>547,291</b>	<b>422,651</b>	<b>5,359</b>	<b>3,979</b>	<b>228</b>	<b>492</b>	<b>4,106</b>

(1) On- and off-balance sheet credit risk, including with respect to derivatives (NIS in millions): Debts<sup>(2)</sup> – 422,651; bonds – 46,697; securities borrowed or acquired in conjunction with resale agreements – 593; (on- and off-balance sheet) credit risk with respect to derivatives – 6,656; and credit risk of off-balance-sheet financial instruments as calculated for the purpose of determining per-borrower indebtedness limits – 124,640.

(2) Loans to the public, loans to governments, deposits with banks and other debts, except for bonds and securities borrowed or acquired in conjunction with resale agreements.

(3) Includes with respect to off-balance sheet credit instruments (included on balance sheet under Other Liabilities).

(4) Credit risk whose credit rating as of the report date matches the credit rating for new credit performance, in conformity with Bank policies.

(5) On- and off-balance sheet credit risk, which is non-accruing, inferior or under special supervision.

(6) Includes on-balance sheet credit risk amounting to NIS 724 million and off-balance sheet credit risk amounting to NIS 821 million, extended to certain purchase groups which are in the process of construction. For more information on credit exposures secured by international re-insurers, see "Key exposure to foreign countries" below.

# Report of the Board of Directors and Management

As of March 31, 2026

## Exposure to foreign countries<sup>(1)</sup>

Reported amounts (NIS in millions)

**Part A – Information regarding total exposure to foreign countries and exposure to countries for which total exposure to each country exceeds 1% of total consolidated assets or 20% of capital, whichever is lower (NIS in millions):**

Country	March 31, 2026			March 31, 2025			December 31, 2025		
	On balance sheet		Total	On balance sheet		Total	On balance sheet		Total
	(2)	(3)(4)		(2)	(3)(4)		(2)	(3)(4)	
USA	25,354	4,705	30,059	31,841	2,308	34,149	34,568	4,353	38,921
Others <sup>(5)</sup>	21,696	12,851	34,547	15,145	10,864	26,009	20,278	12,438	32,716
<b>Total exposure to foreign countries</b>	<b>47,050</b>	<b>17,556</b>	<b>64,606</b>	<b>46,986</b>	<b>13,172</b>	<b>60,158</b>	<b>54,846</b>	<b>16,791</b>	<b>71,637</b>
Of which: Total exposure to LDC countries <sup>(6)</sup>	635	130	765	604	128	732	662	123	785

(1) Based on final risk, after effect of guarantees, liquid collateral and credit derivatives.

(2) On- and off-balance sheet credit risk is stated before impact of provision for credit losses, and before impact of deductible collateral with respect to indebtedness of borrower and of borrower group.

(3) Credit risk of off-balance-sheet financial instruments as calculated for the purpose of determining per-borrower indebtedness limits, in conformity with Proper Conduct of Banking Business Directive 313.

(4) The balance of off-balance sheet exposure includes NIS 6,896 million, mostly with respect to acquiring insurance from international reinsurers for the portfolio of housing bonds for borrowers in the real estate sector in Israel (as of March 31, 2025 - NIS 7,238 million and as of December 31, 2025 - NIS 6,920 million).

(5) Balance sheet exposure includes NIS 5,155 million with respect to acquiring insurance from international reinsurers for the loan portfolio to finance land purchase for borrowers in the real estate sector in Israel (as of March 31, 2025 - NIS 3,560 million and as of December 31, 2025 - NIS 4,890 million).

(6) The exposure to LDC countries includes countries defined as less developed, which are the countries classified by the World Bank as lower-middle-income countries.

**Part B – Information regarding countries for which total exposure to each country is between 0.75%-1% of total consolidated assets or between 15%-20% of capital, whichever is lower (NIS in millions):**

As of March 31, 2026, the balance sheet exposure to Barbados meets the threshold required for this disclosure and amounts to NIS 4.6 billion (as of March 31, 2025 - NIS 4.7 billion and as of December 31, 2025 - NIS 4.8 billion).

**Part C – Information regarding balance sheet exposure to foreign countries facing liquidity issues**

	For the three months ended
	March 31, 2025
	Barbados <sup>(1)</sup>
Exposure at start of reported period	4,857
Net changes to exposure	(160)
<b>Exposure at end of reported period</b>	<b>4,697</b>

As of March 31, 2026 and as of December 31, 2025, the Bank had no exposure to foreign countries facing liquidity issues where the exposure with respect of which exceeds the reporting threshold set in the Public Reporting Directives.

In conformity with Bank of Israel directives, a country which has received aid from the International Monetary Fund is deemed a country with liquidity issues. The aforementioned exposure is to an insurer that backs mortgage portfolios, and liquidity in the country should not affect the repayment capacity in case of future claims by the Bank.

(1) This exposure is with respect to insurance policies backing the mortgage portfolios in Israel. The insurer, incorporated in Barbados, is a subsidiary of an international insurance group incorporated in Canada.

## Credit exposure to foreign financial institutions

During the first quarter of 2026, the global financial system faced the effects of the war between the USA, Israel and Iran. The global economy, which has maintained its robustness so far, is now facing a shock to global stability and energy supply due to interruptions in the Strait of Hormuz, which caused a sharp increase in oil prices to more than USD 100 per barrel. Global financial institutions and banks currently assess their credit exposures to various sectors, with an emphasis on the energy, industry and transportation sectors, and look into ways to address the potential effects of the war in order to mitigate potential risks. This uncertainty affects economic forecasts and there are concerns that the oil crisis will accelerate inflation, slow-down growth and challenge asset-quality and credit-performance in the banking system. The concerns regarding inflationary pressures may cause central banks to delay their interest rate cuts, as a result of which interest rates will be higher for longer than originally estimated.

In conjunction with its policies regarding management of exposure to foreign financial institutions, the Bank's Board of Directors sets, *inter alia*, the risk appetite – i.e. the maximum exposure limit for states and foreign financial institutions, while adjusting the exposure limit to the risk assessment for each state and financial institution. Exposure limits are set based, *inter alia*, on financial date of the various nations and financial institutions and on Bank assessment of the risk level in a manner which diversifies exposure.

As of March 31, 2026, the balance of the Bank's exposure to foreign financial institutions amounted to NIS 21.9 billion, compared to NIS 21.2 billion as of December 31, 2025. Most of the exposure is to financial institutions with a rating of A+ or higher.

The Bank closely monitors the exposures to financial institutions; among other things, it monitors public information and ratings, as well as any other information available with regard to financial institutions to which it is exposed. The exposure limits and actual exposure are assessed as required.

The Bank takes into consideration the maturity dates of its credit exposures in conjunction with its liquidity requirements. Deposits are normally deposited for short terms, whereas exposure with respect to derivatives and investments in securities are for longer terms.

### Residential mortgages risk and its development

In conjunction with credit risk management, the Bank takes various actions to manage, control and mitigate risks associated with provision of residential mortgages. Residential mortgages account for a significant share of all credit risk at the Bank, but this segment is still highly diversified and has a Low-Medium risk level, due to extensive diversification of borrowers from various economic sectors, relatively low LTV ratios, extensive geographic diversification of pledged assets and use of various risk mitigators, including property and life insurance, to mitigate credit risk in this segment. The Bank's policies with regard to mortgages are based on a specific approach, limiting specific risk for each loan by reviewing various risk attributes. These attributes include: review of borrower quality and their capacity to make current repayments even under scenarios involving changes to interest rates, ratio of repayment to regular household income, review of transaction data and LTV ratio. The Bank sometimes requires additional bolstering for the loan, such as guarantors for the loan, proven repayment capacity not based on regular borrower income and other bolstering measures.

The Bank acts regularly to control and manage the risk associated with residential mortgages, for which the Retail Division, the Risks Management Division and other Bank entities are responsible. This activity also includes portfolio analysis and monitoring by key risk factors and estimation of portfolio risk using an advanced model for rating residential mortgages, including rating of each loan and calculation of probability of default and potential loss given default, as well as conducting various stress scenarios to review the effect of changes to macro-economic factors on the portfolio risk level, primarily the impact of change in unemployment, change in housing prices and change in interest rates.

When assessing borrower quality, the Bank considers, *inter alia*, the following: Per capita income, income stability, seniority and so forth. Moreover, approval of loans involves a high weighting attributed to the loan repayment to income ratio, so as to review the household repayment capacity, including under a scenario of higher interest rates.

The Bank also considers risk factors with regard to the transaction and to collateral, such as the loan purpose, LTV ratio, geographic location of collateral, findings on the appraiser report and so forth.

For more information about development of residential mortgage risk, see chapter "Risk factor severity" above.

## Report of the Board of Directors and Management

As of March 31, 2026

### Risk appetite and risk profile in mortgage segment

As part of its credit risk policies, the Bank has set various restrictions on residential mortgage operations, to account for major risk factors. These factors are reviewed from time to time and additional restrictions are imposed as needed, i.e. based on the actual risk profile of the mortgage portfolio and its trend, as well as on regulatory directives from the Bank of Israel.

These restrictions form the Bank's risk appetite for mortgages is defined using multiple risk benchmarks, which evaluate credit risk and concentration risk aspects at regular performance level and the overall portfolio. These benchmarks include: the LTV ratio, property location (geographic risk), credit quality benchmark (see below under Credit Control), loan repayment to income ratio, loan purpose, loan term, loan track mix, property type, document quality, normative interest rate, financial wealth and cross restrictions on combinations of multiple parameters.

Regular monitoring of the risk profile of the mortgage portfolio and its evolution over time, in view of the specified risk appetite, shows that leading risk benchmarks remain stable and do not indicate material deterioration or change in risk level; however, there is uncertainty with regard to stability of the security situation. These benchmarks include: LTV ratios, repayment ratio, rate of obligation in default and, in particular, the rate of arrears for new loans (one year since origination), which is testimony to the high quality of underwriting at the Bank. Note that the average LTV ratio for the Bank's mortgage portfolio (at end of March 2026) was 55.5% (reflecting the LTV ratio upon loan origination – see more details below).

The Bank constantly reviews the risk measures and risk levels, adapting them as required to current business activity, subject to and in line with the risk appetite.

Volume of mortgages granted by the Household segment is as follows:

	Loans granted (NIS in millions)		
	Three months		Rate of Change In %
	2026	2025	
Mortgages issued (for housing and any purpose)			
From the Bank's funds	10,246	8,864	15.6
From funds of the Finance Ministry:			
Directed loans	36	33	9.1
Standing loans and grants	52	48	8.3
<b>Total new loans</b>	<b>10,334</b>	<b>8,945</b>	<b>15.5</b>
Refinanced loans	4,938	2,952	67.3
<b>Total loans originated</b>	<b>15,272</b>	<b>11,897</b>	<b>28.4</b>
Number of borrowers (includes refinanced loans)	19,002	16,695	13.8

# Report of the Board of Directors and Management

As of March 31, 2026

Below are details of various risk attributes of the residential mortgage portfolio<sup>(1)</sup> as of March 31, 2026 (NIS in millions):

LTV ratio	Repayment ratio		Loan age <sup>(2)</sup> (time elapsed since loan grant)						Total
	out of regular income	Up to 3 months	3-12 months	1-2 years	2-5 years	5-10 years	Over 10 years		
Up to 60%	Up to 35%	3,555	13,074	16,335	36,353	32,422	18,003	119,742	
	35%-50%	969	3,479	4,140	8,887	5,140	3,753	26,368	
	50%-80%	-	9	27	109	87	682	914	
	Over 80%	-	-	-	3	8	50	61	
60%-75%	Up to 35%	2,494	9,212	10,512	27,962	19,000	7,145	76,325	
	35%-50%	1,190	3,927	4,329	8,178	2,629	1,335	21,588	
	50%-80%	-	-	3	63	32	185	283	
	Over 80%	-	-	-	2	1	9	12	
Over 75%	Up to 35%	69	385	429	808	599	891	3,181	
	35%-50%	29	113	125	207	96	196	766	
	50%-80%	-	6	4	21	4	42	77	
	Over 80%	-	-	-	2	-	8	10	
<b>Total</b>		<b>8,306</b>	<b>30,205</b>	<b>35,904</b>	<b>82,595</b>	<b>60,018</b>	<b>32,299</b>	<b>249,327</b>	
<b>Of which:</b>									
Loans granted with original amount over NIS 2 million		1,845	6,199	6,323	13,054	4,818	1,661	33,900	
Percentage of total residential mortgages		22.2%	20.5%	17.6%	15.8%	8.0%	5.1%	13.6%	
<b>Loans bearing variable interest:</b>									
Non-linked, at prime lending rate		622	1,679	761	17,220	15,816	9,809	45,907	
CPI-linked <sup>(3)</sup>		178	918	2,624	5,930	1,100	2,003	12,753	
In foreign currency <sup>(3)</sup>		39	110	65	754	816	626	2,410	
<b>Total</b>		<b>839</b>	<b>2,707</b>	<b>3,450</b>	<b>23,904</b>	<b>17,732</b>	<b>12,438</b>	<b>61,070</b>	
Non-linked loans at prime lending rate, as percentage of total residential mortgages		7.5%	5.6%	2.1%	20.8%	26.4%	30.4%	18.4%	
CPI-linked loans bearing variable interest as percentage of total residential mortgages		2.1%	3.0%	7.3%	7.2%	1.8%	6.2%	5.1%	
Loans with LTV over 75% as percentage of total residential mortgages		1.2%	1.7%	1.6%	1.3%	1.2%	3.5%	1.6%	

(1) Recorded debt balance.

(2) The loan balances presented above are aged based on the date of loan origination, and include under the same age group any loan balances actually provided at a later date. Furthermore, loan refinancing does not modify the loan age, i.e. the loan balance is attributed to the original loan origination date. This treatment also applies to refinancing of "directed" loans originally guaranteed by the State and refinanced to loans for which the Bank is responsible.

(3) Pursuant to directives by the Supervisor of Banks, these include loans for which the interest rate is adjusted more frequently than once every 5 years (not inclusive).

## Attributes of the Bank's residential mortgages portfolio

The Bank's policies with regard to mortgages are based on a conservative approach, limiting specific risk for each loan by evaluating various attributes. These attributes include: LTV ratio, ratio of repayment to regular borrower income, and borrower capacity to make current repayments even under scenarios involving a change in interest rates. Whenever loans are granted with attributes which do not meet one or more of the standards set by the Bank for these attributes, the Bank requires additional bolstering for the loan, such as guarantors for the loan, proven repayment capacity not based on regular borrower income, and other additional reinforcements.

## LTV

One of the key parameters used by the Bank in minimizing risk in its residential mortgage portfolio is the LTV ratio (ratio of loan amount to value of the property pledged as collateral).

The average loan-to-value ratio for the Bank's mortgage portfolio as of March 31, 2026 was 55.5%, compared to 55.0% at the end of the previous year, and 55.1% as of March 31, 2025. Out of the total loan portfolio of the Bank, amounting to NIS 249.3 billion, some 98.4% were granted with an original LTV ratio under 75%, which secures the loan even in case of an extreme 25% decrease in value of the property pledged as collateral.

The LTV ratio is the historical LTV ratio calculated upon loan approval, and does not account for any current repayments which reduce the loan balance nor any changes in value of properties pledged as collateral. The increase in housing prices, and conversely, reduced loan balances due to current repayments result in a decrease in the current LTV ratio and, as noted above, based on changes to property values as estimated by the Central Bureau of Statistics, against current portfolio balances. This ratio is lower than the historical LTV ratio. Total loans granted at LTV ratios over 75% in the past two years amounted to NIS 1.2 billion, or only 0.5% of the total residential mortgage portfolio.

Note, in this regard, that the Bank's average LTV ratio as of March 31, 2026, based on current outstanding balances (with no change to property value due to changes in housing prices) would have decreased as follows: For loans originated up to one year ago – by 3.6%. For loans originated one to 5 years ago – by 5.3%; for loans originated over 5 years ago – by 16.5%; for all loans in total – by 9.2%.

# Report of the Board of Directors and Management

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The percentage of loans granted with a high LTV ratio (over 75%) out of total residential mortgage portfolio of the Bank to 1.6% for loans granted 1-2 years ago, 1.7% for loans granted 3-12 months ago and 1.2% for loans granted in the first quarter of 2026.

## Repayment as percentage of regular income

The LTV ratio of a residential mortgage is a benchmark of loan security, regardless of borrower attributes. Therefore, in addition, when a mortgage is approved, the Bank requires borrowers to show their capacity to make current loan repayments on schedule, primarily by calculating the ratio of monthly repayment to regular borrower income.

It should be noted that a circular, which revised Proper Conduct of Banking Business Directive - Limitations on residential mortgages - was published on February 8, 2026; among other things, the revised circular clarifies the method for calculating the Payment-to-Income (PTI) limit when taking out an additional residential mortgage in addition to an existing one, where both residential mortgages are secured by the same asset.

The average repayment ratio for the Bank's residential mortgage portfolio is 26.7%. Some 80.0% of the Bank's mortgage portfolio were granted to borrowers with a repayment ratio under 35% (the average repayment ratio for these borrowers is: 23.6%). Some 19.4% of the mortgage portfolio were granted to borrowers with a repayment ratio of 35% to 50% (the average repayment ratio for these borrowers is: 38.5%). Only 0.6% of all mortgages were extended to borrowers with a repayment ratio over 50%.

The loans with a high repayment ratio are loans granted to borrowers with significant other assets, or with high free per capita income net of mortgage repayment, or whose repayment capacity is not necessarily based on current income, or where additional bolstering of the loan is in place, in addition to the pledged property and repayment capacity of the borrower, such as financially stable guarantors. Moreover, approval of loans to such customers involves a high weighting attributed to the loan repayment to income ratio in conformity with a "normative interest rate", so as to review the household repayment capacity under a scenario of higher interest rates.

## Loans bearing variable interest

The Bank offers customers residential mortgages which in part bear adjustable interest and in part are linked (to CPI, foreign currency) or unlinked (NIS-denominated loans).

The Bank of Israel's directives restrict the variable interest rate from the sum of the loan so that at least one third of the mortgage that must bear fixed interest remains, and up to two thirds may be extended bearing variable interest.

The Bank provides customers with the knowledge and expertise of its staff in order for customers to understand the risk involved with a loan bearing adjustable interest and how this risk may be mitigated or avoided. The Bank advises customers to attribute appropriate weighting to this risk, and to be cautious when deciding upon the loan composition.

## Loan amount

The up-to-date balance of the loans originally executed at an amount of over NIS 2 million amounted to NIS 33.9 billion on March 31, 2026, which constitute 13.6% of the Bank's residential mortgage portfolio.

For more information about residential mortgages risk, see also the 2025 Risks Report available on the Bank website.

# Report of the Board of Directors and Management

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## Operational Risk

For additional details on the operating risk including business continuity risks, information security and cyber risk, information technology risk, legal risk, and model risk see the Report of the Board of Directors and Risks Report for 2025.

## Market risk and interest risk

### Risk description and development thereof

Market risk – This is the risk of loss from on- and off-balance sheet positions, arising from change in fair value of financial instruments, due to change in market risk factors (interest rates, exchange rates, inflation, prices of equities and commodities).

Interest rate risk in the banking portfolio is the risk to Bank profit (change in revenues) or to the Bank's economic value, primarily due to changes in the structure of interest rate curves relevant for Bank operations, non-identical fluctuations of various curves used by the Bank for pricing and management of its exposures, or from the fact that a change in interest rates may result in a change in composition of the Bank's assets and liabilities due to exercise of options for early repayment due to change in market interest rates.

The market risk in the trading portfolio is minimal, in line with Bank policy. The Bank structure, which is weighted towards the mortgage portfolio, produces long-term uses for which the Bank requires sources. The Bank regularly reviews the risk estimation methodology, in line with global common practice.

As noted, the overall risk level of market and interest risk remained Low-Medium. The interest risk level remains Medium. The risk values are within the limits of the Bank's risk appetite. The Bank of Israel Interest was cut to 4.0%.

Furthermore, the Bank continued to strictly manage its CPI-linked position, based on creating a daily linkage balance sheet and establishing a forecast position under various scenarios.

The models used by the Bank to measure the Bank's interest risk are based on behavioral models. The models' assumptions are regularly presented in management and Board forums, including presentation of sensitivity scenarios, for the purpose of assessing the effect of changes in these assumptions on risk outcomes. It should be noted that the Bank also assesses a scenario of a collapse of the assumptions, which addresses the collapse of each assumption individually and collectively.

As of March 31, 2026, under the parallel interest-rate-increase scenario, the fair value of the Bank's position in the banking portfolio is expected to decrease by NIS 4,311 million, and no deviations from the Bank's risk appetite limits were recorded.

Below is the VAR for the Bank Group (NIS in millions):

	First quarter		All of
	2026	2025	2025
At end of period	1,111	1,401	1,090
Maximum value during period	(Jan.) 1,180	(Jan.) 1,572	(May) 1,645
Minimum value during period	(Feb.) 1,065	(Mar.) 1,401	(November) 1,062

Market risk is primarily due to interest risk in the bank portfolio, as presented below.

The back-testing of the VAR model in the comprehensive portfolio indicates that the model is in order.

### Analysis of interest risk in bank portfolio

Set forth below is the effect<sup>(1)(2)(3)</sup> of a parallel shift of the curve in a standard parallel scenario on the economic value of the Bank's portfolio in EVE terms (in NIS millions):

	Israeli currency		Foreign currency			Change in fair value
	Non-linked	Linked to CPI	USD	EUR	Other	Total EVE
A parallel standard scenario - increase	(3,304)	(1,007)	92	68	34	(4,311)
A parallel standard scenario - decrease	3,458	1,230	(89)	(80)	(39)	(208)
<b>March 31, 2025</b>						
A parallel standard scenario - increase	(2,939)	(990)	(44)	81	33	(3,929)
A parallel standard scenario - decrease	3,229	1,284	(225)	(85)	(37)	(347)
<b>December 31, 2025</b>						
A parallel standard scenario - increase	(3,286)	(945)	81	62	32	(4,231)
A parallel standard scenario - decrease	3,540	1,281	(23)	(69)	(36)	(128)

(1) Calculated based on current data used for actual interest risk management.

(2) In accordance with Proper Conduct of Banking Business Directive 333, as from the third quarter of 2025, the reported scenario results in each currency is based on a different parallel scenario - 2.5% in NIS, 1.5% in linked NIS and 2% in US Dollar and Euro.

(3) In accordance with Proper Conduct of Banking Business Directive No. 333, the reported scenario results do not include offsetting between the scenario results in NIS and foreign currency results: NIS-denominated losses and foreign currency-denominated losses are summed in full, profits in both segments are also summed in full; however, profit from one segment will not offset a loss incurred in another segment and only the loss will be taken into account.

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In preparing the mortgage repayment cash flows forecast for the Bank, assumptions with regard to the prepayment rate and manner are taken into account. Credit balances in checking accounts are attributed in line with common practice in conformity with the Basel directives, i.e. over an average term of 4-5 years for different customer types. The Bank regularly reviews the risk estimation methodology, in line with global common practice.

### Quantitative information about interest risk – Sensitivity analysis

#### Net adjusted fair value<sup>(1)</sup> of financial instruments of the Bank and its subsidiaries thereof:

	As of March 31, 2026			As of March 31, 2025			As of December 31, 2025		
	NIS	Foreign currency <sup>(2)</sup>	Total	NIS	Foreign currency <sup>(2)</sup>	Total	NIS	Foreign currency <sup>(2)</sup>	Total
Net balance sheet balance <sup>(1)</sup>	31,658	(73)	31,585	29,502	(306)	29,196	30,881	174	31,055
Net adjusted fair value <sup>(1)</sup>	34,922	188	35,110	29,821	139	29,960	31,734	385	32,119
Of which: Banking portfolio	12,537	2,363	14,900	19,401	485	19,886	14,201	(1,994)	12,207
Of which: Effect of attribution to terms of non-maturity deposits	4,930	459	5,389	4,576	532	5,108	4,151	450	4,601
Of which: Effect of early repayment of residential mortgages	(662)	(25)	(687)	224	(35)	189	(538)	(33)	(571)
Effect of attribution of deposits to terms after the next withdrawal date	(247)	-	(247)	16	-	16	(167)	-	(167)

As of March 31, 2026, the difference between the fair value and the balance-sheet balance totaled NIS 3.5 billion - a NIS 2.7 billion increased compared to NIS 0.8 billion as of March 31, 2025. The increase is attributed to an increase in the fair value of the credit portfolio compared to its balance-sheet balance, mainly with respect to mortgages, as a result of the decrease in the discount rate.

#### Impact of change scenarios in interest rates on net adjusted fair value<sup>(1)</sup> of the Bank and its subsidiaries:

	As of March 31, 2026			As of March 31, 2025			As of December 31, 2025		
	NIS	Foreign currency <sup>(2)</sup>	Total	NIS	Foreign currency <sup>(2)</sup>	Total	NIS	Foreign currency <sup>(2)</sup>	Total
<b>Concurrent changes</b>									
Concurrent 1% increase	(1,657)	(46)	(1,703)	(1,996)	(61)	(2,057)	(1,789)	52	(1,737)
Of which: Banking portfolio	(1,627)	15	(1,612)	(1,962)	(73)	(2,035)	(1,782)	67	(1,715)
Of which: Effect of attribution to terms of non-maturity deposits	1,085	178	1,263	1,373	315	1,688	1,001	193	1,194
Of which: Effect of early repayment of residential mortgages	3,342	3	3,345	2,738	3	2,741	3,130	3	3,133
Effect of attribution of deposits to terms after the next withdrawal date	(213)	-	(213)	(205)	-	(205)	(205)	-	(205)
Concurrent 1% decrease	1,029	(25)	1,004	1,566	(113)	1,453	1,337	(32)	1,305
Of which: Banking portfolio	1,007	(4)	1,003	1,552	(192)	1,360	1,322	(50)	1,272
Of which: Effect of attribution to terms of non-maturity deposits	(1,154)	(189)	(1,343)	(1,471)	(335)	(1,806)	(1,064)	(206)	(1,270)
Of which: Effect of early repayment of residential mortgages	(4,113)	(3)	(4,116)	(3,353)	(4)	(3,357)	(3,856)	(4)	(3,860)
Effect of attribution of deposits to terms after the next withdrawal date	227	-	227	219	-	219	219	-	219

(1) Net balance sheet balance and net fair value of financial instruments, except for non-monetary items, after effect of liability with respect to employee rights and attribution of non-maturity deposits to terms.

(2) Includes Israeli currency linked to foreign currency.

(3) For quantitative information regarding the exposure to changes in interest rates based on other key quantitative metrics, see the Risks Report.

The difference between exposure of the bank portfolio to changes in interest according to net adjusted fair value and sensitivity of economic value (EVE) presented above arises from timing differences only.

This calculation allows for scenarios which may result in negative interest rates and does not cap interest rates at 0%.

There were no significant changes in the interest rate increase and decrease scenarios compared to the corresponding period last year.

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See Note 16 to the financial statements for additional information.

Note that the internal rate of return and the average effective duration, as presented under Bank exposure to changes in interest rates on the Risks Report, are average data and therefore it is not possible to make deductions based on a linear change thereto with regard to sensitivity of net adjusted fair value to changes in interest rates.

## Impact of change scenarios in interest rates on net interest revenues and non-interest financing revenues<sup>(4)(1)</sup>:

	As of March 31, 2026			As of March 31, 2025			As of December 31, 2025		
	Interest revenues	Non-interest financing revenues <sup>(3)</sup>	Total	Interest revenues	Non-interest financing revenues <sup>(3)</sup>	Total	Interest revenues	Non-interest financing revenues <sup>(3)</sup>	Total
<b>Concurrent changes<sup>(2)</sup></b>									
Concurrent 1% increase	22	312	334	(55)	324	269	(57)	263	206
Of which: Banking portfolio	13	331	344	(55)	332	277	(64)	284	220
Concurrent 1% decrease	(273)	(264)	(537)	(342)	(118)	(460)	(238)	(176)	(414)
Of which: Banking portfolio	(264)	(182)	(446)	(342)	(132)	(474)	(231)	(114)	(345)

(1) For a one-year term.

(2) Changes to risk-free interest.

(3) Includes the effect of fair value, gain (loss) from transactions in bonds and the effect of interest accrual for transactions in derivatives.

(4) An interest increase/decrease scenario features is an assumption of the purchase/sale of bonds as well as the diversion of checking accounts to deposits.

## Impact of change scenarios in interest rates equity attributed to Bank shareholders:

	As of March 31, 2026	As of March 31, 2025	As of December 31, 2025
	NIS in millions		
Concurrent 1% increase	(61)	(44)	(41)
Concurrent 1% decrease	36	17	13

Below are the key assumptions underlying the above data, which are in line with how the Bank manages interest risk:

- Credit balances in checking accounts are attributed in line with common practice in conformity with the Basel directives, i.e. over an average term of 4-5 years for different customer types.
- When calculating sensitivity of interest revenues and non-interest revenues, the risk-free interest rate is capped, in accordance with Proper Conduct of Banking Business Directive 333.
- The interest rate increase/decrease scenario includes an assumption that funds are diverted from current accounts to deposits and/or from short-term deposits to current accounts.

Under the concurrent scenario of interest rate increase by 1%, the capital reserve with respect to securities is expected to decrease by NIS 277 million.

For further details of assumptions used in calculation of the fair value of financial instruments, see Note 16 to these financial statements and Note 33 to the financial statements as of December 31, 2025.

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## Overall exposure of the Bank and its subsidiaries to changes in interest rates:

	As of March 31, 2026					
	On Call to 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 10 years
Financial assets <sup>(1)</sup>	257,620		79,417	97,108	34,587	31,907
Other amounts receivable <sup>(2)</sup>	159,459		190,533	66,369	45,976	22,790
Financial liabilities <sup>(1)</sup>	226,719		114,866	54,189	38,834	22,573
Liabilities with respect to employees' rights	11	16	74	232	199	426
Other amounts payable <sup>(2)</sup>	158,904	158,024	190,846	66,158	46,059	22,592
Exposure to interest rate fluctuations	31,445	(20,334)	(35,836)	42,898	(4,529)	9,106
<b>Additional details on exposure to changes in interest rates</b>						
<b>A. By nature of activity:</b>						
Exposure in bank portfolio	29,647	(21,008)	(52,488)	42,499	(4,563)	8,636
Exposure in trading portfolio	1,798	674	16,652	399	34	470
<b>B. By linkage basis:</b>						
Israeli currency – non-linked	38,015	(12,653)	(57,206)	33,227	(3,511)	5,050
Israeli currency – linked to the CPI	(9,670)	389	21,589	6,880	(1,457)	3,255
Foreign currency <sup>(4)</sup>	3,100	(8,070)	(219)	2,791	439	801
<b>C. Effect on exposure to interest rate fluctuations</b>						
Financial assets <sup>(1)</sup> , before assumptions	256,445	22,144	73,290	89,545	29,253	32,366
Effect of early repayment of residential mortgages <sup>(6)</sup>	1,175	2,208	6,127	7,563	5,334	(459)
Financial assets <sup>(1)</sup>	257,620	24,352	79,417	97,108	34,587	31,907
Financial liabilities <sup>(1)</sup> , before assumptions	269,316	39,999	107,511	46,012	34,153	9,776
Effect of attribution to terms of non-maturity deposits <sup>(6)</sup>	(43,750)	1,826	5,188	9,626	7,870	13,471
Effect of attribution of deposits to terms after the next withdrawal date <sup>(6)(7)</sup>	1,153	2,447	2,167	(1,449)	(3,189)	(674)
Financial liabilities <sup>(1)</sup>	226,719	44,272	114,866	54,189	38,834	22,573

(1) Excludes balance sheet balances of financial derivatives, fair value of off-balance sheet financial instruments and fair value of complex financial instruments.

(2) Amounts receivable and payable with respect to compound and off-balance sheet derivative financial instruments.

(3) Weighted average by fair value of average effective duration.

(4) Includes Israeli currency linked to foreign currency.

(5) Difference between effective average duration of financial assets and effective average duration of financial liabilities.

(6) The effect of the behavioral assumptions on average duration and internal rate of return is calculated by comparing the difference between the average duration and internal rate of return after the effect of the assumptions and the average duration and internal rate of return without those effects.

(7) The fair value of total deposits after the next withdrawal date, including the effect of early withdrawal assumptions, amounts to NIS 69,396 million.

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As of December 31, 2025									
Over 10 years to 20 years	Over 20 years	Without maturity	Total fair value	Internal rate of return	Average effective duration <sup>(5)</sup>	Total fair value	Internal rate of return	Average effective duration <sup>(5)</sup>	
				In %	in years		In %	in years	
11,736	1,521	743	538,991	4.40	1.42	534,957	4.58	1.41	
4,662	556	-	647,971		0.74	593,540		0.61	
888	(25)	-	502,316	3.00	0.97	500,149	2.74	0.94	
576	330	-	1,864		12.24	1,954		11.52	
4,547	542	-	647,672		0.92	594,275		0.80	
10,387	1,230	743	35,110			32,119			
10,282	1,152	743	14,900		0.12	12,207		0.13	
105	78	-	20,210		1.81	19,912		1.46	
6,382	568	732	10,604		<sup>(5)</sup> 0.13	7,766		<sup>(5)</sup> 0.18	
3,121	211	-	24,318		<sup>(5)</sup> 0.95	23,968		<sup>(5)</sup> 0.87	
884	451	11	188		<sup>(5)</sup> (0.05)	385		<sup>(5)</sup> (0.10)	
27,793	8,099	743	539,678	4.40	2.10	535,528	4.55	2.05	
(16,057)	(6,578)	-	(687)	(0.03)	(1.40)	(571)	0.02	(1.36)	
11,736	1,521	743	538,991	4.40	1.42	534,957	4.58	1.41	
716	(25)	-	507,458	3.00	1.02	504,583	2.73	0.98	
380	-	-	(5,389)	3.23	1.37	(4,601)	3.03	1.25	
(208)	-	-	247	0.05	(0.14)	167	0.04	(0.15)	
888	(25)	-	502,316	3.00	0.97	500,149	2.74	0.94	

# Report of the Board of Directors and Management

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## Analysis of CPI and exchange rate exposures

Below is analysis of the sensitivity of Bank Group capital to changes in major exchange rates and in the CPI (before tax effect) as of March 31, 2025, capital increase (erosion) (in millions of NIS):

	Scenarios				Historical stress scenario <sup>(1)</sup>	
	10% increase	5% increase	5% decrease	10% decrease	Maximum increase	Maximum decrease
CPI <sup>(2)</sup>	2,228	1,114	(1,114)	(2,228)	252	(155)
USD	3	3	(6)	(9)	3	(5)
GBP	-	-	-	-	-	-
JPY	(1)	(1)	1	1	(1)	1
EUR	5	2	(1)	(2)	1	(1)
SFR	-	-	-	-	-	-

(1) Stress scenarios were calculated based on daily changes in the exchange rate and monthly changes in the CPI, in the last 10 years.

(2) Capital sensitivity to a 3% increase / decrease in the CPI is NIS 668 million and NIS (668) million, respectively.

## Share price risk

For more information about share price risk, see the 2025 Risks Report available on the Bank website.

For information about equity investments, see Note 5 to these financial statements and Notes 12 and 15.A to the 2025 financial statements.

## Liquidity and financing risk

### Risk description and development thereof

Liquidity risk – risk due to uncertainty about resource availability and the capacity to realize assets in a specified time at a reasonable price.

Financing risk - is a risk resulting from shortage of financing sources or financing sources' raising costs, which are too high.

Liquidity risk is managed subject to the limitations of the Board of Directors and Management in an effort to minimize the losses deriving from an investment of surplus liquidity in assets that are highly liquid, but have a low yield.

In the first quarter of 2026, there were no recorded deviations from the Board of Directors' restrictions.

Liquidity risk remained low-medium.

In March 2026, due to Operation Lion's Roar the level of alert in place at the end of 2025 was maintained, while tightening the close monitoring of the markets and the various indicators.

The Bank closely monitors the potential changes in the situation. In practice, no events nor indications were observed which would indicate realization of a liquidity event.

Throughout the first quarter of 2026 the concentration risk for financing sources remained low.

During the first quarter of 2026, there was no material change in the "comprehensive index" (which averages all indicators related to concentration of financing sources), and its level remained medium.

As of March 31, 2026, the balance of the three largest depositor groups at the Bank Group amounted to NIS 30.5 billion (as of December 31, 2025 and March 31, 2025 the balance amounted to NIS 37.8 billion and NIS 30.5 billion, respectively).

For more information about sources of finance and development of the balance of deposits from the public, see chapter "Analysis of developments in assets, liabilities, equity and capital adequacy" below.

For details regarding the Bank's credit rating, see chapter "Corporate governance, audit, other information about the Bank and its management" in these financial statements.

For more information about financing risk, see also the 2025 Risks Report available on the Bank website.

## Liquid and pledged assets

As of March 31, 2026, the Bank's liquid assets balance (consolidated) is approx. NIS 101.2 billion, in addition to liquid bonds, which are not recognized for the purpose of calculating the liquid assets. The net total contractual cash outflow (excluding cash inflows from liquid assets) under the cash-flow note (excluding behavioral assumptions) stood at approx. NIS 135.3 billion in a one-day range and approx. NIS 187.3 billion in a one-month range. The Bank holds a sufficient amount in high-quality liquid assets <sup>(1)</sup> to meet its short-term cash needs, including after applying the internal restrictions under the stress scenarios and after the application of the Bank's most conservative internal scenario. The Bank may receive loans from the Bank of Israel<sup>(2)</sup> and the Fed against a pledge on these liquid assets.

As of March 31, 2026, the balance of liquid assets decreased by NIS 8.2 billion due to excess loans origination over raising of sources (deposits from the public and bonds).

For a breakdown of the liquid assets, including a reference to pledged assets, see the Liquidity chapter in the Risks Report.

In accordance with Proper Conduct of Banking Business Directive No. 222 - Net stable funding ratio - as of March 31, 2026 the Bank has in place stable financing sources (on a consolidated basis) (mainly capital, deposits of retail customers and long-term wholesale financing) amounting a weighted total of NIS 346.3 billion.

## Liquidity coverage ratio

The ratio between liquid assets and net projected cash outflow. Net projected cash outflow is defined as the difference between payments and proceeds over a 30-day period. In accordance with Proper Conduct of Banking Business Directive No. 221 "Liquidity coverage ratio", the minimum regulatory requirement is 100%. This Directive stipulates minimum liquidity ratios for a one-month term (regulatory LCR), calculated based on uniform multipliers for the banking system, specified by the Bank of Israel based on Basel III directives. As part of its risks management policy, the Bank's Board of Directors specified that additional safety cushions are to be maintained, beyond the regulatory minimum ratio; so that the target liquidity coverage ratio for the Bank and the Group would be 5% higher than the minimum required. This ratio is managed and reported for all currencies in aggregate and for NIS separately, both at Bank level and on Group basis. The ratio for the Bank solo and the consolidated ratio are calculated daily and reported as the average of daily observations over 90 days prior to the report date. This regulation is in addition to liquidity risk management using internal models, as stipulated by Directive 342, as described above. The average liquidity coverage ratio for the first quarter of 2026 was 147%. The average ratio in the first quarter of 2026 increased compared to the average coverage ratio in the fourth quarter of 2025, as a result of an increase in the average balances of liquid assets due to excess of sources raised over loans origination.

As of March 31, 2026, the consolidated liquidity coverage ratio was 128%.

As of March 31, 2026, the components of the liquidity coverage ratio are as follows: Total liquid assets - NIS 101.2 billion; total cash outflows (after weighting) - NIS 151 billion; total cash inflows (after weighting) - NIS 72 billion; total net cash outflows (after weighting) - NIS 79 billion.

As of March 31, 2026, total pledged assets amount to approx. NIS 4.7 billion. These assets not recognized for the purpose of calculating HQLA.

For more information about the liquidity coverage ratio, see the Risks Report available on the Bank website.

### Net stable funding ratio

The ratio between the available amount of stable funding – existing sources which are highly likely to be available to the banking corporation within 1 year or longer and the required amount of stable funding – existing uses which the banking corporation is likely to be required to fund within 1 year or longer. Proper Conduct of Banking Business Directive No. 222 "Net stable funding ratio" stipulated a minimum net stable funding ratio of 100% ("Regulatory NSFR") between available stable funding and required stable funding. As part of its risks management policy, the Bank's Board of Directors specified that additional safety cushions are to be maintained, beyond the regulatory minimum ratio; so that the net stable financing ratio for the Group would be 5% higher than the minimum required. This ratio is managed and reported in total for all currencies, on a consolidated basis.

As of March 31, 2026, net stable funding ratio (on a consolidated basis) was 111%, compared to 112% as of the end of 2025 and 113% as of March 31, 2025.

No deviations from the risk appetite limitations were recorded.

For more information regarding the stable funding ratio, see the Risks Report available on the Bank website.

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(1) The definition of the liquid assets used by the Bank for management purposes is consistent with the definition set in Proper Conduct of Banking Business Directive No. 221 "Liquidity coverage ratio".

(2) The Bank may receive loans from the Bank of Israel against a pledge on monetary deposits, NIS- and foreign currency-denominated bonds (after application of hair-cut factors) and foreign-currency deposits.

# Report of the Board of Directors and Management

As of March 31, 2026

For more information about the Bank's cash flows by maturity, see Note 15 to the financial statements.

The Bank consistently acts, as part of its strategy on resource and use management, to raise long-term sources.

The Bank's NIS-denominated on-balance-sheet sources for terms longer than 1 month, as a percentage of total NIS-denominated sources as of March 31, 2026, was 59% (as of December 31, 2025 - 58%), of which the rate of on-balance-sheet sources for terms longer than 1 year is 12% (as of December 31, 2025 - 14%).

Most of the Bank's on-balance-sheet sources in foreign currency as of March 31, 2026 are for terms of up to 1 year, constituting 91% of total foreign currency-denominated sources (as of December 31, 2025 - 98%), of which 36% are sources for terms longer than 3 months (as of December 31, 2025 - 36%).

The NIS-denominated sources have longer terms than foreign currency-denominated sources, in line with the longer-term use of NIS-denominated funds, primarily for mortgages denominated in NIS.

The Bank also enters into futures of significant volume to divert excess liquidity between NIS and foreign currency in conformity with the terms, as part of dynamic management of sources and uses.

For more information about raising sources and development of the balance of deposits from the public, see chapter "Analysis of developments in assets, liabilities, equity and capital adequacy" below.

For more information regarding the liquidity risk, see the 2025 Report of the Board of Directors and Risks Report available on the Bank website.

## Other risks

For further details on other risks including compliance and regulation risks, cross-border risks, money laundering risks, terror financing risks, reputational risks, strategic business risks and regulatory business risks, see the Report of the Board of Directors and the Risks Report for 2025.

## Policies and critical accounting estimates, controls and procedures

### Policies and critical accounting estimates

The Financial Statements of the Bank have been prepared in accordance with the Public Reporting Directives of the Supervisor of Banks. These directives largely adopt the accounting principles generally accepted in the United States (US GAAP). These condensed financial statements should be read in conjunction with the audited financial statements as of December 31, 2025.

The significant accounting policies are detailed in Note 1 to the 2025 financial statements.

The application of generally accepted accounting principles by management at the time that the financial statements are prepared occasionally involves various assumptions, assessments and estimates that affect the amounts and business results reported in the financial statements. Some of the assumptions, assessments and estimates are critical to the financial position or the results of operations reflected in the Group's financial statements, because of the materiality of the matter, complexity of calculations or the extent of the probability that matters shrouded in uncertainty will be realized. Management estimates and key assumptions used in applying accounting policy to these financial statements are consistent with those used to prepare the financial statements as of December 31, 2025. For more information about accounting policies on critical matters, see chapter "Policies and critical accounting estimates" of the 2025 Report of the Board of Directors and Management.

### Provision for credit losses

The Bank has put in place procedures for classification of credit and for measurement of provision for credit losses, in order to maintain an appropriate provision to cover expected credit losses with regard to the Bank's loan portfolio. Further, the Bank has put in place procedures to be followed for an appropriate provision to cover expected credit losses with regard to bonds held to maturity and the portfolio of bonds available for sale and certain off-balance sheet credit exposures. The estimated provision for expected credit losses is calculated over the contractual term of the financial asset, taking into account estimated early repayment.

Sensitivity of provisions for credit losses to changes in economic conditions is due to a significant number of connections and mutual effects: Effect on certain customers who cannot meet their obligations, and consequently subject to a specific provision; effect on certain customers who are facing difficulties that require classification as inferior or under special supervision, and consequently the group-based provision with respect thereto has increased; effect on the additional qualitative component of the group-based provision, through parameters of growth and unemployment that are part of the model; additional effect on the additional qualitative component, through other parameters affected by unemployment and growth, such as the number of Watchlists and average rating of customers and other effects not included in the models, if any, based on exercise of discretion.

Expenses with respect to credit losses in the first quarter of 2026 amounted to NIS 31 million, compared to NIS 103 million in the corresponding period last year. The components of the collective provision for credit losses calculated on a qualitative basis are subject to adjustments from time to time, in order to reflect the changes in the credit risk in the market due to the ongoing fighting (at various levels of intensity) and the associated uncertainty, both with respect to customers living in the conflict zones, who may face difficulties, and with respect to macro-economic and other developments which may affect everyone in Israel.

This also reflects the risk potential due to customers, the repayment of whose loans was postponed for a limited period, and in respect of customers, the repayment of whose loans was resumed after such postponement. This was done despite the fact that when the adjustments were made no material indicators of increase in this risk have been identified. Upon conclusion of the war and the reduction in uncertainty levels, these components of the collective provision are expected to decrease, other than the recognized amounts, as required, with respect to specific customers who faced difficulties due to the war.

The risk assessment for debts with deferred payments takes into account the customer's history at the Bank, including failures to pay and arrears in the past, as expressed in the risk rating given prior to the deferral. As a rule, deferral of payments is not granted customers in arrears of over 180 days, or to a customer who upon the deferral date has indications of difficulties in long-term repayment capabilities. In cases featuring indications of an ongoing difficulty in a customer's repayment ability, which is not a temporary difficulty that is expected to end with the end of the war, or in cases in which the customer needs a redemption arrangement that includes a waiver on the move to deferring payments, the Bank's policy is to classify the customer during the deferral period. This, while taking into account the support the customer receives within the framework of various state programs. Note that the risk potential attributed to the loans population in deferring the payments, including regarding uncertainty regarding the customer's current repayment ability, is expressed both in the customer's internal rating, and in the qualitative component of the collective provision to credit losses.

## Report of the Board of Directors and Management

As of March 31, 2026

In order to establish the provision with respect to impact of the war and other effects, the Bank conducted independent sensitivity analysis of potential effects of deterioration in macro-economic parameters on default rates. The group-based provision recognized by the Bank with respect to uncertainty is similar to total loss under the stress scenario of short-term decline by 2% in the GDP, a further 0.4% increase in Bank of Israel interest rate, a 0.3% increase and in mortgage interest, and a rise in unemployment to 4.5%.

This information constitutes forward-looking information, as defined in the Securities Law, 1968, based on assumptions, facts and data (hereinafter jointly: "assumptions") brought before the Bank's Board of Directors. These assumptions may not materialize due to factors which are not solely controlled by the Bank.

See Notes 6 and 13 to the financial statements for further information.

# Report of the Board of Directors and Management

As of March 31, 2026

## Controls and Procedures

In accordance with the Public Reporting Directives of the Supervisor of Banks, based on requirements stipulated in Sections 302 and 404 of the American Sarbanes Oxley Law, the Bank President & CEO and the Chief Accountant of the Bank have each separately signed a Certification attached to the financial statements on "Disclosure Controls and Procedures (hereinafter: "Disclosure Certification").

The Disclosure Certification relates to the controls and procedures that were designed to assure that the information that the Bank requires for disclosure in accordance with the Public Reporting Regulations of the Supervisor of Banks, is accumulated, processed and sent to the Bank's Executive Management in a manner that enables decisions to be reached at an appropriate time, with respect to disclosure requirements. The certification also refers to setting of internal controls over financial reporting intended to provide a reasonable degree of certainty with regard to the reliability of financial reporting and to the fact that the financial statements for external use are prepared in accordance with the directives and guidelines of the Supervisor of Banks.

### Evaluation of controls and procedures with regard to disclosure

Bank management, together with the Bank President & CEO and the Chief Accountant of the Bank, evaluated the effectiveness of the Bank's disclosure controls and procedures as of March 31, 2026. Based on this evaluation, the Bank President & CEO and the Chief Accountant of the Bank concluded that at the end of the period ended March 31, 2026, the disclosure controls and procedures are effective for recording, processing, summarizing and reporting the information that the Bank is required to disclose in the quarterly report in accordance with the Supervisor of Banks' directives, on the date stipulated in these directives.

### Changes to internal controls

During the quarter which ended March 31, 2026, there were no changes to the Bank's internal controls over financial reporting, which materially affected, or are reasonably likely to materially affect internal controls over the Bank's financial reporting.

**Avraham Zeldman**

**Moshe Lari**

Chairman of the Board of Directors    President & CEO

Approval date:

May 18, 2026

## Certification by the President & CEO – Disclosure and internal controls

As of March 31, 2026

### Certification

I, MOSHE LARI, certify that:

1. I have reviewed the quarterly report of Bank Mizrahi Tefahot Ltd. (hereinafter: "the Bank") for the quarter ended March 31, 2026 (hereinafter: "the Report").
2. Based on my knowledge, this Report does not contain any untrue statement of a material fact nor omit to state any material fact necessary so that the statements included therein, in light of the circumstances under which such statements were made, would not be misleading with respect to the period covered by the Report.
3. Based on my knowledge, the quarterly financial statements and other financial information included in the Report fairly present, in all material respects, the financial condition, results of operations, and changes in shareholders' equity and cash flows of the Bank as of the dates and for the periods presented in this Report.
4. I and others at the Bank who provide this certification, are responsible for determining and maintaining controls and procedures with regard to disclosure<sup>(1)</sup> and to the Bank's internal controls over financial reporting<sup>(1)</sup>. As well as:
  - a. We have determined such controls and procedures, or caused these controls and procedures to be determined under our supervision, for the purpose of ensuring that material information relating to the Bank, including its subsidiaries, is made known to us by others in the Bank and in those entities, particularly during the period in which the Report is being prepared;
  - b. We have set such internal controls over financial reporting, or had it set under our supervision, intended to provide a reasonable degree of certainty with regard to the reliability of financial reporting and to the fact that the financial statements for external use are prepared in accordance with the directives and guidelines of the Supervisor of Banks. As stated in Note 1 to the annual financial statements, the directives of the Supervisor of Banks largely adopt the accounting principles generally accepted in the United States (US GAAP);
  - c. We have evaluated the effectiveness of the Bank's disclosure controls and procedures and have presented in this report our conclusions about the effectiveness of the disclosure controls and procedures in this Report, as of the end of the period covered by this Report based on our evaluation; and
  - d. We have disclosed in this Report any change in the Bank's internal controls over financial reporting that occurred during this quarter, that has materially affected, or is reasonably likely to materially affect, the Bank's internal controls over financial reporting; and
5. I and others in the Bank who are declaring this certification, have disclosed, based on our most recent evaluation of the internal controls over financial reporting, to the Bank's independent auditors, the Board of Directors, the Audit Committee and the Balance Sheet Committee of the Board of Directors of the Bank:
  - a. All significant deficiencies and material weaknesses in the determination or operation of internal controls over financial reporting which are reasonably likely to impair the Bank's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Bank's internal controls over financial reporting.

The aforesaid does not derogate from my responsibility or the responsibility of any other person according to the law.

**Moshe Lari**

President & CEO

May 18, 2026

(1) As defined in Public Reporting Directives with regard to "Report of the Board of Directors and Management".

## Certification by the Chief Accountant – Disclosure and internal controls

As of March 31, 2026

### Certification

I, MENAHEM AVIV, certify that:

1. I have reviewed the quarterly report of Bank Mizrahi Tefahot Ltd. (hereinafter: "the Bank") for the quarter ended March 31, 2026 (hereinafter: "the Report").
2. Based on my knowledge, this Report does not contain any untrue statement of a material fact nor omit to state any material fact necessary so that the statements included therein, in light of the circumstances under which such statements were made, would not be misleading with respect to the period covered by the Report.
3. Based on my knowledge, the quarterly financial statements and other financial information included in the Report fairly present, in all material respects, the financial condition, results of operations, and changes in shareholders' equity and cash flows of the Bank as of the dates and for the periods presented in this Report.
4. I and others at the Bank who provide this certification, are responsible for determining and maintaining controls and procedures with regard to disclosure<sup>(1)</sup> and to the Bank's internal controls over financial reporting<sup>(1)</sup>. As well as:
  - a. We have determined such controls and procedures, or caused these controls and procedures to be determined under our supervision, for the purpose of ensuring that material information relating to the Bank, including its subsidiaries, is made known to us by others in the Bank and in those entities, particularly during the period in which the Report is being prepared;
  - b. We have set such internal controls over financial reporting, or had it set under our supervision, intended to provide a reasonable degree of certainty with regard to the reliability of financial reporting and to the fact that the financial statements for external use are prepared in accordance with the directives and guidelines of the Supervisor of Banks. As stated in Note 1 to the annual financial statements, the directives of the Supervisor of Banks largely adopt the accounting principles generally accepted in the United States (US GAAP);
  - c. We have evaluated the effectiveness of the Bank's disclosure controls and procedures and have presented in this report our conclusions about the effectiveness of the disclosure controls and procedures in this Report, as of the end of the period covered by this Report based on our evaluation; and
  - d. We have disclosed in this Report any change in the Bank's internal controls over financial reporting that occurred during this quarter, that has materially affected, or is reasonably likely to materially affect, the Bank's internal controls over financial reporting; and
5. I and others in the Bank who are declaring this certification, have disclosed, based on our most recent evaluation of the internal controls over financial reporting, to the Bank's independent auditors, the Board of Directors and the Audit and Balance Sheet Committees of the Board of Directors of the Bank:
  - a. All significant deficiencies and material weaknesses in the determination or operation of internal controls over financial reporting which are reasonably likely to impair the Bank's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Bank's internal controls over financial reporting.

The aforesaid does not derogate from my responsibility or the responsibility of any other person according to the law.

**Menahem Aviv**

Vice-president  
Chief Accountant

May 18, 2026

(1) As defined in Public Reporting Directives with regard to "Report of the Board of Directors and Management".



## Auditor's review report to shareholders of Bank Mizrahi-Tefahot Ltd

### Introduction

We have reviewed the enclosed financial information of Bank Mizrahi Tefahot Ltd. and subsidiaries thereof (hereinafter - "the Bank"), consisting of the condensed consolidated interim balance sheet as of March 31, 2026 and the condensed consolidated interim statements of profit and loss, comprehensive income, changes to shareholder equity and cash flows for the three-month period then ended. The Board of Directors and Management are responsible for the preparation and fair disclosure of financial information for this interim period in accordance with directives and guidelines set by the Supervisor of Banks. We are responsible for expressing our conclusion with regard to financial information for this interim period, based on our review.

We did not review the condensed interim financial information of certain consolidated subsidiaries, whose assets included in consolidation constitute 3.66% of total consolidated assets as of March 31, 2026, and whose net interest revenues before expenses with respect to credit losses included in the consolidated statements of profit and loss constitute 5.06% of total consolidated net interest revenues before expenses with respect to credit losses for the three-month period then ended. The condensed financial information for the interim period of these companies was reviewed by other auditors, whose review reports were furnished to us, and our opinion, insofar as it relates to amounts included with respect to these companies, is based on the review reports of the other auditors.

### Review scope

We have conducted our review in accordance with Review Standard (Israel) no. 2410 of the Institute of Certified Public Accountants in Israel "Review of Financial Information for Interim Periods Conducted by the Entity's Independent Auditor" and with the review standard whose application to review of banking corporations is stipulated in accordance with directives and guidance of the Supervisor of Banks. A review of financial information for interim periods consists of discussions, mostly with persons responsible for financial and accounting issues, and of application of analytical and other review procedures. A review is significantly limited in scope as compared to an audit conducted in accordance with generally accepted audit standards in Israel, and therefore it does not enable us to achieve assurance that we have knowledge of all material matters which might have been identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, and on the review reports of other auditors, nothing has come to our attention that would cause us to assume that the aforementioned financial information has not been prepared, in all material aspects, in accordance with the directives and guidelines set by the Supervisor of Banks (hereinafter: the "Directives").

As stated in Note 1 to the Financial Information, the Directives primarily adopt the generally accepted accounting principles in the United States (US GAAP).

## Brightman Almagor Zohar & Co.

### Certified Public Accountants

A Firm in the Deloitte Global Network

Tel aviv, May 18 2026

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# Bank Mizrahi Tefahot

Condensed financial statements as of March 31, 2026



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## Condensed Financial Statements

As of March 31, 2026

### Condensed consolidated statements of profit and loss

Reported amounts (NIS in millions)

	Note	For the three months ended March 31		For the year ended December 31
		2026	2025	2025
		(Unaudited)		(Audited)
Interest revenues	2	6,260	6,196	26,703
Interest expenses	2	3,567	3,397	14,976
Interest revenues, net		2,693	2,799	11,727
Expenses with respect to credit losses	6.13	31	103	228
<b>Interest revenues, net after expenses with respect to credit losses</b>		<b>2,662</b>	<b>2,696</b>	<b>11,499</b>
<b>Non-interest revenues</b>				
Non-interest financing revenues	3	186	142	387
Commissions		587	533	2,251
Other revenues		17	72	223
<b>Total non-interest revenues</b>		<b>790</b>	<b>747</b>	<b>2,861</b>
<b>Operating and other expenses</b>				
Payroll and associated expenses		843	877	3,348
Maintenance and depreciation of buildings and equipment		274	260	1,081
Other expenses		211	202	810
<b>Total operating and other expenses</b>		<b>1,328</b>	<b>1,339</b>	<b>5,239</b>
Pre-tax profit		2,124	2,104	9,121
Provision for taxes on profit		840	764	3,280
<b>After-tax profit</b>		<b>1,284</b>	<b>1,340</b>	<b>5,841</b>
Share in profit (loss) of associated companies, after tax		8	5	17
<b>Net profit:</b>				
Before attribution to non-controlling interests		1,292	1,345	5,858
Attributable to non-controlling interests		(54)	(55)	(228)
<b>Attributable to shareholders of the Bank</b>		<b>1,238</b>	<b>1,290</b>	<b>5,630</b>

The accompanying notes are an integral part of the financial statements.

**Avraham Zeldman**  
Chairman of the Board of  
Directors

**Moshe Lari**  
President & CEO

**Menahem Aviv**  
Vice-president Chief Accountant

Approval date:  
Lod, May 18, 2026

## Condensed Financial Statements

As of March 31, 2026

### Condensed consolidated statements of profit and loss – Continued

Reported amounts (NIS in millions)

	For the three months ended March 31		For the year ended December 31
	2026	2025	2025
	(Unaudited)		(Audited)
<b>Earnings per share<sup>(1)</sup> (in NIS)</b>			
<b>Basic earnings</b>			
Net profit attributable to shareholders of the Bank	4.76	4.98	21.69
Weighted average number of ordinary shares used to calculate basic earnings (thousands of shares)	259,965	259,071	259,576
<b>Diluted earnings</b>			
Net profit attributable to shareholders of the Bank	4.72	4.94	21.58
Weighted average number of ordinary shares used to calculate diluted earnings (thousands of shares)	262,323	261,210	260,914

(1) Share of NIS 0.1 par value.

## Condensed Financial Statements

As of March 31, 2026

### Condensed consolidated statements of comprehensive income

Reported amounts (NIS in millions)

	For the three months ended March 31		For the year ended December 31	
	2026	2025	2025	
	Note	(Unaudited)	(Audited)	
<b>Net profit:</b>				
Before attribution to non-controlling interests		1,292	1,345	5,858
Attributable to non-controlling interests		(54)	(55)	(228)
<b>Net profit attributable to shareholders of the Bank</b>		<b>1,238</b>	<b>1,290</b>	<b>5,630</b>
<b>Other comprehensive income (loss) before taxes</b>				
	4			
Adjustments for presentation of available-for-sale bonds at fair value, net		(192)	(12)	413
Net gains from cash flow hedges		-	-	(9)
Adjustments of liabilities with respect to employee benefits <sup>(1)</sup>		90	63	59
<b>Total other comprehensive income (loss), before tax</b>		<b>(102)</b>	<b>51</b>	<b>463</b>
Related tax effect		33	(16)	(155)
<b>Other comprehensive income (loss) after taxes<sup>(2)</sup></b>				
Other comprehensive income (loss), before attribution to non-controlling interests		(69)	35	308
Less other comprehensive income (loss) attributed to non-controlling interests		(13)	3	18
<b>Other comprehensive income (loss) attributed to shareholders of the Bank, after taxes</b>		<b>(56)</b>	<b>32</b>	<b>290</b>
<b>Comprehensive income:</b>				
Before attribution to non-controlling interests		1,223	1,380	6,166
Attributable to non-controlling interests		(41)	(58)	(246)
<b>Comprehensive income attributable to shareholders of the Bank</b>		<b>1,182</b>	<b>1,322</b>	<b>5,920</b>

(1) Primarily consists of the effect of changes in interest rates on the actuarial liability, as well as deduction of the capital reserve.

(2) For more information see Note 4 to the financial statements – cumulative other comprehensive income (loss).

The accompanying notes are an integral part of the financial statements.

## Condensed Financial Statements

As of March 31, 2026

### Condensed consolidated balance sheets

Reported amounts (NIS in millions)

		As of March 31	As of December 31
		2026	2025
	Note	(Unaudited)	(Audited)
<b>Assets</b>			
Cash and deposits with banks		74,960	87,194
Securities <sup>(1)(2)</sup>	5	45,600	29,412
Securities borrowed or purchased in resale agreements		7	77
Loans to the public	6,13	417,295	368,463
Provision for credit losses	6,13	(3,721)	(4,079)
Loans to the public, net	6,13	413,574	364,384
Loans to Governments		335	314
Investments in associated companies		523	269
Buildings and equipment		2,220	1,879
Intangible assets and goodwill		87	110
Assets with respect to derivatives	11	6,414	5,723
Other assets		10,645	8,667
<b>Total assets</b>		<b>554,365</b>	<b>498,029</b>
<b>Liabilities and Equity</b>			
Deposits from the public	7	450,663	399,275
Deposits from banks		1,988	1,902
Deposits from the Government		93	26
Bonds and subordinated notes		42,731	41,890
Liabilities with respect to derivatives	11	6,115	4,975
Other liabilities <sup>(3)</sup>		15,865	16,392
<b>Total liabilities</b>		<b>517,455</b>	<b>464,460</b>
Shareholders' equity attributable to shareholders of the Bank		35,246	32,094
Non-controlling interests		1,664	1,475
<b>Total equity</b>		<b>36,910</b>	<b>33,569</b>
<b>Total liabilities and equity</b>		<b>554,365</b>	<b>498,029</b>

(1) Of which: NIS 41,345 million at fair value on consolidated basis (on March 31, 2025: NIS 25,194 million; on December 31, 2025: NIS 43,552 million).

(2) For more information with regard to securities pledged or provided as collateral to lenders, see Note 5 to the financial statements.

(3) Of which: Provision for credit losses with respect to off balance sheet credit instruments amounting to NIS 257 million (on March 31, 2025: NIS 251 million, on December 31, 2025: NIS 247 million).

The accompanying notes are an integral part of the financial statements.

## Condensed Financial Statements

As of March 31, 2026

### Condensed Statements of Changes in Shareholders' Equity

Reported amounts (NIS in millions)

	Share capital and premium <sup>(1)</sup>	Capital reserve from benefit from share-based payment transactions	Total paid-up share capital and reserves	Cumulative other comprehensive income (loss) <sup>(2)</sup>	Retained earnings <sup>(3)</sup>	Total shareholders' equity	Non-controlling interests	Total equity
<b>For the three months ended March 31, 2026 (Unaudited)</b>								
Balance as of December 31, 2025	3,655	129	3,784	75	30,906	34,765	1,663	36,428
Net profit for the period	-	-	-	-	1,238	1,238	54	1,292
Dividends paid <sup>(4)</sup>	-	-	-	-	(702)	(702)	-	(702)
Benefit from share-based payment transactions <sup>(5)</sup>	-	1	1	-	-	1	-	1
Realization of share-based payment transactions	1	(1)	-	-	-	-	-	-
Dividends attributable to non-controlling interests in subsidiary	-	-	-	-	-	-	(40)	(40)
Other comprehensive income (loss), net, after tax	-	-	-	(56)	-	(56)	(13)	(69)
<b>Balance as of March 31, 2026</b>	<b>3,656</b>	<b>129</b>	<b>3,785</b>	<b>19</b>	<b>31,442</b>	<b>35,246</b>	<b>1,664</b>	<b>36,910</b>
<b>For the three months ended March 31, 2025 (Unaudited)</b>								
Balance as of December 31, 2024	3,571	154	3,725	(215)	27,782	31,292	1,437	32,729
Net profit for the period	-	-	-	-	1,290	1,290	55	1,345
Dividends paid <sup>(4)</sup>	-	-	-	-	(522)	(522)	-	(522)
Benefit from share-based payment transactions <sup>(5)</sup>	-	2	2	-	-	2	-	2
Realization of share-based payment transactions	30	(30)	-	-	-	-	-	-
Dividends attributable to non-controlling interests in subsidiary	-	-	-	-	-	-	(20)	(20)
Other comprehensive income (loss), net, after tax	-	-	-	32	-	32	3	35
<b>Balance as of March 31, 2025</b>	<b>3,601</b>	<b>126</b>	<b>3,727</b>	<b>(183)</b>	<b>28,550</b>	<b>32,094</b>	<b>1,475</b>	<b>33,569</b>
<b>For the year ended December 31, 2025 (audited)</b>								
Balance as of December 31, 2024	3,571	154	3,725	(215)	27,782	31,292	1,437	32,729
Net profit for the period	-	-	-	-	5,630	5,630	228	5,858
Dividends paid <sup>(4)</sup>	-	-	-	-	(2,506)	(2,506)	-	(2,506)
Benefit from share-based payment transactions <sup>(5)</sup>	-	59	59	-	-	59	-	59
Realization of share-based payment transactions	84	(84)	-	-	-	-	-	-
Dividends attributable to non-controlling interests in subsidiary	-	-	-	-	-	-	(20)	(20)
Other comprehensive income (loss), net, after tax	-	-	-	290	-	290	18	308
<b>Balance as of December 31, 2025</b>	<b>3,655</b>	<b>129</b>	<b>3,784</b>	<b>75</b>	<b>30,906</b>	<b>34,765</b>	<b>1,663</b>	<b>36,428</b>

(1) Share premium generated prior to March 31, 1986.

(2) For more information see Note 4 – Cumulative other comprehensive income.

(3) For information about various restrictions on dividend distribution, see Note 24 to the 2025 financial statements.

(4) For more information regarding dividends paid, see Note 24 to the 2025 Financial Statements.

(5) For more information regarding share issuance, see Note 23 to the 2025 financial statements.

- On May 18, 2026, the Bank's Board of Directors decided to distribute a dividend totaling NIS 619.0 million, which constitute 50% of the profit of the first quarter of 2026 in accordance with the Bank's dividend policy. In accordance with accounting principles, this amount will be deducted from the retained earnings balance in the second quarter of 2026.

The accompanying notes are an integral part of the financial statements.

## Condensed Financial Statements

As of March 31, 2026

### Condensed statements of cash flows

Reported amounts (NIS in millions)

	For the three months ended March 31		For the year ended December 31
	2026	2025	2025
	(Unaudited)		(Audited)
<b>Cash Flows from Current Activity</b>			
Net profit before attribution to non-controlling interests	1,292	1,345	5,858
<b>Adjustments</b>			
Share of banking corporation in undistributed earnings of associated companies	(8)	(5)	(17)
Depreciation of buildings and equipment (including impairment)	72	70	289
Expenses with respect to credit losses	31	103	228
Loss (gain) from sale of securities available for sale and shares not held for trading	(42)	(5)	(63)
Realized and unrealized loss (gain) from adjustment to fair value of securities held for trading	(2)	(2)	(6)
Realized and unrealized loss (gain) from adjustments to fair value of shares not held for trading	3	4	(126)
Impairment (increase in value) of securities held for sale and shares not held for trading	10	(28)	(27)
Expenses arising from share-based payment transactions	1	2	59
Deferred taxes, net	64	21	237
Change in employees' provisions and liabilities	6	(2)	38
Adjustments with respect to exchange rate differentials	44	(158)	1,021
Gain from sale of loan portfolios	-	-	(16)
Accrual differences included with investment and financing operations	187	<sup>(1)</sup> (1,141)	<sup>(1)</sup> 7,889
<b>Net change in current assets</b>			
Assets with respect to derivatives	(121)	(197)	(776)
Securities held for trading	1,728	1,186	(96)
Other assets, net	(377)	(504)	(2,356)
<b>Net change in current liabilities</b>			
Liabilities with respect to derivatives	(913)	(148)	1,905
Other liabilities	(1,078)	1,606	2,088
<b>Net cash provided by current operations</b>	<b>897</b>	<b>2,147</b>	<b>16,129</b>

<sup>(1)</sup> Reclassified.

The accompanying notes are an integral part of the financial statements.

## Condensed Financial Statements

As of March 31, 2026

### Condensed statements of cash flows – Continued

Reported amounts (NIS in millions)

	For the three months ended March 31		For the year ended December 31
	2026	2025	2025
	(Unaudited)		(Audited)
<b>Cash flows from investment activities</b>			
Net change in deposits with banks	(8)	(410)	(298)
Net change in loans to the public	(10,281)	<sup>(1)</sup> (6,158)	<sup>(1)</sup> (37,474)
Net change in loans to Governments	12	4	(29)
Net change in securities loaned or acquired in resale agreements	586	187	(329)
Acquisition of bonds held to maturity	(486)	(5)	(618)
Proceeds from redemption of bonds held to maturity	573	2	1,060
Purchase of securities available for sale and shares not held for trading	(11,444)	(3,943)	(58,477)
Proceeds from sale of securities available for sale and shares not held for trading	9,259	2,288	19,386
Proceeds from redemption of securities available for sale	4,346	2,276	22,679
Proceeds from sale of loan portfolios	-	-	136
Purchase of loan portfolios – public	(1,160)	(329)	(1,797)
Acquisition of buildings and equipment	(133)	(97)	(596)
Purchase of shares in associated companies	(53)	(2)	(207)
Proceeds from realized investment in associated companies	19	1	6
<b>Net cash provided by investment activities</b>	<b>(8,770)</b>	<b>(6,186)</b>	<b>(56,558)</b>
<b>Cash flows provided by financing operations</b>			
Net change in deposits from the public	(1,295)	4,294	41,331
Net change in deposits from banks	(70)	(697)	(541)
Net change in deposits from Government	(104)	(23)	148
Issuance of bonds and subordinated notes	4,531	5,176	9,344
Redemption of bonds and subordinated notes	(2,300)	(187)	(6,399)
Dividends paid to shareholders	(702)	(522)	(2,506)
Dividends paid to external shareholders in subsidiaries	(40)	(20)	(20)
<b>Net cash provided by financing operations</b>	<b>20</b>	<b>8,021</b>	<b>41,357</b>
Increase (decrease) in cash	(7,853)	3,982	928
Cash balance at beginning of the period	81,995	82,088	82,088
Effect of changes in exchange rate on cash balances	(44)	158	(1,021)
<b>Cash balance at end of the period</b>	<b>74,098</b>	<b>86,228</b>	<b>81,995</b>
<b>Interest and taxes paid / received</b>			
Interest received	4,675	<sup>(1)</sup> 4,388	19,956
Interest paid	2,950	3,105	12,717
Dividends received	17	7	77
Income taxes received	349	323	331
Income taxes paid	831	855	3,653
<b>Appendix A – Non-cash Transactions</b>			
Acquisition of buildings and equipment	-	-	-

<sup>(2)</sup> Reclassified.

The accompanying notes are an integral part of the financial statements.

### Note 1 – Reporting Principles and Accounting Policies

#### A. General

On May 18, 2026, the Bank's Board of Directors authorized publication of these condensed financial statements as of March 31, 2026.

The Concise Financial Statements have been prepared in accordance with the Public Reporting Directives of the Supervisor of Banks and his guidelines (hereinafter - the "Supervisor of Banks' Directives"). These directives largely adopt the accounting principles generally accepted in the United States (US GAAP). These condensed financial statements should be read in conjunction with the audited financial statements as of December 31, 2025.

In accordance with the Supervisor of Banks' Directives, the condensed financial statements are issued on a consolidated basis only.

The Group accounting policies in these condensed consolidated quarterly financial statements are consistent with the policies applied in the annual financial statements, except as noted in section C. below.

#### B. Regulatory steps to address the increase in the credit risk in the construction and real estate industries and the housing market

On April 6, 2025, the Supervisor of Banks published a circular on revision of Proper Conduct of Banking Business Directive No. 203 regarding "Measurement and Capital Adequacy – Credit Risk—the Standardized Approach", and Directive No. 329 on "Limitations on Issuing Residential Mortgages". This circular was published in order to address the increase in the credit risk in the construction and real estate industries and the housing market due to agreements to finance residential projects where the proportion of sale contracts with a significant portion of the consideration payable to the developer is postponed to the delivery date exceeds 40% (hereinafter - "non-linear payment").

Set forth below is the Amendment to Proper Conduct of Banking Business Directive No. 203 "Measurement and Capital Adequacy":

Section 79 was revised such that the list of assets with risk weight of 150% includes (off and on-balance sheet) credit extended in respect of a new agreement to finance a residential project where the proportion of property sale contracts with non-linear payment exceeds 25% of the agreement's total property sale contracts. In respect of existing projects where the proportion of property sale contracts (in units) with non-linear payment exceeds 25% of total contracts - the credit shall be subject to risk weight of 150% only if the proportion of such contracts increases by more than 5 percentage points compared to the rate on the effective date. The above shall also apply to agreements to finance new projects, in respect of contracts signed before the construction financing started.

Set forth below is the Amendment to Proper Conduct of Banking Business Directive 329 concerning "Restrictions on provision of residential mortgages":

Section 8A was added, which limits the proportion of bullet and balloon loans, as defined in Section 1 to the Directive, which are subsidized by the developer, such that those loans will not exceed 10% of total residential mortgages extended in a calendar quarter as defined in Section 3 to Directive 451, net of general-purpose loans. With regard to this matter, transitional provisions were set whereby the abovementioned limit will not apply to bullet and balloon residential mortgages subsidized by the developer, to which the Bank has given an in-principle approval, as defined in Directive 451, prior to the Directive's effective date.

The effective date of the amendment to the directives is the circular's publication date, and it will be in effect through December 31, 2026.

As of March 31, 2026, the revision of the Directive has no material effect on the Bank's capital adequacy ratios, and it is not expected to have a material effect at a later stage.

#### C. Initial application of accounting standards, accounting standard updates and directives of the Supervisor of Banks

As from reporting periods starting on January 1, 2026, the Bank applies the following new accounting standards and directives:

1. **Update to Proper Conduct of Banking Business Directive 206 Capital Measurement and Adequacy – Operational Risk**

## Note 1 – Reporting Principles and Accounting Policies – continued

On June 19, 2024, the Bank Supervisor published a circular that updates the guidelines for calculating capital requirements for operating risk. The principal revisions to the directive are as follows: Recalculation of the components of the standardized approach such that it includes the business indicator component calculated by multiplying the total business indicator by the coefficients set in the directive and the internal loss multiplier, which will be based on an average of the Bank's historical losses, and new guidance regarding the Bank's historical loss data, the data collection method, the use of the data and the disclosure requirements in respect thereof. The directive entered into effect on January 1, 2026 however, through December 31, 2028, the internal loss multiplier will be set at 1.

The Bank applies the recalculation to the measurement of the operational risk. The implementation of the directive does not have a material effect on the Bank's capital ratio.

For further details, see Note 9 below.

### D. New accounting standards and new directives by the Supervisor of Banks prior to their implementation

Amendment	Publication requirements	Start date and transition provisions	Implications
Revisions to standards ASU 2024-03 regarding Disaggregation of Income Statement Expenses	In November 2024, the Financial Accounting Standards Board ("FASB") issued ASU 2024-03 regarding the disaggregation of selected income statement expenses in a separate note (hereinafter: "the Update"). The key requirements of the Update include, among other things: <ul style="list-style-type: none"> <li>To provide a disaggregated quantitative disclosure - in tabular format - of certain types of expenses, which are included in each relevant expense caption in the main reports, including employee compensation, depreciation of fixed asset items and amortization of intangible.</li> <li>Qualitative description of amounts that were not separately disaggregated quantitatively.</li> </ul>	As from December 15, 2026	No material impact is expected on the financial statements.
Revisions to standards ASU 2025-07 regarding the accounting treatment to be applied to Derivatives and Hedging (Topic 815) and Share-Based Noncash Consideration from a Customer (Topic 606)	In September 2025, the Financial Accounting Standards Board ("FASB") issued ASU 2025-07 regarding the accounting treatment to be applied to Derivatives and Hedging (Topic 815) and Share-Based Noncash Consideration from a Customer (Topic 606). Highlights of the Update are as follows: <ul style="list-style-type: none"> <li>Revision to the guidance on the accounting treatment applied to derivatives and hedging (Topic 815): The update defines when to account for contracts which are not traded on a stock exchange and their variables are based on the activity or operation of one of the parties to the contract as ordinary contracts and when to account for them as a derivative.</li> <li>Revision to the guidance regarding Share-Based Noncash Consideration from a Customer (Topic 606): The update provides guidance on how to account for share-based noncash consideration from a customer that is consideration for the transfer of goods or services.</li> </ul>	As from December 15, 2026	No material impact is expected on the financial statements.
Revisions to standards ASU 2025-08 Measurement of provision for credit losses in respect of purchased loans	In November 2025, the US Financial Accounting Standards Board (hereinafter - the "FASB") published ASU 2025-08 regarding the expansion of the use of the gross-up method under ASC 326 to certain purchased loans, including loans purchased under business combinations. The update expands the group of purchased loans, which will be subject to the gross-up method, to include loans other than purchased loans with credit deterioration. Among other things the Update: <ul style="list-style-type: none"> <li>Defines a new term "purchased seasoned loans) and prescribe that the gross-up method will apply to those loans upon initial recognition.</li> <li>Defines the accounting treatment to be applied to purchased seasoned loans in subsequent periods.</li> <li>Leaves unchanged the guidance applicable to purchased loans with credit deterioration (PCD).</li> </ul>	As from December 15, 2026	No material impact is expected on the financial statements.

## Notes to condensed financial statements

As of March 31, 2026

### Note 1 – Reporting Principles and Accounting Policies – continued

Amendment	Publication requirements	Start date and transition provisions	Implications
Revisions to standards ASU 2025-09 Application improvements Hedge accounting	<p>In November 2025, the Financial Accounting Standards Board (hereinafter - the "FASB") issued ASU 2025-09 (hereinafter - the "Update") regarding improvements in hedge accounting guidance.</p> <p>To qualify for hedge designation, the variable price component of the forecasted purchase or sale of a non-financial asset if the component is clearly and closely related to the purchased or sold asset.</p> <p>Highlights of the Update are as follows:</p> <ul style="list-style-type: none"> <li>• The pooling of hedge transactions with similar risk.</li> <li>• Defining a dedicated model for hedging cash flows to borrowers in respect of "choose-your-rate" debt instruments.</li> <li>• Eliminate the requirement to apply the net written option test to a compound derivative comprising a swap and a written option under certain circumstances.</li> <li>• Eliminate the mismatch between recognition and presentation when a debt instrument denominated in a foreign currency is designated both as a net investment hedge and as the hedged item in a fair value hedge of interest rate risk.</li> </ul>	As from December 15, 2026	No material impact is expected on the financial statements.
Revisions to standards ASU 2025-06 regarding the classification of costs to develop internal-use software	<p>In September 2025, the Financial Accounting Standards Board ("FASB") issued ASU 2025-06 regarding the accounting treatment applied under Subtopic 40 of ASC 350 - classification of costs to develop internal-use software.</p> <p>The update removes the distinction between "development stages" and replaces it with "probability of completion" criteria to determine whether the costs should be capitalized.</p> <p>The update stipulates that the costs should be capitalized to the asset upon fulfillment of the following criteria:</p> <ul style="list-style-type: none"> <li>• Management, with the relevant authority, implicitly or explicitly authorizes and commits to funding a computer software project.</li> <li>• It is probable that the project will be completed and the software will be used to perform the function intended (referred to as the "probable-to-complete recognition threshold"). The update specifies when "it is reasonable to assume that the project will not be completed", including examples.</li> <li>• The period set in the standard for amortization of those assets did not change.</li> </ul>	As from December 15, 2027	No material impact is expected on the financial statements.
Revisions to standards ASU 2025-11 regarding improvements to and clarification of directives regarding interim financial reporting	<p>On December 8, 2025, the Financial Accounting Standards Board published Accounting Standards Update ASU 2025-11 regarding improvements to and clarification of directives regarding interim financial reporting (Interim Reporting), Topic 270 of the Codification (hereinafter: "the Update"). The Update clarifies the applicability of the Interim Reporting directives, and clarifies the disclosure requirements applicable in interim periods; however, it does not make any material changes to the Interim Reporting requirements. Highlights of the Update are as follows:</p> <ul style="list-style-type: none"> <li>• Setting alternatives and requirements as to the format and content of the financial statements and the notes to the financial statements.</li> <li>• Adding a comprehensive and condensed list of the interim disclosure requirements, which are derived from other topics included in the codification.</li> <li>• Adopting a principle which requires entities to disclose events and changes that occur after the most recent annual reporting period and have a material effect on the entity.</li> </ul>	As from December 15, 2027	No material impact is expected on the financial statements.

## Notes to condensed financial statements

As of March 31, 2026

### Note 2 – Interest revenues and expenses

Reported amounts (NIS in millions)

	For the three months ended March 31		For the year ended December 31
	2026	2025	2025
	(Unaudited)		(Audited)
<b>a. Interest revenues<sup>(1)</sup></b>			
From loans to the public	5,272	5,174	22,550
From loans to Governments	3	4	13
from cash and deposits with central banks	677	784	2,884
From deposits with banks	15	10	64
Of securities borrowed or purchased in resale agreements	4	2	20
From bonds	289	222	1,172
<b>Total interest revenues</b>	<b>6,260</b>	<b>6,196</b>	<b>26,703</b>
<b>B. Interest expenses</b>			
On deposits from the public	3,319	3,076	13,340
On deposits from governments	2	1	4
On deposits from banks	14	22	65
On bonds and subordinated notes	218	285	1,520
On other liabilities	14	13	47
<b>Total interest expenses</b>	<b>3,567</b>	<b>3,397</b>	<b>14,976</b>
<b>Total interest revenues, net</b>	<b>2,693</b>	<b>2,799</b>	<b>11,727</b>
<b>c. Net Effect of Hedging Financial Derivatives on Interest Revenues</b>	(43)	(52)	(93)
<b>d. Details of interest revenues on accrual basis from bonds</b>			
Held to maturity	25	27	122
Available for sale	255	188	1,015
Held for trading	9	7	35
<b>Total included under interest revenues</b>	<b>289</b>	<b>222</b>	<b>1,172</b>

(1) Including the effect of hedges.

**Note 3 – Non-interest financing revenues**

Reported amounts (NIS in millions)

	For the three months ended March 31		For the year ended December 31
	2026	2025	2025
	(Unaudited)		(Audited)
<b>a. Non-interest financing revenues (expenses) with respect to non-trading operations</b>			
<b>1. From activity in derivative instruments</b>			
Net revenues (expenses) with respect to ALM derivative instruments <sup>(1)</sup>	(10)	637	(2,207)
<b>Total from activity in derivative instruments</b>	<b>(10)</b>	<b>637</b>	<b>(2,207)</b>
<b>2. From investment in bonds</b>			
Gains (losses) from sale of bonds available for sale	7	(5)	12
Provision for impairment of bonds available for sale	-	(8)	(14)
<b>Total from investment in bonds</b>	<b>7</b>	<b>(13)</b>	<b>(2)</b>
<b>3. Exchange rate differences, net</b>	<b>104</b>	<b>(586)</b>	<b>2,084</b>
<b>4. Gains from investment in shares</b>			
Gains from sale of shares not held for trading	35	10	51
Decrease (increase) in provision for impairment of shares not held for trading	(10)	36	41
Dividends from shares not held for trading	17	7	77
Unrealized gains (losses) <sup>(3)</sup>	(3)	(4)	126
<b>Total from investment in shares</b>	<b>39</b>	<b>49</b>	<b>295</b>
<b>5. Net gains with respect to loans sold</b>	<b>-</b>	<b>-</b>	<b>16</b>
<b>Total non-interest financing revenues with respect to non-trading purposes</b>	<b>140</b>	<b>87</b>	<b>186</b>
<b>b. Non-interest financing revenues (expenses) with respect to trading operations<sup>(2)</sup></b>			
Net revenues with respect to other derivatives	44	53	195
Realized and un-realized gains (losses) from adjustment to fair value of bonds held for trading, net	2	1	(3)
Realized and un-realized gains from adjustment to fair value of shares held for trading, net	-	1	9
<b>Total from trading activity<sup>(4)</sup></b>	<b>46</b>	<b>55</b>	<b>201</b>
<b>Details of non-interest financing revenues (expenses) with respect to trading operations, by risk exposure</b>			
Interest exposure	48	22	53
Foreign currency exposure	(3)	34	140
Exposure to shares	1	(1)	8
Exposure to commodities and others	-	-	-
<b>Total</b>	<b>46</b>	<b>55</b>	<b>201</b>

(1) Derivative instruments which constitute part of the Bank's asset and liability management system, which were not designated as hedges.

(2) Includes exchange rate differentials resulting from trading operations.

(3) Including gains / losses from measurement at fair value of shares for which fair value is available, and upward / downward adjustment of shares for which no fair value is available.

(4) For interest revenues from investments in bonds held for trading, see Note 2.D.

## Notes to condensed financial statements

As of March 31, 2026

### Note 4 – Cumulative other comprehensive income (loss)

Reported amounts (NIS in millions)

#### A. Changes to cumulative other comprehensive income (loss), after tax effect

	Other comprehensive income (loss), before attribution to non-controlling interests						
	Adjustments for presentation of available-for-sale bonds at fair value	Translation adjustments <sup>(1)</sup>	Net gains (losses) from cash flow hedges	Adjustments with respect to employees' benefits <sup>(2)</sup>	Total	Other comprehensive income attributed to non-controlling interests	Other comprehensive income (loss) attributable to shareholders of the Bank
	<b>For the three months ended March 31, 2026</b>						
	<b>(Unaudited)</b>						
Balance as of December 31, 2025	51	(2)	(1)	26	74	(1)	75
Net change in the period	(128)	-	-	59	(69)	(13)	(56)
<b>Balance as of March 31, 2026</b>	<b>(77)</b>	<b>(2)</b>	<b>(1)</b>	<b>85</b>	<b>5</b>	<b>(14)</b>	<b>19</b>
	<b>For the three months ended March 31, 2025</b>						
	<b>(Unaudited)</b>						
Balance as of December 31, 2024	(222)	(2)	5	(15)	(234)	(19)	(215)
Net change in the period	(7)	-	-	42	35	3	32
<b>Balance as of March 31, 2025</b>	<b>(229)</b>	<b>(2)</b>	<b>5</b>	<b>27</b>	<b>(199)</b>	<b>(16)</b>	<b>(183)</b>
	<b>For the year ended December 31, 2025</b>						
	<b>(Audited)</b>						
Balance as of December 31, 2024	(222)	(2)	5	(15)	(234)	(19)	(215)
Net change in the period	273	-	(6)	41	308	18	290
<b>Balance as of December 31, 2025</b>	<b>51</b>	<b>(2)</b>	<b>(1)</b>	<b>26</b>	<b>74</b>	<b>(1)</b>	<b>75</b>

(1) Translation adjustments of financial statements of associated companies whose functional currency differs from the Bank's functional currency.

(2) Primarily consists of the effect of changes in interest rates on the actuarial liability, as well as deduction of the capital reserve.

## Notes to condensed financial statements

As of March 31, 2026

### Note 4 – Cumulative other comprehensive income (loss) – continued

Reported amounts (NIS in millions)

#### B. Changes in items of cumulative other comprehensive income (loss) before and after tax effect

	For the three months ended March 31			For the year ended December 31					
	2026			2025			2025		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
	(Unaudited)						(Audited)		
<b>Change in items of other comprehensive income (loss), before attribution to non-controlling interests:</b>									
<b>Adjustments for presentation of available-for-sale bonds at fair value</b>									
Net unrealized gains (losses) from adjustments to fair value	(185)	62	(123)	(25)	9	(16)	411	(139)	272
Losses (gains) with respect to available-for-sale securities reclassified to the statement of profit and loss <sup>(1)</sup>	(7)	2	(5)	13	(4)	9	2	(1)	1
<b>Net change in the period</b>	<b>(192)</b>	<b>64</b>	<b>(128)</b>	<b>(12)</b>	<b>5</b>	<b>(7)</b>	<b>413</b>	<b>(140)</b>	<b>273</b>
<b>Cash flows hedges</b>									
Net gains (losses) with respect to cash flows hedging	-	-	-	-	-	-	(9)	3	(6)
<b>Net change in the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9)</b>	<b>3</b>	<b>(6)</b>
<b>Employees' benefits</b>									
Net actuarial gain (loss) for the period	88	(30)	<sup>(2)</sup> 58	58	(19)	<sup>(2)</sup> 39	40	(11)	<sup>(2)</sup> 29
Net losses reclassified to the statement of profit and loss	2	(1)	1	5	(2)	3	19	(7)	12
<b>Net change in the period</b>	<b>90</b>	<b>(31)</b>	<b>59</b>	<b>63</b>	<b>(21)</b>	<b>42</b>	<b>59</b>	<b>(18)</b>	<b>41</b>
<b>Total net change in the period</b>	<b>(102)</b>	<b>33</b>	<b>(69)</b>	<b>51</b>	<b>(16)</b>	<b>35</b>	<b>463</b>	<b>(155)</b>	<b>308</b>
<b>Total net change in the period attributable to non-controlling interests</b>	<b>(20)</b>	<b>7</b>	<b>(13)</b>	<b>5</b>	<b>(2)</b>	<b>3</b>	<b>27</b>	<b>(9)</b>	<b>18</b>
<b>Total net change in the period attributable to shareholders of the Bank</b>	<b>(82)</b>	<b>26</b>	<b>(56)</b>	<b>46</b>	<b>(14)</b>	<b>32</b>	<b>436</b>	<b>(146)</b>	<b>290</b>

(1) Pre-tax amount included in the statement of profit and loss under "Non-interest financing revenues". For details, see Note 3.A.2.

(2) Primarily consists of the effect of changes in interest rates on the actuarial liability, as well as deduction of the capital reserve.

## Notes to condensed financial statements

As of March 31, 2026

### Note 5 – Securities

March 31, 2026 (unaudited)

Reported amounts (NIS in millions):

	Carrying amount	Amortized cost	Balance of provision for credit losses	Adjustments to fair value yet to be recognized		Fair value <sup>(1)</sup>
				Gains	Losses	
<b>(1) Bonds held to maturity</b>						
of Government of Israel	3,221	3,221	-	8	(68)	3,161
Of financial institutions in Israel	194	194	-	-	(6)	188
Of others in Israel	74	74	-	-	(1)	73
<b>Total bonds held to maturity</b>	<b>3,489</b>	<b>3,489</b>	<b>-</b>	<b>8</b>	<b>(75)</b>	<b>3,422</b>

	Carrying amount	Amortized cost	Balance of provision for credit losses	Cumulative other comprehensive income <sup>(4)</sup>		Fair value <sup>(1)</sup>
				Gains	Losses	
<b>(2) Bonds available for sale</b>						
of Government of Israel	12,616	12,687	-	181	(252)	12,616
of foreign governments <sup>(3)</sup>	7,010	7,005	-	9	(4)	7,010
Of financial institutions in Israel	1,393	1,401	-	13	(21)	1,393
Of foreign financial institutions	63	65	-	-	(2)	63
Asset-backed (ABS)	52	51	-	1	-	52
Of others in Israel	1,059	1,071	-	15	(27)	1,059
Of others overseas	151	148	-	4	(1)	151
<b>Total bonds available for sale</b>	<b>22,344</b>	<b>22,428</b>	<b>-</b>	<b>223</b>	<b>(307)</b>	<b>22,344</b>

	Carrying amount	Cost	Balance of provision for credit losses	Adjustments to fair value yet to be realized <sup>(5)</sup>		Fair value <sup>(1)</sup>
				Gains	Losses	
<b>(3) Investment in shares not held for trading</b>	<b>1,139</b>	<b>821</b>	<b>-</b>	<b>250</b>	<b>68</b>	<b>1,139</b>
Of which: Shares for which no fair value is available <sup>(6)</sup>	766	686	-	1	79	766
<b>Total securities not held for trading</b>	<b>26,972</b>	<b>26,738</b>	<b>-</b>	<b>481</b>	<b>(314)</b>	<b>26,905</b>

See footnotes below.

**Note 5 – Securities – continued**

March 31, 2026 (unaudited)

Reported amounts (NIS in millions)

	Carrying amount	Amortized cost (for shares – cost)	Balance of provision for credit losses	Adjustments to fair value yet to be realized <sup>(5)</sup>		Fair value <sup>(1)</sup>
				Gains	Losses	
<b>(4) Bonds held for trading</b>						
of Government of Israel	18,378	18,814	-	7	(443)	18,378
Of foreign governments	180	180	-	1	(1)	180
Of financial institutions in Israel	11	11	-	-	-	11
Of others in Israel	13	13	-	-	-	13
Of others overseas	20	20	-	-	-	20
<b>Total bonds held for trading</b>	<b>18,602</b>	<b>19,038</b>	<b>-</b>	<b>8</b>	<b>(444)</b>	<b>18,602</b>
Shares and other securities	26	12	-	15	(1)	26
<b>Total securities held for trading<sup>(7)</sup></b>	<b>18,628</b>	<b>19,050</b>	<b>-</b>	<b>23</b>	<b>(445)</b>	<b>18,628</b>
<b>Total securities<sup>(2)</sup></b>	<b>45,600</b>	<b>45,788</b>	<b>-</b>	<b>504</b>	<b>(759)</b>	<b>45,533</b>

**(5) Additional information about bonds**

Recorded debt balance of

Problematic bonds accruing interest revenues

-

Problematic bonds not accruing interest revenues

20

**20**

- (1) Fair value data are generally based on stock exchange prices, which do not necessarily reflect the price to be obtained on the sale of a large volume of securities.
- (2) Of which: Securities pledged to lenders, amounting to NIS 1,087 million and securities provided as collateral to lenders, amounting to NIS 349 million.
- (3) US government bonds.
- (4) Included in shareholders' equity in "adjustments on presentation of bonds available for sale at fair value".
- (5) Charged to statement of profit and loss but not yet realized.
- (6) Generally shown at cost (net of impairment), adjusted for changes in observed prices in ordinary transactions for similar or identical investments of the same issuer.
- (7) Of which NIS 100 million in securities, which were classified as securities held for trading, since the banking corporation opted to measure them in accordance with the fair value alternative in Section 20 to the Public Reporting Directives, despite the fact that they were not purchased for trading purposes.

Remarks:

- For information about results of investments in bonds, see Notes 2D, 3A.2 and 3B. For more information about investments in shares – see Note 3A.4.
- The distinction between Israeli and foreign bonds was made in conformity with the country of residence of the authority which issued the security.

## Notes to condensed financial statements

As of March 31, 2026

### Note 5 – Securities – continued

March 31, 2025 (unaudited)

Reported amounts (NIS in millions):

	Carrying amount	Amortized cost	Balance of provision for credit losses	Adjustments to fair value yet to be recognized		Fair value <sup>(1)</sup>
				Gains	Losses	
<b>(1) Bonds held to maturity</b>						
of Government of Israel	3,294	3,294	-	6	(102)	3,198
Of financial institutions in Israel	224	224	-	3	(11)	216
Of others in Israel	82	82	-	-	(2)	80
<b>Total bonds held to maturity</b>	<b>3,600</b>	<b>3,600</b>	<b>-</b>	<b>9</b>	<b>(115)</b>	<b>3,494</b>

	Carrying amount	Amortized cost	Balance of provision for credit losses	Cumulative other comprehensive income <sup>(4)</sup>		Fair value <sup>(1)</sup>
				Gains	Losses	
<b>(2) Bonds available for sale</b>						
of Government of Israel	12,952	13,233	-	82	(363)	12,952
of foreign governments <sup>(3)</sup>	1,370	1,370	-	2	(2)	1,370
Of financial institutions in Israel	536	554	-	10	(28)	536
Of foreign financial institutions	91	94	-	-	(3)	91
Asset-backed (ABS)	60	60	-	-	-	60
Of others in Israel	1,051	1,076	(8)	12	(29)	1,051
Of others overseas	146	144	-	4	(2)	146
<b>Total bonds available for sale</b>	<b>16,206</b>	<b>16,531</b>	<b>(8)</b>	<b>110</b>	<b>(427)</b>	<b>16,206</b>

	Carrying amount	Cost	Balance of provision for credit losses	Adjustments to fair value yet to be realized <sup>(5)</sup>		Fair value <sup>(1)</sup>
				Gains	Losses	
<b>(3) Investment in shares not held for trading</b>	<b>943</b>	<b>756</b>	<b>-</b>	<b>199</b>	<b>(12)</b>	<b>943</b>
Of which: Shares for which no fair value is available <sup>(6)</sup>	618	621	-	-	(3)	618
<b>Total securities not held for trading</b>	<b>20,749</b>	<b>20,887</b>	<b>(8)</b>	<b>318</b>	<b>(554)</b>	<b>20,643</b>

See footnotes below.

**Note 5 – Securities – continued**

March 31, 2025 (unaudited)

Reported amounts (NIS in millions):

	Carrying amount	Amortized cost (for shares – cost)	Balance of provision for credit losses	Adjustments to fair value yet to be realized <sup>(5)</sup>		Fair value <sup>(1)</sup>
				Gains	Losses	
<b>(4) Bonds held for trading</b>						
of Government of Israel	8,458	8,361	-	111	(14)	8,458
Of foreign governments	143	144	-	1	(2)	143
Of financial institutions in Israel	-	-	-	-	-	-
Of others in Israel	14	13	-	1	-	14
Of others overseas	27	28	-	-	(1)	27
<b>Total bonds held for trading</b>	<b>8,642</b>	<b>8,546</b>	<b>-</b>	<b>113</b>	<b>(17)</b>	<b>8,642</b>
Shares and other securities	21	16	-	8	(3)	21
<b>Total securities held for trading</b>	<b>8,663</b>	<b>8,562</b>	<b>-</b>	<b>121</b>	<b>(20)</b>	<b>8,663</b>
<b>Total securities<sup>(2)</sup></b>	<b>29,412</b>	<b>29,449</b>	<b>(8)</b>	<b>439</b>	<b>(574)</b>	<b>29,306</b>
<b>(5) Additional information about bonds</b>						
Recorded debt balance of						
Problematic bonds accruing interest revenues						-
Problematic bonds not accruing interest revenues						14
						<b>14</b>

- (1) Fair value data are generally based on stock exchange prices, which do not necessarily reflect the price to be obtained on the sale of a large volume of securities.
- (2) Of which: Securities pledged to lenders, amounting to NIS 846 million and securities provided as collateral to lenders, amounting to NIS 286 million.
- (3) US government bonds.
- (4) Included in shareholders' equity in "adjustments on presentation of bonds available for sale at fair value".
- (5) Charged to statement of profit and loss but not yet realized.
- (6) Generally shown at cost (net of impairment), adjusted for changes in observed prices in ordinary transactions for similar or identical investments of the same issuer.
- (7) Of which NIS 96 million in securities, which were classified as securities held for trading, since the banking corporation opted to measure them in accordance with the fair value alternative in Section 20 to the Public Reporting Directives, despite the fact that they were not purchased for trading purposes.

## Remarks:

- For information about results of investments in bonds, see Notes 2D, 3A.2 and 3B. For more information about investments in shares – see Note 3A.4.
- The distinction between Israeli and foreign bonds was made in conformity with the country of residence of the authority which issued the security.

## Notes to condensed financial statements

As of March 31, 2026

### Note 5 – Securities – continued

As of December 31, 2025 (audited)

Reported amounts (NIS in millions):

	Carrying amount	Amortized cost	Balance of provision for credit losses	Adjustments to fair value yet to be recognized		Fair value <sup>(1)</sup>
				Gains	Losses	
<b>(1) Bonds held to maturity</b>						
of Government of Israel	3,244	3,244	-	16	(71)	3,189
Of financial institutions in Israel	195	195	-	-	(6)	189
Of others in Israel	75	75	-	-	(1)	74
<b>Total bonds held to maturity</b>	<b>3,514</b>	<b>3,514</b>	<b>-</b>	<b>16</b>	<b>(78)</b>	<b>3,452</b>

	Carrying amount	Amortized cost	Balance of provision for credit losses	Cumulative other comprehensive income <sup>(4)</sup>		Fair value <sup>(1)</sup>
				Gains	Losses	
<b>(2) Bonds available for sale</b>						
of Government of Israel	13,394	13,299	-	325	(230)	13,394
of foreign governments <sup>(3)</sup>	8,999	8,992	-	9	(2)	8,999
Of financial institutions in Israel	1,086	1,076	-	25	(15)	1,086
Of foreign financial institutions	66	67	-	-	(1)	66
Asset-backed (ABS)	51	49	-	2	-	51
Of others in Israel	1,010	1,015	-	19	(24)	1,010
Of others overseas	147	147	-	4	(4)	147
<b>Total bonds available for sale</b>	<b>24,753</b>	<b>24,645</b>	<b>-</b>	<b>384</b>	<b>(276)</b>	<b>24,753</b>

	Carrying amount	Cost	Balance of provision for credit losses	Adjustments to fair value yet to be realized <sup>(5)</sup>		Fair value <sup>(1)</sup>
				Gains	Losses	
<b>(3) Investment in shares not held for trading</b>	<b>1,180</b>	<b>917</b>	<b>-</b>	<b>279</b>	<b>(16)</b>	<b>1,180</b>
Of which: Shares for which no fair value is available <sup>(6)</sup>	837	760	-	84	(7)	837
<b>Total securities not held for trading</b>	<b>29,447</b>	<b>29,076</b>	<b>-</b>	<b>679</b>	<b>(370)</b>	<b>29,385</b>

See footnotes below.

**Note 5 – Securities – continued**

As of December 31, 2025 (audited)

Reported amounts (NIS in millions):

	Carrying amount (for shares – cost)	Amortized cost	Balance of provision for credit losses	Adjustments to fair value yet to be realized <sup>(5)</sup>		Fair value <sup>(1)</sup>
				Gains	Losses	
<b>(4) Bonds held for trading</b>						
Of Government of Israel	18,253	18,213	-	46	(6)	18,253
Of foreign governments	140	138	-	2	-	140
Of financial institutions in Israel	-	-	-	-	-	-
Of others in Israel	15	15	-	-	-	15
Of others overseas	22	22	-	-	-	22
<b>Total bonds held for trading</b>	<b>18,430</b>	<b>18,388</b>	<b>-</b>	<b>48</b>	<b>(6)</b>	<b>18,430</b>
Shares and other securities	26	12	-	15	(1)	26
<b>Total securities held for trading</b>	<b>18,456</b>	<b>18,400</b>	<b>-</b>	<b>63</b>	<b>(7)</b>	<b>18,456</b>
<b>Total securities<sup>(2)</sup></b>	<b>47,903</b>	<b>47,476</b>	<b>-</b>	<b>742</b>	<b>(377)</b>	<b>47,841</b>

**(5) Additional information about bonds**

Recorded debt balance of

Problematic bonds accruing interest revenues

Problematic bonds not accruing interest revenues

-

18

**18**

- (1) Fair value data are generally based on stock exchange prices, which do not necessarily reflect the price to be obtained on the sale of a large volume of securities.
- (2) Of which: Securities pledged to lenders, amounting to NIS 775 million and securities provided as collateral to lenders, amounting to NIS 495 million.
- (3) US government bonds.
- (4) Included in shareholders' equity in "adjustments on presentation of bonds available for sale at fair value".
- (5) Charged to statement of profit and loss but not yet realized.
- (6) Generally shown at cost (net of impairment), adjusted for changes in observed prices in ordinary transactions for similar or identical investments of the same issuer.
- (7) Of which NIS 104 million in securities, which were classified as securities held for trading, since the banking corporation opted to measure them in accordance with the fair value alternative in Section 20 to the Public Reporting Directives, despite the fact that they were not purchased for trading purposes.

Remarks:

- For more information about operations involving investments in bonds – see Notes 2.D, 3.A.2 and 3.B. For more information of investments in shares – see Note 3.A.4.
- The distinction between Israeli and foreign bonds was made in conformity with the country of residence of the entity which issued the securities.

## Notes to condensed financial statements

As of March 31, 2026

### Note 5 – Securities – continued

Reported amounts (NIS in millions):

(6) Fair value and unrealized losses, by time period and impairment rate, of bonds available for sale, which include unrealized loss without provision for credit losses:

	Less than 12 months				12 months or more				
	Fair value <sup>(1)</sup>	Unrealized losses			Fair value <sup>(1)</sup>	Unrealized losses			
		0%-20%	20%-40%	Total		0%-20%	20%-40%	Over 40%	Total
<b>As of March 31, 2026 (unaudited)</b>									
<b>Bonds available for sale</b>									
of Government of Israel	2,628	28	-	28	496	170	26	28	224
of foreign governments <sup>(2)</sup>	505	4	-	4	-	-	-	-	-
Of financial institutions in Israel	706	6	-	6	267	15	-	-	15
Of foreign financial institutions	-	-	-	-	39	2	-	-	2
Asset-backed (ABS)	-	-	-	-	-	-	-	-	-
Of others in Israel	252	14	-	14	240	13	-	-	13
Of others overseas	121	-	-	-	19	1	-	-	1
<b>Total bonds available for sale</b>	<b>4,212</b>	<b>52</b>	<b>-</b>	<b>52</b>	<b>1,061</b>	<b>201</b>	<b>26</b>	<b>28</b>	<b>255</b>
<b>As of March 31, 2025 (unaudited)</b>									
<b>Bonds available for sale</b>									
of Government of Israel	2,031	38	-	38	2,383	244	53	28	325
of foreign governments <sup>(2)</sup>	332	-	-	-	54	2	-	-	2
Of financial institutions in Israel	-	-	-	-	331	28	-	-	28
Of foreign financial institutions	-	-	-	-	58	3	-	-	3
Asset-backed (ABS)	-	-	-	-	-	-	-	-	-
Of others in Israel	150	13	-	13	418	16	-	-	16
Of others overseas	-	-	-	-	61	2	-	-	2
<b>Total bonds available for sale</b>	<b>2,513</b>	<b>51</b>	<b>-</b>	<b>51</b>	<b>3,305</b>	<b>295</b>	<b>53</b>	<b>28</b>	<b>376</b>
<b>As of December 31, 2025 (audited)</b>									
<b>Bonds available for sale</b>									
of Government of Israel	316	1	-	1	724	176	25	28	229
Of foreign governments <sup>(2)</sup>	134	1	-	1	48	1	-	-	1
Of financial institutions in Israel	-	-	-	-	272	15	-	-	15
Of foreign financial institutions	-	-	-	-	44	1	-	-	1
Asset-backed (ABS)	-	-	-	-	-	-	-	-	-
Of others in Israel	140	12	-	12	266	12	-	-	12
Of others overseas	54	3	-	3	18	1	-	-	1
<b>Total bonds available for sale</b>	<b>644</b>	<b>17</b>	<b>-</b>	<b>17</b>	<b>1,372</b>	<b>206</b>	<b>25</b>	<b>28</b>	<b>259</b>

(1) Fair value data are generally based on stock exchange prices, which do not necessarily reflect the price to be obtained on the sale of a large volume of securities.

(2) US government bonds.

**Note 5 – Securities – continued**

Reported amounts (NIS in millions):

**(7) Asset-backed securities**

	Carrying amount	Amortized cost	Cumulative other comprehensive income		Fair value
			Gains	Losses	
<b>As of March 31, 2026 (unaudited)</b>					
Asset-backed bonds (ABS)	52	51	1	-	52
<b>Total asset-backed bonds available for sale</b>	<b>52</b>	<b>51</b>	<b>1</b>	<b>-</b>	<b>52</b>
<b>As of March 31, 2025 (unaudited)</b>					
Asset-backed bonds (ABS)	60	60	-	-	60
<b>Total asset-backed bonds available for sale</b>	<b>60</b>	<b>60</b>	<b>-</b>	<b>-</b>	<b>60</b>
<b>As of December 31, 2025 (audited)</b>					
Asset-backed bonds (ABS)	51	49	2	-	51
<b>Total asset-backed bonds available for sale</b>	<b>51</b>	<b>49</b>	<b>2</b>	<b>-</b>	<b>51</b>

## Notes to condensed financial statements

As of March 31, 2026

### Note 6 – Credit risk, loans to the public and provision for credit losses

Reported amounts (NIS in millions)

#### A. Debts<sup>(1)</sup>, bonds held to maturity and available for sale, loans to the public and balance of provision for credit losses

	March 31, 2026 (unaudited)					
	Loans to the public				Banks, governments and bonds	Total
	Commercial	Housing	Individual – other	Total		
<b>Recorded debt balance:</b>						
reviewed on individual basis	125,225	-	16	125,241	35,672	160,913
reviewed on group basis	14,333	249,327	28,394	292,054	-	292,054
<b>Total debts</b>	<b>139,558</b>	<b>(2)249,327</b>	<b>28,410</b>	<b>417,295</b>	<b>35,672</b>	<b>452,967</b>
Of which:						
Non-accruing debts	1,281	2,670	85	4,036	-	4,036
Debts in arrears 90 days or longer	171	-	82	253	-	253
Other problematic debts	948	-	142	1,090	-	1,090
<b>Total problematic debts</b>	<b>2,400</b>	<b>2,670</b>	<b>309</b>	<b>5,379</b>	<b>-</b>	<b>5,379</b>
<b>Balance of provision for credit losses with respect to debts:</b>						
reviewed on individual basis	1,573	-	1	1,574	5	1,579
reviewed on group basis	501	1,015	631	2,147	-	2,147
<b>Total provision for credit losses</b>	<b>2,074</b>	<b>1,015</b>	<b>632</b>	<b>3,721</b>	<b>5</b>	<b>3,726</b>
<b>Of which: With respect to non-accruing debts</b>	<b>286</b>	<b>133</b>	<b>43</b>	<b>462</b>	<b>-</b>	<b>462</b>
<b>Of which: With respect to other problematic debts</b>	<b>184</b>	<b>-</b>	<b>86</b>	<b>270</b>	<b>-</b>	<b>270</b>

	March 31, 2025 (unaudited)					
	Loans to the public				Banks, governments and bonds	Total
	Commercial	Housing	Individual – other	Total		
<b>Recorded debt balance:</b>						
reviewed on individual basis	98,220	-	14	98,234	43,083	141,317
reviewed on group basis	14,337	228,573	27,319	270,229	-	270,229
<b>Total debts</b>	<b>112,557</b>	<b>(2)228,573</b>	<b>27,333</b>	<b>368,463</b>	<b>43,083</b>	<b>411,546</b>
Of which:						
Non-accruing debts	1,757	2,140	79	3,976	1	3,977
Debts in arrears 90 days or longer	87	-	53	140	-	140
Other problematic debts	1,145	-	139	1,284	-	1,284
<b>Total problematic debts</b>	<b>2,989</b>	<b>2,140</b>	<b>271</b>	<b>5,400</b>	<b>1</b>	<b>5,401</b>
<b>Balance of provision for credit losses with respect to debts:</b>						
reviewed on individual basis	1,686	-	1	1,687	12	1,699
reviewed on group basis	566	1,142	684	2,392	-	2,392
<b>Total provision for credit losses</b>	<b>2,252</b>	<b>1,142</b>	<b>685</b>	<b>4,079</b>	<b>12</b>	<b>4,091</b>
<b>Of which: With respect to non-accruing debts</b>	<b>407</b>	<b>107</b>	<b>45</b>	<b>559</b>	<b>1</b>	<b>560</b>
<b>Of which: With respect to other problematic debts</b>	<b>199</b>	<b>-</b>	<b>82</b>	<b>281</b>	<b>-</b>	<b>281</b>

(1) Loans to the public, loans to governments, deposits with banks and other debts, except for bonds and securities borrowed or acquired in conjunction with resale agreements, except for deposits with Bank of Israel.

(2) Includes general-purpose loans secured by a lien on a residential apartment, amounting to NIS 15,712 million (as of March 31, 2025 – NIS 15,126 million).

## Note 6 – Credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions):

### A. Debts<sup>(1)</sup>, bonds held to maturity and available for sale, loans to the public and balance of provision for credit losses – continued

	As of December 31, 2025 (audited)					
	Loans to the public				Banks, governments and bonds	Total
	Commercial	Housing	Individual –		Total	
			other	Total		
<b>Recorded debt balance:</b>						
reviewed on individual basis	116,249	-	19	116,268	46,563	162,831
reviewed on group basis	14,344	245,267	28,476	288,087	-	288,087
<b>Total debts</b>	<b>130,593</b>	<b>(2)245,267</b>	<b>28,495</b>	<b>404,355</b>	<b>46,563</b>	<b>450,918</b>
Of which:						
Non-accruing debts	1,327	2,535	76	3,938	1	3,939
Debts in arrears 90 days or longer	90	-	80	170	-	170
Other problematic debts	1,005	-	141	1,146	-	1,146
<b>Total problematic debts</b>	<b>2,422</b>	<b>2,535</b>	<b>297</b>	<b>5,254</b>	<b>1</b>	<b>5,255</b>
<b>Balance of provision for credit losses with respect to debts:</b>						
reviewed on individual basis	1,585	-	1	1,586	5	1,591
reviewed on group basis	495	1,063	710	2,268	-	2,268
<b>Total provision for credit losses</b>	<b>2,080</b>	<b>1,063</b>	<b>711</b>	<b>3,854</b>	<b>5</b>	<b>3,859</b>
<b>Of which: With respect to non-accruing debts</b>	<b>289</b>	<b>127</b>	<b>39</b>	<b>455</b>	<b>1</b>	<b>456</b>
<b>Of which: With respect to other problematic debts</b>	<b>191</b>	<b>-</b>	<b>89</b>	<b>280</b>	<b>-</b>	<b>280</b>

(1) Loans to the public, loans to governments, deposits with banks and other debts, except for bonds and securities borrowed or acquired in conjunction with resale agreements, except for deposits with Bank of Israel.

(2) Includes general-purpose loans secured by a lien on a residential apartment, amounting to NIS 15,601 million.

### B. Change in balance of provision for credit losses

	Provision for credit losses					
	Loans to the public				Banks, governments and bonds	Total
	Commercial	Housing	Individual –		Total	
			other	Total		
<b>For the three months ended March 31, 2026 (Unaudited)</b>						
Balance of provision for credit losses at start of period	2,270	1,098	733	4,101	5	4,106
Expenses with respect to credit losses	126	(53)	(38)	35	(4)	31
Accounting write-offs <sup>(1)</sup>	(165)	-	(83)	(248)	-	(248)
Collection of debts written off for accounting purposes in previous years <sup>(1)</sup>	48	-	42	90	4	94
Net accounting write-offs	(117)	-	(41)	(158)	4	(154)
<b>Balance of provision for credit losses at end of period</b>	<b>2,279</b>	<b>1,045</b>	<b>654</b>	<b>3,978</b>	<b>5</b>	<b>3,983</b>
<b>Of which: With respect to off balance sheet credit instruments</b>	<b>205</b>	<b>30</b>	<b>22</b>	<b>257</b>	<b>-</b>	<b>257</b>
<b>For the three months ended March 31, 2025 (Unaudited)</b>						
Balance of provision for credit losses at start of period	2,448	1,213	697	4,358	12	4,370
Expenses with respect to credit losses	83	(34)	54	103	-	103
Accounting write-offs <sup>(1)</sup>	(126)	-	(86)	(212)	-	(212)
Collection of debts written off for accounting purposes in previous years <sup>(1)</sup>	38	-	43	81	-	81
Net accounting write-offs	(88)	-	(43)	(131)	-	(131)
<b>Balance of provision for credit losses at end of period</b>	<b>2,443</b>	<b>1,179</b>	<b>708</b>	<b>4,330</b>	<b>12</b>	<b>4,342</b>
<b>Of which: With respect to off balance sheet credit instruments</b>	<b>191</b>	<b>37</b>	<b>23</b>	<b>251</b>	<b>-</b>	<b>251</b>

(1) Accounting write-offs presented in the Note primarily consist of write-offs of a technical nature, due to passage of time of customers being in arrears, in conformity with US standards applicable to the Bank in this regard. Thus, for example, the balance of the provision for large non-accruing debts will typically be written off after two years. Debt measured on a group basis will be written off after 150 days in arrears. This means that the Bank's collection efforts may sometimes take longer when compared to the timing for write-off according to accounting rules. Consequently, relatively high balances of "accounting write-offs" and relatively high balances of "Recovery of debts written off in previous years" are presented.

## Notes to condensed financial statements

As of March 31, 2026

### Note 7 – Deposits from the Public

Reported amounts (NIS in millions):

#### A. Deposit types by location solicited and depositor type

	March 31		December 31
	2026	2025	2025
	(Unaudited)		(Audited)
<b>In Israel</b>			
On-call			
Non-interest-bearing	71,728	73,464	70,776
Interest-bearing	44,547	35,965	50,449
<b>Total on-call</b>	<b>116,275</b>	<b>109,429</b>	<b>121,225</b>
Term deposits	316,839	273,694	311,233
<b>Total deposits in Israel<sup>(1)</sup></b>	<b>433,114</b>	<b>383,123</b>	<b>432,458</b>
<b>Outside of Israel</b>			
On-call			
Non-interest-bearing	774	380	469
Interest-bearing	808	517	768
<b>Total on-call</b>	<b>1,582</b>	<b>897</b>	<b>1,237</b>
Term deposits	15,967	15,255	14,702
<b>Total deposits overseas</b>	<b>17,549</b>	<b>16,152</b>	<b>15,939</b>
<b>Total deposits from the public</b>	<b>450,663</b>	<b>399,275</b>	<b>448,397</b>
(1) Includes:			
<b>Deposits from individuals</b>	<b>168,684</b>	<b>165,502</b>	<b>166,879</b>
<b>Deposits from institutional investors</b>	<b>127,245</b>	<b>94,256</b>	<b>134,535</b>
<b>Deposits from corporations and others</b>	<b>137,185</b>	<b>123,365</b>	<b>131,044</b>

#### B. Deposits from the public by size

	March 31		December 31
	2026	2025	2025
	(Unaudited)		(Audited)
<b>Maximum deposit (NIS in millions)</b>			
Up to 1	115,335	108,527	112,941
Over 1 to 10	98,632	95,143	97,901
Over 10 to 100	43,570	43,384	44,779
Over 100 to 500	32,239	33,515	35,754
Above 500	160,887	118,706	157,022
<b>Total</b>	<b>450,663</b>	<b>399,275</b>	<b>448,397</b>

## Note 8 – Employees' Rights

### Description of benefits

1. Employment terms of the vast majority of Bank Group employees and managers are determined by provisions of collective bargaining agreements. Pension liabilities to these employees, except for Bank Yahav employees, are covered by regular deposits to pension, provident and severance-pay funds, which release the Bank from severance-pay liabilities for those employees by law. For more information about various benefits to Bank employees and managers, see Note 22 to the 2025 financial statements.
2. Remuneration policy for Bank officers and for all Bank employees other than officers  
For more information about remuneration policy for Bank officers and remuneration policy for all Bank employees other than officers, see Note 22 to the 2025 financial statements.
3. Net benefit cost components recognized in profit and loss with respect to defined benefit and defined contribution pension plans (NIS in millions):

	For the three months ended March 31		For the year ended December 31
	2026	2025	2025
	(Unaudited)		(Audited)
<b>Under payroll and associated expenses</b>			
Cost of service <sup>(1)</sup>	19	19	77
<b>Under other expenses</b>			
Cost of interest <sup>(2)</sup>	26	28	109
Expected return on plan assets <sup>(3)</sup>	(7)	(7)	(26)
Deduction of non-allowed amounts:			
Net actuarial loss <sup>(4)</sup>	2	5	19
Total under other expenses	21	26	102
<b>Total benefit cost, net</b>	<b>40</b>	<b>45</b>	<b>179</b>
Total expense with respect to defined-contribution pension	58	56	224
<b>Total expenses recognized in profit and loss</b>	<b>98</b>	<b>101</b>	<b>403</b>

	Forecast	Actual deposits	
	For <sup>(5)</sup>	For the three months ended March 31	For the year ended December 31
	2026	2026	2025
	(Unaudited)		(Audited)
Deposits	6	2	7

(1) Cost of service is the current accrual of the future employee benefit in the period.

(2) Cost of interest is the amount recognized in the period, set based on the increase in obligation with respect to expected benefit due to passage of time.

(3) Expected return is the expected return on plan assets, determined based on expected long-term rates of return on plan assets and based on the established market value of plan assets.

(4) Deduction of net gain or loss previously recognized in Cumulative Other Comprehensive Income.

(5) Estimated contributions expected to be paid into defined-benefit pension plans through 2026

## Notes to condensed financial statements

As of March 31, 2026

### Note 9 – Capital Adequacy, liquidity and leverage

Reported amounts (NIS in millions)

#### A. Capital adequacy

Calculated in accordance with Proper Conduct of Banking Business Directives 201-211 "Capital Adequacy and Measurement"

	As of March 31	As of December 31	
	2026	2025	2025
	(Unaudited)		(Audited)
<b>1. Consolidated data</b>			
<b>a. Capital for purpose of calculating the capital ratio</b>			
Tier I shareholders' equity	35,692	32,629	35,239
Tier I capital	35,692	32,629	35,239
Tier II capital	9,999	9,226	9,671
<b>Total capital</b>	<b>45,691</b>	<b>41,855</b>	<b>44,910</b>
<b>b. Weighted risk asset balances</b>			
Credit risk	328,534	288,419	317,841
Market risks	2,377	2,278	2,126
Operational risk <sup>(1)</sup>	20,119	23,886	24,188
<b>Total weighted risk asset balances</b>	<b>351,030</b>	<b>314,583</b>	<b>344,155</b>
<b>c. Ratio of capital to risk components</b>			
			<b>In %</b>
Ratio of Tier I equity to risk components	10.17	10.37	10.24
Ratio of Tier I capital to risk components	10.17	10.37	10.24
Ratio of total capital to risk components	13.02	13.30	13.05
Minimum Tier I equity ratio required by Supervisor of Banks <sup>(2)</sup>	9.60	9.60	9.60
Total minimum capital ratio required by the Supervisor of Banks <sup>(2)</sup>	12.50	12.50	12.50
<b>2. Significant subsidiaries</b>			
<b>Bank Yahav for Government Employees Ltd. and its subsidiaries</b>			
Ratio of Tier I equity to risk components	14.61	13.45	14.36
Ratio of Tier I capital to risk components	14.61	13.45	14.36
Ratio of total capital to risk components	16.73	15.67	16.48
Minimum Tier I capital ratio required by Supervisor of Banks	9.00	9.00	9.00
Total minimum capital ratio required by the Supervisor of Banks	12.50	12.50	12.50

(1) As from January 1, 2026 the Bank applies the revised Directive 206 regarding the calculation of capital requirements in respect of operational risk. For more information see Section K below.

(2) An additional capital requirement was added to the Tier I equity ratio at 1% of the residential mortgage balance as of the report date.

**Note 9 – Capital adequacy, liquidity and leverage – continued**

Reported amounts (NIS in millions)

**A. Capital adequacy – continued**

Calculated in accordance with Proper Conduct of Banking Business Directives 201-211 "Capital Adequacy and Measurement" - continued

	As of March 31	As of December 31
	2026	2025
	(Unaudited)	(Audited)
<b>3. Capital components for calculating the capital ratio (on consolidated data)</b>		
<b>a. Tier I equity</b>		
Shareholders' equity	36,910	33,569
Differences between shareholders' equity and Tier I equity	(1,046)	(877)
<b>Tier I equity before regulatory adjustments and deductions</b>	<b>35,864</b>	<b>32,692</b>
Supervisory adjustments and deductions:		
Goodwill and intangible assets	(87)	(102)
Supervisory adjustments and other deductions	(85)	39
<b>Total supervisory adjustments and deductions - Tier I equity</b>	<b>(172)</b>	<b>(63)</b>
<b>Total Tier I equity after supervisory adjustments and deductions</b>	<b>35,692</b>	<b>32,629</b>
<b>b. Tier II capital</b>		
Tier II capital: Instruments	6,506	5,620
Tier II capital: Provisions	3,493	3,606
<b>Total Tier II capital</b>	<b>9,999</b>	<b>9,226</b>
<b>Total capital</b>	<b>45,691</b>	<b>41,855</b>

**Note 9 – Capital adequacy, liquidity and leverage – continued**

Reported amounts (NIS in millions)

**B. Leverage ratio**

Calculated in accordance with Proper Conduct of Banking Business Directive 218 "Leverage ratio"

	As of		As of
	March 31	December 31	December 31
	2026	2025	2025
	(Unaudited)	(Audited)	(Audited)
	In %		
<b>1. Consolidated data</b>			
Tier I capital	35,692	32,629	35,239
Total exposure	605,827	540,851	599,134
Leverage ratio	5.89	6.03	5.88
Minimum leverage ratio required by the Supervisor of Banks <sup>(1)</sup>	4.50	4.50	4.50
<b>2. Significant subsidiaries</b>			
<b>Bank Yahav for Government Employees Ltd. and its subsidiaries</b>			
Leverage ratio	8.45	7.69	8.54
Minimum leverage ratio required by the Supervisor of Banks	4.50	4.50	4.50

**C. Liquidity coverage ratio**

Calculated in accordance with Proper Conduct of Banking Business Directive 221 "Liquidity coverage ratio"

	As of		As of
	March 31	December 31	December 31
	2026	2025	2025
	(Unaudited)	(Audited)	(Audited)
	In %		
<b>1. Consolidated data</b>			
Liquidity coverage ratio <sup>(1)</sup>	147	139	129
Minimum liquidity coverage ratio required by the Supervisor of Banks	100	100	100
<b>2. Bank data</b>			
Liquidity coverage ratio <sup>(1)</sup>	148	140	130
Minimum liquidity coverage ratio required by the Supervisor of Banks	100	100	100
<b>3. Significant subsidiaries</b>			
<b>Bank Yahav for Government Employees Ltd. and its subsidiaries</b>			
Liquidity coverage ratio <sup>(1)</sup>	252	428	316
Minimum liquidity coverage ratio required by the Supervisor of Banks	100	100	100

(1) In terms of simple average of daily observations during the reported quarter. As of March 31, 2026, the consolidated liquidity coverage ratio was 128%.

**Note 9 – Capital adequacy, liquidity and leverage – continued**

Reported amounts (NIS in millions)

**D. Minimum net stable funding ratio required by directives of the Supervisor of Banks**

The Bank applies Proper Conduct of Banking Business Directive No. 222 concerning "Net stable funding ratio (NSFR)", which adopts the Basel Committee recommendation with regard to net stable funding ratio in the Israeli banking system. In conformity with this directive, the objective of the net stable funding ratio is to improve stability of the liquidity risk profile of banking corporations over the long term, by requiring banking corporations to maintain a stable funding profile in conformity with the composition of on-balance sheet assets and off-balance sheet operations. The net stable funding ratio consists of two components: available stable funding items (numerator) and required stable funding items (denominator). "Available stable funding" is defined as the part of capital and liabilities that may be relied upon over the time horizon taken into account in the net stable funding ratio, of one year. The required stable funding amount for a given corporation is based on the liquidity attributes and time to maturity of various assets held by the corporation, as well as of off-balance sheet exposures.

Pursuant to the directive, the minimum net stable funding ratio required is 100%.

The net stable funding ratio for significant banking subsidiaries in Israel is calculated in conformity with Proper Conduct of Banking Business Directive No. 222 "Net stable funding ratio". Net stable funding ratio in significant overseas banking corporations is presented and calculated in conformity with relevant directives in each jurisdiction, to the extent that such directives were set.

	As of March 31 2026 (Unaudited)	2025	As of December 31 2025 (Audited)	In %
<b>(1) On consolidated data</b>				
Net stable funding ratio	111	113	112	
The minimum net stable funding ratio required by the Supervisor of Banks	100	100	100	
<b>(2) Significant subsidiaries</b>				
<b>Bank Yahav</b>				
Net stable funding ratio	168	177	168	
The minimum net stable funding ratio required by the Supervisor of Banks	100	100	100	

**Factors which may materially affect the net stable funding ratio**

Net stable funding ratio on consolidated basis as of March 31, 2026 was 111%. The volatility of this ratio throughout the quarter was low; the main factors affecting the net stable funding ratio are: composition of Bank sources and uses by financing term, financing type and counter party. On the sources side – long-term liabilities are more stable than short-term liabilities, and funding from retail customers and small businesses is more stable than wholesale funding with the same maturity. When long-term sources grow shorter on a large scale (such as with subordinated notes) to a term shorter than one year, this factor affects the resulting ratio; however, because this is a funding source which typically has scattered maturities, the impact on the resulting ratio is not material. On the uses side – asset type, asset term and quality and liquidity value determine the required stable funding amount.

**E. Basel III**

The Bank applies Proper Conduct of Banking Business Directives Nos. 201-211 with regard to capital measurement and adequacy, as amended so as they are aligned with the Basel III directives.

The Basel III directives stipulated significant changes to calculation of regulatory capital requirements, including with regard to the following:

- Supervisory capital components
- Deductions from capital and supervisory adjustments
- Treatment of exposures to financial corporations
- Accounting treatment applied to exposures to credit risk with respect to troubled debt.
- Capital allocation with respect to CVA risk

**Note 9 – Capital adequacy, liquidity and leverage – continued**

Reported amounts (NIS in millions)

**F. Capital adequacy target**

As per instructions of the Supervisor of Banks, the Bank is required to maintain a minimum Tier I equity ratio of no less than 9% and a minimum total equity ratio of no less than 12.5% of weighted total of risk components of its balance sheet assets and off-balance-sheet items. Calculation of total capital and total risk components is set forth in the directives.

An additional capital requirement was added to the Tier I equity ratio at 1% of the residential mortgage balance as of the dates of financial statements, except for residential mortgages, which are subject to relief provided in the interim directive for addressing the Corona Virus crisis.

Consequently, the Bank's current required minimum ratio of Tier I equity ratio and minimum total capital ratio as of the report date are 9.60% and 12.50%, respectively (to which appropriate safety margins will be added).

**G. Lowering of the State of Israel's Credit Rating by International Rating Agency S&P**

In accordance with Proper Bank Management Ordinance 203, the capital requirements or the Bank's exposures to the State of Israel, Israeli banks, institutional bodies and public sector entities, are derived from the State of Israel's rating.

For rating purposes, the Bank uses the lower of S&P and AM Best's rating, used for rating of credit risk insurers, in order to mitigate the credit risk such that the risk weighting is based on insurer rating, rather than on counter-party rating.

On May 8, 2026, the credit rating agency S&P affirmed Israel's long-term rating at A with a stable outlook.

**H. Subordinated notes with a loss-absorption mechanism**

On January 15, 2026, the Bank issued - under an international private placement to institutional investors - contingent subordinated notes (Contingent Convertibles – CoCo) with loss-absorption mechanism through principal write-off (compliant with Basel III eligibility conditions and recognized as Tier II capital by the Supervisor of Banks), whose par value is USD 750 million.

On April 7, 2026 full early redemption was executed of CoCo contingent subordinated notes, which were issued to institutional investors by the Bank, at the total amount of USD 600 million. In accordance with the directives of the Supervisor of Banks, these notes were not included in the Bank's Tier II capital in the first quarter of 2026.

**I. Steps to address the increase in the credit risk in the construction and real estate industries and the housing market**

On April 6, 2025, the Supervisor of Banks published a circular on revision of Proper Conduct of Banking Business Directive No. 203 regarding "Measurement and Capital Adequacy – Credit Risk—the Standardized Approach", and Directive No. 329 on "Limitations on Issuing Residential Mortgages". The circular applies an increased risk weight to credit used to finance projects with a high proportion of house sale contracts where a significant proportion of the sale consideration is paid on the house delivery date. Furthermore, it was decided to limit the proportion of bullet and balloon loans, which are subsidized by the developer paying the interest payments, such that those loans will not exceed 10% of total residential mortgages. As of March 31, 2026, the Directive has no material effect on the financial statements, and it is not expected to have a material effect in the future. See Note 1 to the 2025 financial statements for additional information.

**J. Leverage ratio**

The Bank applies the rules set in Proper Conduct of Banking Business Directive 218 with regard to leverage ratio, which adopts the Basel Committee's recommendations on leverage ratio.

The leverage ratio is reflected in percent, defined as the ratio of Tier I capital to total exposures. Total exposure for the Bank is the sum of balance sheet exposures, exposures to derivatives, to financing transactions for securities and off-balance sheet items.

According to the directive, banking corporations must maintain a leverage ratio of 5% or higher on a consolidated basis.

On November 15, 2020, the Supervisor of Banks issued a circular regarding "Adjustments to Proper Conduct of Banking Business Directives for addressing the Corona Virus (Interim Directive)", updating Proper Conduct of Banking Business Directive 250, whereby the leverage ratio shall be at least 4.5% on a consolidated basis, compared to 5% prior to this change.

In the Supervisor of Banks' circular dated December 20, 2023, the effect of this relief was extended through December 31, 2025. A banking corporation applying this relief at the time would be required to resume the required leverage ratio prior to the interim directive within two quarters, such that upon expiration of the interim directive, the banking corporation would be subject to a minimum leverage ratio based on the actual leverage ratio or the minimum ratio applicable to the banking corporation prior to the interim directive, whichever is lower.

### Note 9 – Capital adequacy, liquidity and leverage – continued

Reported amounts (NIS in millions)

On September 14, 2025, the Supervisor of Banks published a circular, which extended the relief by one further year through December 31, 2026.

#### K. Update to Proper Conduct of Banking Business Directive 206

On June 19, 2024, the Bank Supervisor published a circular that updates the guidelines for calculating capital requirements for operating risk. The principal revisions to the directive are as follows: Recalculation of the components of the standardized approach such that it includes the business indicator component calculated by multiplying the total business indicator by the coefficients set in the directive and the internal loss multiplier, which will be based on an average of the Bank's historical losses, and new guidance regarding the Bank's historical loss data, the data collection method, the use of the data and the disclosure requirements in respect thereof. The directive entered into effect on January 1, 2026 however, through December 31, 2028, the internal loss multiplier will be set at 1. As from January 1, 2026, the Bank has been applying the recalculation to the measurement of the operational risk. The implementation of the directive does not have a material effect on the Bank's capital ratio. The implementation of the directive does not have a material effect on the Bank's capital ratio.

- L. For more information about dividend distribution, see "Condensed Statements of Changes in Shareholders' Equity" and Note 18 below.
- M. For more information about the Supervisor of Banks' directives and guidance with regard to capital adequacy, see Note 25 to the 2025 Financial Statements.

**Note 10 - Contingent Liabilities and Special Commitments**

Reported amounts (NIS in millions)

**A. Other liabilities and special commitments**

	March 31		December 31
	2026	2025	2025
	(Unaudited)		(Audited)
Acquisition and renovation of buildings	30	45	33

**Credit sales operations**

The following table provides a summary of credit sales operations at the Bank:

	For the three months ended March 31		For the year ended December 31
	2026	2025	2025
	(Unaudited)		(Audited)
Carrying amount of credit sold	-	-	120
Total consideration	-	-	136
<b>Total net gain with respect to credit sold</b>	-	-	16

**B. Contingent liabilities and other commitments**

- For more information about contingent liabilities and other commitments by the Bank Group, see Note 26 to the 2025 financial statements. Below is a description of material changes from the Note included in the 2025 Financial Statements.
- Various claims are pending against the Bank and its subsidiaries, namely, claims of customers, as well as motions for recognition of various class actions. In the estimation of the management of the Bank, based on the estimation of the managements of its subsidiaries and on the opinion of their legal counsel as to the possible outcome of the pending claims (for claims brought against the Bank) and motions for approval of claims as class actions, the financial statements include appropriate provisions, where necessary, to cover possible damages. Below are details of significant claims, including motions for approval of class action status and claims in which the amount claimed (excluding interest and fees) exceeds 1% of Bank equity which had developments and changes from the description in the 2025 financial statements:
  - In May 2016, the Bank received a claim and motion for approval of class action status, alleging unlawful over-charging of commissions to customers eligible to be classified as a small business, in breach of the Bank's duties in its relations with customers. The plaintiff estimates the damage at NIS 220 million. On November 13, 2025, the parties filed a motion with the Court seeking approval of a settlement agreement, which was reached as part of a mediation proceeding. On April 23, 2026, the District Court handed down its judgement, approving the settlement agreement reached by the parties.
  - In September 2018, the Bank received a claim and motion for approval of class action status amounting to NIS 180 million (estimated) for allegedly over-charging a commission upon early repayment of residential mortgages consisting of multiple tracks, some of which have generated positive capitalization differences and some of which have generated negative capitalization differences, where the Bank fails to offset the capitalization differences of the different tracks against each other, allegedly in contravention of provisions of the Banking Ordinance (Early repayment of residential mortgage), 2002. On April 28, 2025, the parties filed a motion with the Court seeking approval of a settlement agreement, which was reached as part of a mediation proceeding. In accordance with the court ruling, on April 29, 2026 the Attorney General filed their position regarding the settlement agreement. The parties are required to submit their response to the Attorney General's position by May 17, 2026.

### Note 10 – Contingent Liabilities and Special Commitments – continued

- c) In May 2020, the Bank received a claim and motion for approval of class action status, of unspecified amount, alleging breach of duty of confidentiality, by the Bank providing various identifiable information to international information corporations, and in particular to Facebook, allowing them to gather private information about Bank customers, allegedly in breach of provisions of the Privacy Protection Law, 1981 and other statutes, without providing required disclosure to Bank customers and without obtaining their consent.  
As recommended by the Court, the parties are in mediation proceeding.
- d) In April 2021, the Bank received a claim and motion for class action status filed against the Bank and 14 other defendants (other banks and financial institutions, hereinafter: "the defendants"), alleging transfer of private information to third parties while browsing the "Personal Zone" on websites and apps operated by the defendants, allegedly in violation of privacy and allegedly in breach of provisions of the Privacy Protection Law, Banking Rules and multiple other obligations imposed on the defendants.  
The defendants had submitted their summations, and the Bank's summations were submitted on January 12, 2026. Response summations have not yet been submitted on behalf of the movants.
- e) In February 2022, the Bank received a claim and a motion for class action status, filed against the Bank and nine other banks and against two private companies that operate, independently or by franchise, non-bank ATMs ("the motion"). The motion concerns the commission charged for cash withdrawal services from customer accounts at the defendant banks, made through non-banking ATMs operated by public companies. The damage to the class, according to the motion, was set at NIS 458 million in total against all defendants, with the plaintiff allowing the Court discretion in allocating liability among the defendants.  
The Supervisor of Banks submitted its positions regarding the issue, which is the subject matter of the motion. Suther to the movant's request, on February 9, 2026, the court handed down its ruling, whereby the Attorney General should inform the court - no later than March 29, 2026 - whether she wishes to address or add upon the previous positions submitted by the Supervisor of Banks regarding the case. The Attorney General's position has not yet been filed.
- f) In November 2022, the Bank received a claim and a motion for approval of class action lawsuit, of unspecified amount, concerning revision of interest rates in conformity with agreements for residential mortgages in the variable interest track based on bonds as an anchor (yield of Government bonds), alleging that this creates an unfair advantage for the Bank at the expense of borrowers, and that the condition stipulated in such agreements, whereby the change in anchor would only apply "on condition that the sum of these components shall not be less than "0%"" constitutes, allegedly, a discriminatory condition in a uniform contract, as defined in Section 2 of the Uniform Contract Law, 1982.  
On April 6, 2026, the Court handed down its ruling, whereby the Supervisor of Banks is required to file its position regarding the issue arising from the certification motion by May 17, 2026.
- g) In May 2023, the Bank received a claim and motion for class action status, of unspecified amount, with respect to setting the interest rate in the fixed interest track of residential mortgages, carried out in parts. The motion alleges that the Bank should set an annual interest rate based on the basic interest rate plus the "additional rate" which, according to the plaintiff, should be fixed; However, allegedly the Bank calculates the additional interest based on the interest rate upon signing the loan agreement, but based on the basic interest on later dates, in contravention of the loan agreement and of provisions of Proper Conduct of Banking Business Directive 421 regarding "Decrease or increase in interest rates".  
Following the court's suggestion, on January 6, 2026 an agreed motion was filed for the withdrawal of the plaintiff from the certification motion. On January 28, 2026, a judgment was handed down, which approves the withdrawal arrangement filed by the parties.
- h) In June 2023, the Bank was served with a claim and a motion for class action status brought against the Bank and other banks, claiming damages in excess of NIS 1 billion, for non-payment of interest for credit balances in current accounts. The motion alleges that the Bank does not pay interest for credit balances in current accounts held with the Bank, by way of credit interest or by automated deposit of credit balances in the account to an interest-bearing deposit, and that the Bank fails to inform customers of the appropriate options in such circumstances, in breach of various statutory provisions and with unlawful enrichment.  
On December 29, 2024, the Supervisor of Banks submitted its position, whereby, among other things, the Supervisor of Banks clarified that it objects to any intervening in the prices of banking services; it is the Supervisor of Banks' position that requiring the banks to pay interest on credit balances in current accounts may be a misguided move. Further to a pre-trial hearing held on December 30, 2025, summations were filed by the movants. The Bank's summations were submitted on May 12, 2026.

### Note 10 – Contingent Liabilities and Special Commitments – continued

- i) In June 2023, the Bank was served a claim and motion for approval of class action status, filed against the Bank and other banks, alleging over-charging of debit interest linked to the Prime lending rate. The claim alleges that the Bank increases the Prime lending rate used to determine the debit interest rate for debit balances in current accounts and in loans, whenever the Bank of Israel changes its interest rate, and by exactly the same change, without exercising judgment and without paying due consideration to changes to the cost of credit sources, thereby increasing the Bank's earnings by allegedly using, other than in good faith, unfair sections of uniform banking contracts, as well as unlawful enrichment. The total estimated damage for all defendants amounts to NIS 5.8 billion. Dates were scheduled for the filing of summations in the case. On May 11, 2026, the court handed down a ruling whereby, at this stage, the dates scheduled for the filing of summations on behalf of the parties shall be postponed until a ruling is issued in the motion to add evidence to the case as filed by the movants.
- j) In July 2023, the Bank was served with a claim and motion for approval of class action status, filed against the Bank and other banks. The claim alleges misleading behavior and failure to provide disclosure, when making a deposit online or in the app, the interest rate offered and paid to other bank customers for the same deposits, and of the option to obtain better interest. This involves allegedly unlawful action that amounts to misleading behavior, exploitative and lacking good faith, as well as unlawful enrichment. The total damage claimed for all banks amounts to NIS 984 million. On April 28, 2026 a judgement was handed down which dismissed the certification motion, and the movants were required to pay legal expenses.
- k) In August 2023, the Bank received a claim and motion for approval of class action status, of unspecified amount, filed against the Bank and other banks. The motion concerns the requirement to provide a building insurance policy incidental to a mortgage, to be pledged in favor of the Bank, even when the property value net of the relevant land value exceeds the requested loan amount or the outstanding loan balance, allegedly in contravention of provisions of Proper Conduct of Banking Business Directive 451. It was further alleged that the defendant banks do not inform the borrowers, during the loan period, of the option available to them not to insure the property under such circumstances, with respect to the outstanding loan balance. According to the Court's decision to split the hearing, on November 14, 2024, the plaintiff filed a motion for approval of a class action relating solely to the Bank. A pre-trial hearing was held on May 11, 2026, in which the Court discussed the preliminary motions filed by the parties, and under the court's ruling the parties are required to inform the court of their response to its recommendations with respect to the various motions by June 2, 2026.
- l) In August 2023, the Bank was served with a claim and motion for approval of class action status, of unspecified amount. The motion concerns terms of interest and deposit types used as temporary collateral for mortgage transition from one land property to an alternative land property. Allegedly, in case of a deposit as such collateral, the investment options offered to the customer for such deposit are inferior by comparison to other investment options, and in particular – by comparison to other deposits offered to all Bank customers, and such action by the Bank results in excess profit for the Bank. It is further alleged that during the term of such deposit, the customer is required to maintain a valid life insurance policy, which is allegedly in contrast to the provisions of the mortgage agreement and in breach of a number of legal obligations of the Bank. On April 13, 2026, a pre-trial hearing took place.
- m) In March 2024 the Bank received a claim and a motion for approval of class action status, with no estimated sum, for alleged unlawful billing for exchange rate differences for foreign currency conversion actions, without anchoring the billing in the Bank's rate book and in agreements with customers and with no full disclosure on the scope of the billing. This with an alleged violation of legal provisions including banking rules (customer services)(fees), 2008 and the Uniform Contracts Law, 1982. On October 31, 2024 a verdict was handed down, under which the motion was dismissed in limine, and the movants were required to pay legal expenses. On December 15, 2024, the Bank's attorney was served with an appeal against the verdict, which the applicant submitted to the Supreme Court. A hearing for the appeal was scheduled for August 2, 2026.
- n) In June 2024, the Bank was served with a claim and a motion to approve a class action to the sum of NIS 700 million. The motion concerns the payment of interest on credit balances in current accounts managed at the bank, by way of their deposit to the automatic daily interest deposit existing at the Bank. The motion claims that the Bank does not inform and does not actively offer all of its customers the option of using the said deposit and thus prevents them from receiving interest on credit balances in their account, this in connection with the period beginning from April 2022 onward, while violating various legal provisions, disclosure obligations and unlawful acquisition of wealth. On February 9, 2026, the court handed down a decision ordering a stay of proceedings in this court case, until a judgment is rendered in a related proceeding regarding credit balances in current accounts as detailed in Section H above.

## Note 10 – Contingent Liabilities and Special Commitments – continued

- o) In January 2025, Bank Yahav was served with a motion for class action certification with no estimated amount, in respect of alleged unlawful overcharging - without fair disclosure - fees and commissions and third-party expenses in respect of securities transactions. The movant filed an amended certification motion. Bank Yahav's response to the amended class action certification motion was filed on February 9, 2026.

For all claims against the Bank Group in individual amounts over NIS 2 million, excluding claims listed in section 2 above, there is additional, non-remote exposure for which no provision was made, amounting to NIS 20 million.

3. Motions for class action status are pending against the Bank and its subsidiaries, where the amount claimed is material, as well as appeals to the High Court of Justice, as itemized below, which, in the opinion of the Bank's management, based on the opinion of the managements of its subsidiaries, and on the opinion of their legal counsel, the prospects for which cannot be estimated on the date of the financial statements, hence no provision was made for these.
- a. In November 2025, Bank Yahav was served with a class action, alleging that the bank does not deliver messages regarding the termination of the benefits awarded to a customer and does not inform the customer proactively with respect thereof, thereby allegedly breaching the law; in the opinion of Bank Yahav's legal advisors it is not yet possible to assess the chances of the class action.
4. In April 2026, the Bank and Isracard Ltd. signed an agreement on joint issuance of payment cards to be issued to the Bank's customers. Among other things, the commercial terms were revised under this agreement the commercial terms agreed by the parties in previous agreements. The Bank also has an agreement with Premium Express Ltd. of the Isracard Group on joint issuance of payment cards to the Bank's customers.

### C. Guarantees by maturity date

The Bank provides a wide range of guarantees and indemnification to its customers, to allow them to conduct a wide range of transactions. The maximum amount of potential future payments is determined based on the amount stated in the guarantee, without accounting for any potential refunds or collateral helped or pledged. Most guarantees at the Bank are rated by credit performance rating.

The following are guarantees issued by the Bank, by maturity date:

	As of March 31, 2026 (unaudited)				
	Expiring in 12 months or sooner	Expiring in 1 to 3 years	Expiring in 3 to 5 years	Expiring in over 5 years	Total
Loan guarantees	3,629	1,204	260	244	5,337
Guarantees to home buyers	11,652	5,265	854	9	17,780
Guarantees and other commitments	8,404	5,384	5,072	75	18,935
Commitments to issue guarantees	4,029	10,119	6,940	-	21,088
<b>Total guarantees</b>	<b>27,714</b>	<b>21,972</b>	<b>13,126</b>	<b>328</b>	<b>63,140</b>

	As of March 31, 2025 (unaudited)				
	Expiring in 12 months or sooner	Expiring in 1 to 3 years	Expiring in 3 to 5 years	Expiring in over 5 years	Total
Loan guarantees	2,974	799	123	187	4,083
Guarantees to home buyers	11,934	5,932	442	73	18,381
Guarantees and other commitments	8,561	4,027	3,124	302	16,014
Commitments to issue guarantees	4,224	8,600	2,351	-	15,175
<b>Total guarantees</b>	<b>27,693</b>	<b>19,358</b>	<b>6,040</b>	<b>562</b>	<b>53,653</b>

	As of December 31, 2025 (audited)				
	Expiring in 12 months or sooner	Expiring in 1 to 3 years	Expiring in 3 to 5 years	Expiring in over 5 years	Total
Loan guarantees	4,072	845	184	255	5,356
Guarantees to home buyers	11,913	4,714	823	68	17,518
Guarantees and other commitments	8,794	5,430	4,453	72	18,749
Commitments to issue guarantees	3,691	9,870	5,670	-	19,231
<b>Total guarantees</b>	<b>28,470</b>	<b>20,859</b>	<b>11,130</b>	<b>395</b>	<b>60,854</b>

## Notes to condensed financial statements

As of March 31, 2026

### Note 11 – Derivative instruments and hedging activities

Reported amounts (NIS in millions)

#### A) Activity on a consolidated basis

	March 31, 2026			March 31, 2025		
	Derivatives not held for trading	Derivatives held for trading	Total	Derivatives not held for trading	Derivatives held for trading	Total
<b>1. Stated amounts of derivative instruments</b>						
<b>Interest contracts</b>						
Forward contracts and futures contracts	-	2,836	2,836	-	2,550	2,550
Options written	-	-	-	-	-	-
Options purchased	-	-	-	-	-	-
Swaps <sup>(1)</sup>	48,193	115,624	163,817	37,119	75,733	112,852
<b>Total<sup>(2)</sup></b>	<b>48,193</b>	<b>118,460</b>	<b>166,653</b>	<b>37,119</b>	<b>78,283</b>	<b>115,402</b>
<b>Of which: Hedging derivatives<sup>(3)</sup></b>	<b>16,080</b>	<b>-</b>	<b>16,080</b>	<b>9,822</b>	<b>-</b>	<b>9,822</b>
<b>Currency contracts</b>						
Forward contracts and futures contracts <sup>(4)</sup>	77,614	184,739	262,353	74,566	181,479	256,045
Options written	-	15,752	15,752	-	10,584	10,584
Options purchased	-	14,386	14,386	-	11,017	11,017
Swaps	633	2,657	3,290	744	1,114	1,858
<b>Total</b>	<b>78,247</b>	<b>217,534</b>	<b>295,781</b>	<b>75,310</b>	<b>204,194</b>	<b>279,504</b>
<b>Of which: Hedging derivatives<sup>(3)</sup></b>	<b>1,424</b>	<b>-</b>	<b>1,424</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Contracts for shares</b>						
Forward contracts and futures contracts	-	48,168	48,168	-	32,356	32,356
Options written	213	17,187	17,400	174	8,288	8,462
Options purchased <sup>(5)</sup>	-	16,589	16,589	-	8,290	8,290
Swaps	-	421	421	-	954	954
<b>Total</b>	<b>213</b>	<b>82,365</b>	<b>82,578</b>	<b>174</b>	<b>49,888</b>	<b>50,062</b>
<b>Commodities and other contracts</b>						
Forward contracts and futures contracts	-	4,594	4,594	-	7	7
Options written	-	-	-	-	-	-
Options purchased	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>4,594</b>	<b>4,594</b>	<b>-</b>	<b>7</b>	<b>7</b>
<b>Credit contracts</b>						
Bank is guarantor	-	-	-	-	-	-
Bank is beneficiary	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total stated amount</b>	<b>126,653</b>	<b>422,953</b>	<b>549,606</b>	<b>112,603</b>	<b>332,372</b>	<b>444,975</b>

(1) Includes swaps where the banking corporation pays a fixed interest rate amounting to NIS 93,677 million (as of March 31, 2025: NIS 67,913 million)

(2) Of which: NIS/CPI swaps amounting to NIS 4,425 million (as of March 31, 2025: NIS 4,662 million)

The Bank conducts fair value hedging and cash flow hedging through interest rate swap contracts, foreign currency swap contracts and NIS/CPI swap contracts, respectively.

(4) Of which: NIS/CPI swaps amounting to NIS 16,168 million (as of March 31, 2025: NIS 17,660 million)

(5) Of which: Traded on the Stock Exchange, amounting to NIS 16,589 million (as of March 31, 2025: NIS 8,290 million)

**Note 11 – Derivative instruments and hedging activities – continued**

Reported amounts (NIS in millions)

**A) Activity on a consolidated basis – continued**

	December 31, 2025		
	Derivatives not held for trading	Derivatives held for trading	Total
<b>1. Stated amounts of derivative instruments</b>			
<b>Interest contracts</b>			
Forward contracts	-	-	-
Options written	-	-	-
Options purchased	-	-	-
Swaps <sup>(1)</sup>	33,747	108,326	142,073
<b>Total<sup>(2)</sup></b>	<b>33,747</b>	<b>108,326</b>	<b>142,073</b>
<b>Of which: Hedging derivatives<sup>(3)</sup></b>	<b>9,881</b>	<b>-</b>	<b>9,881</b>
<b>Currency contracts</b>			
Forward contracts and futures contracts <sup>(4)</sup>	63,649	200,442	264,091
Options written	-	6,655	6,655
Options purchased	-	6,661	6,661
Swaps	638	1,021	1,659
<b>Total</b>	<b>64,287</b>	<b>214,779</b>	<b>279,066</b>
<b>Of which: Hedging derivatives<sup>(3)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Contracts for shares</b>			
Forward contracts and futures contracts	-	47,420	47,420
Options written	213	16,940	17,153
Options purchased <sup>(5)</sup>	-	16,943	16,943
Swaps	-	370	370
<b>Total</b>	<b>213</b>	<b>81,673</b>	<b>81,886</b>
<b>Commodities and other contracts</b>			
Forward contracts	-	2	2
Options written	-	-	-
Options purchased	-	-	-
<b>Total</b>	<b>-</b>	<b>2</b>	<b>2</b>
<b>Credit contracts</b>			
Bank is guarantor	-	-	-
Bank is beneficiary	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total stated amount</b>	<b>98,247</b>	<b>404,780</b>	<b>503,027</b>

(1) Of which: seeps where the banking corporation pays a fixed interest, amounting to NIS 86,378 million.

(2) Of which: NIS/CPI swaps amounting to NIS 4,056 million.

(3) The Bank conducts fair value hedging and cash flow hedging through interest rate swap contracts and NIS/CPI swap contracts, respectively.

(4) Of which: Foreign currency spot swaps amounting to NIS 4,624 million.

(5) Of which: Traded on the stock exchange, amounting to NIS 16,940 million.

## Notes to condensed financial statements

As of March 31, 2026

### Note 11 – Derivative instruments and hedging activities – continued

Reported amounts (NIS in millions)

#### A) Activity on a consolidated basis – continued

	March 31, 2026					
	Assets with respect to derivatives, gross			Liabilities with respect to derivatives, gross		
	Derivatives not held for trading	Derivatives held for trading	Total	Derivatives not held for trading	Derivatives held for trading	Total
<b>2. Fair value of derivative instruments, gross</b>						
<b>Interest contracts</b>	1,055	872	1,927	894	708	1,602
Of which: Hedging derivatives	297	-	297	203	-	203
<b>Currency contracts</b>	97	3,209	3,306	34	3,298	3,332
Of which: Hedging derivatives	19	-	19	-	-	-
<b>Contracts for shares</b>	14	1,178	1,192	-	1,160	1,160
<b>Commodities and other contracts</b>	-	21	21	-	21	21
<b>Credit contracts</b>	-	-	-	-	-	-
<b>Total assets / liabilities with respect to derivatives, gross<sup>(1)</sup></b>	<b>1,166</b>	<b>5,280</b>	<b>6,446</b>	<b>928</b>	<b>5,187</b>	<b>6,115</b>
Fair value amounts offset in the balance sheet	-	-	-	-	-	-
<b>Carrying amount of assets / liabilities with respect to derivative instruments</b>	<b>1,166</b>	<b>5,280</b>	<b>6,446</b>	<b>928</b>	<b>5,187</b>	<b>6,115</b>
Of which: Carrying amount with respect to derivative instruments not subject to a master netting agreement or to similar agreements	89	1,525	1,614	2	1,559	1,561

	March 31, 2025					
	Assets with respect to derivatives, gross			Liabilities with respect to derivatives, gross		
	Derivatives not held for trading	Derivatives held for trading	Total	Derivatives not held for trading	Derivatives held for trading	Total
<b>2. Fair value of derivative instruments, gross</b>						
<b>Interest contracts</b>	1,282	808	2,090	984	672	1,656
Of which: Hedging derivatives	322	-	322	126	-	126
<b>Currency contracts</b>	198	3,030	3,228	23	2,892	2,915
Of which: Hedging derivatives	-	-	-	-	-	-
<b>Contracts for shares</b>	9	422	431	-	404	404
<b>Commodities and other contracts</b>	-	-	-	-	-	-
<b>Credit contracts</b>	-	-	-	-	-	-
<b>Total assets / liabilities with respect to derivatives, gross<sup>(1)</sup></b>	<b>1,489</b>	<b>4,260</b>	<b>5,749</b>	<b>1,007</b>	<b>3,968</b>	<b>4,975</b>
Fair value amounts offset in the balance sheet	-	-	-	-	-	-
<b>Carrying amount of assets / liabilities with respect to derivative instruments</b>	<b>1,489</b>	<b>4,260</b>	<b>5,749</b>	<b>1,007</b>	<b>3,968</b>	<b>4,975</b>
Of which: Carrying amount with respect to derivative instruments not subject to a master netting agreement or to similar agreements	28	1,041	1,069	7	653	660

(1) Of which: Gross fair value of assets with respect to embedded derivatives amounting to NIS 32 million (as of March 31, 2025 - NIS 26 million);

**Note 11 – Derivative instruments and hedging activities – continued**

Reported amounts (NIS in millions)

**A) Activity on consolidated basis – continued**

	<b>December 31, 2025</b>					
	<b>Assets with respect to derivatives, gross</b>			<b>Liabilities with respect to derivatives, gross</b>		
	<b>Derivatives not held for trading</b>	<b>Derivatives held for trading</b>	<b>Total</b>	<b>Derivatives not held for trading</b>	<b>Derivatives held for trading</b>	<b>Total</b>
<b>2. Fair value of derivative instruments, gross</b>						
<b>Interest contracts</b>	1,065	869	1,934	926	825	1,751
Of which: Hedging derivatives	272	-	272	225	-	225
<b>Currency contracts</b>	65	3,739	3,804	23	4,699	4,722
Of which: Hedging derivatives	-	-	-	-	-	-
<b>Contracts for shares</b>	22	565	587	-	555	555
<b>Commodities and other contracts</b>	-	-	-	-	-	-
<b>Credit contracts</b>	-	-	-	-	-	-
<b>Total assets / liabilities with respect to derivatives, gross<sup>(1)</sup></b>	<b>1,152</b>	<b>5,173</b>	<b>6,325</b>	<b>949</b>	<b>6,079</b>	<b>7,028</b>
Fair value amounts offset in the balance sheet	-	-	-	-	-	-
<b>Carrying amount of assets / liabilities with respect to derivative instruments</b>	<b>1,152</b>	<b>5,173</b>	<b>6,325</b>	<b>949</b>	<b>6,079</b>	<b>7,028</b>
Of which: Carrying amount with respect to derivative instruments not subject to a master netting agreement or to similar agreements	92	834	926	4	1,051	1,055

(1) Of which: Gross fair value of assets with respect to embedded derivatives amounting to NIS 32 million.



**Note 11 – Derivative instruments and hedging activities – continued**

Reported amounts (NIS in millions)

**C) Credit risk on financial derivatives according to counter-party to the contract – Consolidated**

	March 31, 2026						
	Stock exchanges	Banks	Dealers/ Brokers	Governments and central banks	Institutional investors	Others	Total
<b>Carrying amount of assets with respect to derivative instruments</b>	74	3,083	893	75	1,563	758	6,446
Gross amounts not offset in the balance sheet:							
Mitigation of credit risk with respect to financial instruments	-	(2,096)	-	-	(1,180)	(86)	<sup>(1)</sup> (3,362)
Mitigation of credit risk with respect to cash collateral received	-	(987)	-	(75)	(383)	-	(1,445)
<b>Net amount of assets with respect to derivative instruments</b>	<b>74</b>	<b>-</b>	<b>893</b>	<b>-</b>	<b>-</b>	<b>672</b>	<b>1,639</b>
Net off-balance sheet credit risk with respect to derivative instruments <sup>(2)</sup>	305	2,569	106	10	2,998	436	6,424
<b>Total credit risk on derivative instruments</b>	<b>379</b>	<b>2,569</b>	<b>999</b>	<b>10</b>	<b>2,998</b>	<b>1,108</b>	<b>8,063</b>
<b>Carrying amount of liabilities with respect to derivative instruments</b>	<b>74</b>	<b>2,143</b>	<b>893</b>	<b>-</b>	<b>2,228</b>	<b>777</b>	<b>6,115</b>
Gross amounts not offset in the balance sheet:							
Financial instruments	-	(2,096)	-	-	(1,180)	(86)	(3,362)
Pledged cash collateral	-	(47)	-	-	(1,048)	(35)	(1,130)
<b>Net amount of liabilities with respect to derivative instruments</b>	<b>74</b>	<b>-</b>	<b>893</b>	<b>-</b>	<b>-</b>	<b>656</b>	<b>1,623</b>

	March 31, 2025						
	Stock exchanges	Banks	Dealers/ Brokers	Governments and central banks	Institutional investors	Others	Total
<b>Carrying amount of assets with respect to derivative instruments</b>	59	2,606	277	4	2,217	586	5,749
Gross amounts not offset in the balance sheet:							
Mitigation of credit risk with respect to financial instruments	-	(2,354)	-	-	(1,695)	(146)	<sup>(1)</sup> (4,195)
Mitigation of credit risk with respect to cash collateral received	-	(213)	-	-	(419)	(33)	(665)
<b>Net amount of assets with respect to derivative instruments</b>	<b>59</b>	<b>39</b>	<b>277</b>	<b>4</b>	<b>103</b>	<b>407</b>	<b>889</b>
Net off-balance sheet credit risk with respect to derivative instruments <sup>(2)</sup>	80	347	1,194	10	2,270	397	4,298
<b>Total credit risk on derivative instruments</b>	<b>139</b>	<b>386</b>	<b>1,471</b>	<b>14</b>	<b>2,373</b>	<b>804</b>	<b>5,187</b>
<b>Carrying amount of liabilities with respect to derivative instruments</b>	<b>58</b>	<b>2,360</b>	<b>277</b>	<b>23</b>	<b>1,713</b>	<b>544</b>	<b>4,975</b>
Gross amounts not offset in the balance sheet:							
Financial instruments	-	(2,354)	-	-	(1,695)	(146)	(4,195)
Pledged cash collateral	-	(6)	-	-	(18)	-	(24)
<b>Net amount of liabilities with respect to derivative instruments</b>	<b>58</b>	<b>-</b>	<b>277</b>	<b>23</b>	<b>-</b>	<b>398</b>	<b>756</b>

(1) This balance consists entirely of derivative instruments subject to offset agreements.

(2) The difference, if positive, between the total amounts with respect to derivative instruments (including with respect to derivative instruments with negative fair value) included under borrower indebtedness, as calculated for restrictions on indebtedness of a borrower, before mitigation of credit risk, and the carrying amount of assets with respect to derivative instruments of the borrower.

## Notes to condensed financial statements

As of March 31, 2026

### Note 11 – Derivative instruments and hedging activities – continued

Reported amounts (NIS in millions)

#### C) Credit risk on financial derivatives according to counter-party to the contract – Consolidated – continued

	December 31, 2025						
	Stock exchanges	Banks	Dealers/ Brokers	Governments and central banks	Institutional investors	Others	Total
<b>Carrying amount of assets with respect to derivative instruments</b>	<b>113</b>	<b>3,060</b>	<b>305</b>	<b>157</b>	<b>1,911</b>	<b>779</b>	<b>6,325</b>
Gross amounts not offset in the balance sheet:							
Mitigation of credit risk with respect to financial instruments	-	(2,126)	-	-	(1,131)	(80)	<sup>(1)</sup> (3,337)
Mitigation of credit risk with respect to cash collateral received	-	(934)	-	(152)	(780)	-	(1,866)
<b>Net amount of assets with respect to derivative instruments</b>	<b>113</b>	<b>-</b>	<b>305</b>	<b>5</b>	<b>-</b>	<b>699</b>	<b>1,122</b>
Net off-balance sheet credit risk with respect to derivative instruments <sup>(2)</sup>	137	2,207	116	16	2,408	374	5,258
<b>Total credit risk on derivative instruments</b>	<b>250</b>	<b>2,207</b>	<b>421</b>	<b>21</b>	<b>2,408</b>	<b>1,073</b>	<b>6,380</b>
<b>Carrying amount of liabilities with respect to derivative instruments</b>	<b>112</b>	<b>2,387</b>	<b>305</b>	<b>-</b>	<b>3,356</b>	<b>868</b>	<b>7,028</b>
Gross amounts not offset in the balance sheet:							
Financial instruments	-	(2,126)	-	-	(1,131)	(80)	(3,337)
Pledged cash collateral	-	(261)	-	-	(1,771)	(95)	(2,127)
<b>Net amount of liabilities with respect to derivative instruments</b>	<b>112</b>	<b>-</b>	<b>305</b>	<b>-</b>	<b>454</b>	<b>693</b>	<b>1,564</b>

(1) This balance consists entirely of derivative instruments subject to offset agreements.

(2) The difference, if positive, between the total amounts with respect to derivative instruments (including with respect to derivative instruments with negative fair value) included under borrower indebtedness, as calculated for restrictions on indebtedness of a borrower, before mitigation of credit risk, and the carrying amount of assets with respect to derivative instruments of the borrower.

In the first quarter of 2026, the Bank recognized expenses from increase in credit losses with respect to derivative instruments amounting to NIS 3 million (in the first quarter of 2025, the Bank recognized expenses amounting to NIS 4 million, and in 2025, the Bank recognized expenses amounting to NIS 8 million).

#### D) Maturity dates – stated amounts: Balances at end of period – Consolidated

	March 31, 2026				
	Up to three months	3 months to 1 year	1-5 years	Over 5 years	Total
Interest contracts:					
NIS – CPI	871	1,783	1,243	528	4,425
Other	19,725	24,877	88,806	28,820	162,228
Currency contracts	168,191	121,556	5,710	324	295,781
Contracts for shares	80,484	1,841	253	-	82,578
Commodities and other contracts	2,129	2,465	-	-	4,594
<b>Total</b>	<b>271,400</b>	<b>152,522</b>	<b>96,012</b>	<b>29,672</b>	<b>549,606</b>
<b>Total</b>	<b>249,361</b>	<b>119,753</b>	<b>54,519</b>	<b>21,342</b>	<b>444,975</b>
<b>Total</b>	<b>291,568</b>	<b>107,294</b>	<b>80,731</b>	<b>23,434</b>	<b>503,027</b>

## Note 12 – Operating Segments

### A. Information regarding supervisory operating segments

According to Banking Supervision Department's directives, the Bank is required to provide in its financial statements a disclosure with regard to supervisory operating segments in conformity with a uniform and comparable format set by the Supervisor of Banks; allocation to supervisory operating segments is typically determined based on the customer's turnover.

The financial information on the Report of the Board of Directors and Management is included based on definitions of supervisory segments.

In addition, the financial statements include – in Note 12 to the financial statements – disclosure with regard to "Operating segments in conformity with the management approach".

An operating segment in conformity with the management approach is a Bank component with operations which may derive revenues and incur expenses which meet the following criteria:

- a. Its operating results are regularly reviewed for the purpose of decision making about resource allocation and for performance evaluation.
- b. Separate financial information is available for it.

In fact, there is a strong correlation between supervisory operating segments and "operating segments in conformity with the management approach" but nevertheless, there are some differences in customer attribution to segments and in decision making. Therefore, at this stage, the financial statements also include reporting of operating results in conformity with "the management approach", as noted above.

#### Supervisory operating segments

Supervisory operating segments include operating segments for individuals and operating segments for other than individuals (including business operating segments, institutional investors and financial management of the Bank).

Individuals are defined as persons with no indebtedness to the Bank or whose indebtedness is classified as indebtedness of "individuals – residential mortgages and others", in conformity with definitions of credit risk classification by economic sector.

Definitions of supervisory operating segments are as follows:

**Households** – individuals, other than private banking customers, as noted below.

**Private banking** – individuals who manage a financial asset portfolio in excess of NIS 3 million.

**Small and micro businesses** – businesses with turnover amounting up to NIS 50 million.

**Medium businesses** – businesses with turnover higher than NIS 50 million and lower than NIS 250 million.

**Large businesses** – businesses with turnover higher than NIS 250 million.

**Institutional investors** – Businesses which own pension funds, study funds, mutual funds, ETFs, insurance companies, stock exchange members, portfolio managers.

**Financial management** – includes trading operations, asset and liability management and non-banking investments.

**Trade operations** – Investment in securities held for trading, market making operations for securities, operations involving derivatives not designated as hedges and which are not part of asset and liability management for the Bank, borrowing of securities for trading, short selling of securities, underwriting services for securities.

**Asset and liability management** – including investment in bonds available for sale and in bonds held to maturity, hedging using derivatives, ALM hedging, deposits with banks and deposits from banks in Israel and overseas, currency hedging of investments overseas, deposits with and from Governments.

**Real investments** – Investment in shares available for sale and in associated companies of businesses.

**Other financial management operations** – management, operation, trust and custody services for banks, sale and management of loan portfolios.

The aforementioned operating segments are divided into operations in Israel and operations overseas; operations overseas are presented separately and are divided into operations of individuals and business operations only.

## Notes to condensed financial statements

As of March 31, 2026

### Note 12 – Operating Segments – continued

#### Supervisory operating segments

For the three months ended March 31, 2026 (Unaudited)

Reported amounts (NIS in millions)

	Operations in Israel			
	Households			
	Residential mortgages	Others	Of which: Credit cards	Total
Interest revenues from externals	2,721	444	16	3,165
Interest expenses from externals	5	752	-	757
Interest revenues, net from externals	2,716	(308)	16	2,408
Interest revenues, net – inter-segment	(2,001)	1,183	(1)	(818)
<b>Total interest revenues, net</b>	<b>715</b>	<b>875</b>	<b>15</b>	<b>1,590</b>
Total non-interest financing revenues	-	-	-	-
Total commissions and other revenues	26	194	47	220
<b>Total non-interest revenues</b>	<b>26</b>	<b>194</b>	<b>47</b>	<b>220</b>
<b>Total revenues</b>	<b>741</b>	<b>1,069</b>	<b>62</b>	<b>1,810</b>
Expenses due to credit losses	(53)	(38)	(3)	(91)
Operating and other expenses to externals	210	566	17	776
Operating and other expenses – inter-segment	-	1	-	1
<b>Total operating and other expenses</b>	<b>210</b>	<b>567</b>	<b>17</b>	<b>777</b>
Pre-tax profit	584	540	48	1,124
Provision for taxes on profit	230	214	19	444
<b>After-tax profit</b>	<b>354</b>	<b>326</b>	<b>29</b>	<b>680</b>
Share of banking corporation in earnings of associated companies	-	-	-	-
Net profit before attribution to non-controlling interests	354	326	29	680
Net profit attributed to non-controlling interests	-	(41)	(1)	(41)
<b>Net profit attributable to shareholders of the banking corporation</b>	<b>354</b>	<b>285</b>	<b>28</b>	<b>639</b>
Average balance of assets	247,248	29,100	3,996	276,348
Of which: Investments in associated companies	-	-	-	-
Average balance of loans to the public	247,248	29,100	3,996	276,348
Balance of loans to the public at end of reported period	249,293 <sup>(3)</sup>	28,562	4,946	277,855
Balance of non-accruing debts and debts in arrears over 90 days	2,670	167	1	2,837
Balance of other problematic debts	-	142	4	142
Balance of provision for credit losses at end of reported period	1,015	630	-	1,645
Net accounting write-offs in the reported period	-	41	-	41
Average balance of liabilities	-	134,140	-	134,140
Of which: Average balance of deposits from the public	-	134,140	-	134,140
Balance of deposits from the public at end of reported period	-	135,397	-	135,397
Average balance of risk assets <sup>(1)</sup>	145,320	24,063	4,597	169,383
Balance of risk assets at end of reported period <sup>(1)</sup>	144,803	23,164	4,460	167,967
Average balance of assets under management <sup>(2)</sup>	8,221	69,799	-	78,020
<b>Breakdown of interest revenues, net:</b>				
Margin from credit granting operations	596	221	12	817
Margin from activities of receiving deposits	-	638	-	638
Other	119	16	3	135
<b>Total interest revenues, net</b>	<b>715</b>	<b>875</b>	<b>15</b>	<b>1,590</b>

(1) Risk assets – as calculated for capital adequacy purposes (Proper Conduct of Banking Business Directive 201).

(2) Assets under management – includes customers' provident funds, study funds, mutual funds and securities.

(3) Of which: Balance of residential mortgages to customers classified under the micro and small business segment, amounting to NIS 8,746.

## Notes to condensed financial statements

As of March 31, 2026

							Operations overseas	Total – operations overseas	Total
Private banking	Small and micro businesses	Medium businesses	Large businesses	Institutional investors	Financial management segment	activity in Israel			
2	668	285	852	40	850	5,862	398		6,260
250	295	311	487	1,023	286	3,409	158		3,567
(248)	373	(26)	365	(983)	564	2,453	240		2,693
359	232	230	34	1,080	(1,067)	50	(50)		-
<b>111</b>	<b>605</b>	<b>204</b>	<b>399</b>	<b>97</b>	<b>(503)</b>	<b>2,503</b>	<b>190</b>		<b>2,693</b>
-	-	-	-	-	186	186	-		186
16	142	34	76	20	71	579	25		604
<b>16</b>	<b>142</b>	<b>34</b>	<b>76</b>	<b>20</b>	<b>257</b>	<b>765</b>	<b>25</b>		<b>790</b>
<b>127</b>	<b>747</b>	<b>238</b>	<b>475</b>	<b>117</b>	<b>(246)</b>	<b>3,268</b>	<b>215</b>		<b>3,483</b>
-	93	3	(34)	-	(4)	(33)	64		31
4	274	44	67	49	78	1,292	36		1,328
1	1	-	-	-	(3)	-	-		-
<b>5</b>	<b>275</b>	<b>44</b>	<b>67</b>	<b>49</b>	<b>75</b>	<b>1,292</b>	<b>36</b>		<b>1,328</b>
122	379	191	442	68	(317)	2,009	115		2,124
48	150	76	175	27	(125)	795	45		840
<b>74</b>	<b>229</b>	<b>115</b>	<b>267</b>	<b>41</b>	<b>(192)</b>	<b>1,214</b>	<b>70</b>		<b>1,284</b>
-	-	-	-	-	8	8	-		8
74	229	115	267	41	(184)	1,222	70		1,292
-	(2)	-	-	-	(11)	(54)	-		(54)
<b>74</b>	<b>227</b>	<b>115</b>	<b>267</b>	<b>41</b>	<b>(195)</b>	<b>1,168</b>	<b>70</b>		<b>1,238</b>
170	35,776	22,666	54,506	8,336	137,080	534,882	30,159		565,041
-	-	-	-	-	500	500	-		500
170	35,776	22,666	54,506	8,336	-	397,802	13,808		411,610
173	36,373	23,196	55,721	8,288	-	401,606	15,689		417,295
-	817	339	153	-	-	4,146	143		4,289
-	518	93	200	-	-	953	137		1,090
2	1,247	285	342	13	-	3,534	187		3,721
-	67	9	(2)	-	-	115	43		158
32,496	52,918	35,267	48,623	136,045	68,559	508,048	17,097		525,145
32,496	52,918	35,267	48,623	136,045	-	439,489	16,665		456,154
33,287	53,158	35,288	48,739	127,245	-	433,114	17,549		450,663
136	34,088	20,062	82,878	1,670	26,096	334,313	18,090		352,403
137	33,671	20,109	81,503	1,624	26,406	331,417	19,613		351,030
37,035	58,827	25,145	44,150	461,064	4,201	708,442	-		708,442
1	311	116	291	13	-	1,549	115		1,664
110	258	72	49	83	-	1,210	25		1,235
-	36	16	59	1	(503)	(256)	50		(206)
<b>111</b>	<b>605</b>	<b>204</b>	<b>399</b>	<b>97</b>	<b>(503)</b>	<b>2,503</b>	<b>190</b>		<b>2,693</b>

## Notes to condensed financial statements

As of March 31, 2026

### Note 12 – Operating Segments – continued

#### Supervisory operating segments

For the three months ended March 31, 2025 (Unaudited)

Reported amounts (NIS in millions)

	Operations in Israel			
	Households			
	Residential mortgages	Others	Of which: Credit cards	Total
Interest revenues from externals	2,771	493	15	3,264
Interest expenses from externals	5	752	-	757
Interest revenues, net from externals	2,766	(259)	15	2,507
Interest revenues, net – inter-segment	(2,082)	1,228	(4)	(854)
<b>Total interest revenues, net</b>	<b>684</b>	<b>969</b>	<b>11</b>	<b>1,653</b>
Total non-interest financing revenues	-	-	-	-
Total commissions and other revenues	39	174	47	213
<b>Total non-interest revenues</b>	<b>39</b>	<b>174</b>	<b>47</b>	<b>213</b>
<b>Total revenues</b>	<b>723</b>	<b>1,143</b>	<b>58</b>	<b>1,866</b>
Expenses due to credit losses	(34)	54	1	20
Operating and other expenses to externals	206	569	17	775
Operating and other expenses – inter-segment	-	1	-	1
<b>Total operating and other expenses</b>	<b>206</b>	<b>570</b>	<b>17</b>	<b>776</b>
Pre-tax profit	551	519	40	1,070
Provision for taxes on profit	200	188	15	388
<b>After-tax profit</b>	<b>351</b>	<b>331</b>	<b>25</b>	<b>682</b>
Share of banking corporation in earnings of associated companies	-	-	-	-
Net profit before attribution to non-controlling interests	351	331	25	682
Net profit attributed to non-controlling interests	-	(44)	(1)	(44)
<b>Net profit attributable to shareholders of the banking corporation</b>	<b>351</b>	<b>287</b>	<b>24</b>	<b>638</b>
Average balance of assets	227,468	28,151	3,899	255,619
Of which: Investments in associated companies	-	-	-	-
Average balance of loans to the public	227,468	28,151	3,899	255,619
Balance of loans to the public at end of reported period	228,522 <sup>(3)</sup>	27,963	5,020	256,485
Balance of non-accruing debts and debts in arrears over 90 days	2,140	132	-	2,272
Balance of other problematic debts	-	139	5	139
Balance of provision for credit losses at end of reported period	1,142	684	-	1,826
Net accounting write-offs in the reported period	-	43	-	43
Average balance of liabilities	-	133,285	-	133,285
Of which: Average balance of deposits from the public	-	133,285	-	133,285
Balance of deposits from the public at end of reported period	-	133,502	-	133,502
Average balance of risk assets <sup>(1)</sup>	134,991	23,172	4,482	158,163
Balance of risk assets at end of reported period <sup>(1)</sup>	135,663	22,709	4,734	158,372
Average balance of assets under management <sup>(2)</sup>	8,981	58,897	-	67,878
<b>Breakdown of interest revenues, net:</b>				
Margin from credit granting operations	565	235	12	800
Margin from activities of receiving deposits	-	711	-	711
Other	119	23	(1)	142
<b>Total interest revenues, net</b>	<b>684</b>	<b>969</b>	<b>11</b>	<b>1,653</b>

(1) Risk assets – as calculated for capital adequacy purposes (Proper Conduct of Banking Business Directive 201).

(2) Assets under management – includes customers' provident funds, study funds, mutual funds and securities.

(3) Of which: Balance of residential mortgages to customers classified under the micro and small business segment, amounting to NIS 10,484.

## Notes to condensed financial statements

As of March 31, 2026

							Operations overseas		Total
Private banking	Small and micro businesses	Medium businesses	Large businesses	Institutional investors	Financial management segment	activity in Israel	Total – operations overseas		
-	681	274	732	20	748	5,719	477		6,196
267	316	215	517	821	320	3,213	184		3,397
(267)	365	59	215	(801)	428	2,506	293		2,799
379	267	124	131	863	(794)	116	(116)		-
<b>112</b>	<b>632</b>	<b>183</b>	<b>346</b>	<b>62</b>	<b>(366)</b>	<b>2,622</b>	<b>177</b>		<b>2,799</b>
-	-	-	-	-	142	142	-		142
13	148	28	61	13	118	594	11		605
<b>13</b>	<b>148</b>	<b>28</b>	<b>61</b>	<b>13</b>	<b>260</b>	<b>736</b>	<b>11</b>		<b>747</b>
<b>125</b>	<b>780</b>	<b>211</b>	<b>407</b>	<b>75</b>	<b>(106)</b>	<b>3,358</b>	<b>188</b>		<b>3,546</b>
-	73	(4)	(10)	1	-	80	23		103
4	273	44	73	50	85	1,304	35		1,339
1	2	(1)	-	(3)	-	-	-		-
<b>5</b>	<b>275</b>	<b>43</b>	<b>73</b>	<b>47</b>	<b>85</b>	<b>1,304</b>	<b>35</b>		<b>1,339</b>
120	432	172	344	27	(191)	1,974	130		2,104
44	157	62	125	10	(69)	717	47		764
<b>76</b>	<b>275</b>	<b>110</b>	<b>219</b>	<b>17</b>	<b>(122)</b>	<b>1,257</b>	<b>83</b>		<b>1,340</b>
-	-	-	-	-	5	5	-		5
76	275	110	219	17	(117)	1,262	83		1,345
-	(4)	-	-	-	(7)	(55)	-		(55)
<b>76</b>	<b>271</b>	<b>110</b>	<b>219</b>	<b>17</b>	<b>(124)</b>	<b>1,207</b>	<b>83</b>		<b>1,290</b>
132	35,580	17,566	42,476	3,527	106,517	461,417	34,729		496,146
-	-	-	-	-	266	266	-		266
132	35,580	17,566	42,476	3,527	-	354,900	10,172		365,072
132	33,988	18,509	42,652	4,464	-	356,230	12,233		368,463
-	912	276	156	-	-	3,616	500		4,116
-	553	135	404	-	-	1,231	53		1,284
1	1,387	289	358	9	-	3,870	209		4,079
-	55	5	(7)	-	-	96	35		131
31,011	52,046	23,953	46,070	90,726	64,521	441,612	17,676		459,288
31,011	52,046	23,953	46,070	90,726	-	377,091	17,212		394,303
32,000	51,082	24,038	48,245	94,256	-	383,123	16,152		399,275
96	32,972	16,527	64,777	1,382	21,816	295,733	14,791		310,524
96	33,075	17,188	65,162	1,310	23,726	298,929	15,654		314,583
29,012	66,103	19,340	32,677	365,356	3,837	584,203	-		584,203
-	313	110	243	7	-	1,473	104		1,577
112	284	60	51	55	-	1,273	34		1,307
-	35	13	52	-	(366)	(124)	39		(85)
<b>112</b>	<b>632</b>	<b>183</b>	<b>346</b>	<b>62</b>	<b>(366)</b>	<b>2,622</b>	<b>177</b>		<b>2,799</b>

## Notes to condensed financial statements

As of March 31, 2026

### Note 12 – Operating Segments – continued

#### Supervisory operating segments

For the year ended December 31, 2025 (audited)

Reported amounts (NIS in millions)

	Operations in Israel			
	Households			
	Residential mortgages	Others	Of which: Credit cards	Total
Interest revenues from externals	12,394	2,020	62	14,414
Interest expenses from externals	24	3,355	-	3,379
Interest revenues, net from externals	12,370	(1,335)	62	11,035
Interest revenues, net – inter-segment	(9,550)	5,202	(4)	(4,348)
<b>Total interest revenues, net</b>	<b>2,820</b>	<b>3,867</b>	<b>58</b>	<b>6,687</b>
Total non-interest financing revenues	-	-	-	-
Total commissions and other revenues	126	755	198	881
<b>Total non-interest revenues</b>	<b>126</b>	<b>755</b>	<b>198</b>	<b>881</b>
<b>Total revenues</b>	<b>2,946</b>	<b>4,622</b>	<b>256</b>	<b>7,568</b>
Expenses due to credit losses	(119)	200	1	81
Operating and other expenses to externals	824	2,240	69	3,064
Operating and other expenses – inter-segment	-	3	-	3
<b>Total operating and other expenses</b>	<b>824</b>	<b>2,243</b>	<b>69</b>	<b>3,067</b>
Pre-tax profit	2,241	2,179	186	4,420
Provision for taxes on profit	806	784	67	1,590
<b>After-tax profit</b>	<b>1,435</b>	<b>1,395</b>	<b>119</b>	<b>2,830</b>
Share of banking corporation in earnings of associated companies	-	-	-	-
Net profit before attribution to non-controlling interests	1,435	1,395	119	2,830
Net profit attributed to non-controlling interests	-	(189)	(5)	(189)
<b>Net profit attributable to shareholders of the banking corporation</b>	<b>1,435</b>	<b>1,206</b>	<b>114</b>	<b>2,641</b>
Average balance of assets	234,887	28,577	3,993	263,464
Of which: Investments in associated companies	-	-	-	-
Average balance of loans to the public	234,887	28,577	3,993	263,464
Balance of loans to the public at end of reported period	245,226 <sup>(3)</sup>	28,853	5,153	274,079
Balance of non-accruing debts and debts in arrears over 90 days	2,535	156	1	2,691
Balance of other problematic debts	-	141	5	141
Balance of provision for credit losses at end of reported period	1,063	710	-	1,773
Net accounting write-offs in the reported period	(4)	164	-	160
Average balance of liabilities	-	134,309	-	134,309
Of which: Average balance of deposits from the public	-	134,309	-	134,309
Balance of deposits from the public at end of reported period	-	134,084	-	134,084
Average balance of risk assets <sup>(1)</sup>	138,875	23,269	4,482	162,144
Balance of risk assets at end of reported period <sup>(1)</sup>	143,714	23,117	1,705	166,831
Average balance of assets under management <sup>(2)</sup>	8,725	63,302	-	72,027
<b>Breakdown of interest revenues, net:</b>				
Margin from credit granting operations	2,340	918	47	3,258
Margin from activities of receiving deposits	-	2,874	-	2,874
Other	480	75	11	555
<b>Total interest revenues, net</b>	<b>2,820</b>	<b>3,867</b>	<b>58</b>	<b>6,687</b>

(1) Risk assets – as calculated for capital adequacy purposes (Proper Conduct of Banking Business Directive 201).

(2) Assets under management – includes customers' provident funds, study funds, mutual funds and securities.

(3) Of which: Balance of residential mortgages to customers classified under the micro and small business segment, amounting to NIS 9,162.

## Notes to condensed financial statements

As of March 31, 2026

							Operations overseas	Total
Private banking	Small and micro businesses	Medium businesses	Large businesses	Institutional investors	Financial management segment	activity in Israel	Total – operations overseas	
5	2,817	1,092	3,277	101	3,111	24,817	1,886	26,703
1,081	1,350	1,094	1,905	3,793	1,677	14,279	697	14,976
(1,076)	1,467	(2)	1,372	(3,692)	1,434	10,538	1,189	11,727
1,517	1,077	782	130	3,997	(2,663)	492	(492)	-
<b>441</b>	<b>2,544</b>	<b>780</b>	<b>1,502</b>	<b>305</b>	<b>(1,229)</b>	<b>11,030</b>	<b>697</b>	<b>11,727</b>
-	-	-	-	-	387	387	-	387
57	595	132	262	56	462	2,445	29	2,474
<b>57</b>	<b>595</b>	<b>132</b>	<b>262</b>	<b>56</b>	<b>849</b>	<b>2,832</b>	<b>29</b>	<b>2,861</b>
<b>498</b>	<b>3,139</b>	<b>912</b>	<b>1,764</b>	<b>361</b>	<b>(380)</b>	<b>13,862</b>	<b>726</b>	<b>14,588</b>
-	21	35	24	5	(7)	159	69	228
16	1,048	169	276	194	327	5,094	145	5,239
3	4	(2)	1	-	(9)	-	-	-
<b>19</b>	<b>1,052</b>	<b>167</b>	<b>277</b>	<b>194</b>	<b>318</b>	<b>5,094</b>	<b>145</b>	<b>5,239</b>
479	2,066	710	1,463	162	(691)	8,609	512	9,121
172	743	255	526	58	(248)	3,096	184	3,280
<b>307</b>	<b>1,323</b>	<b>455</b>	<b>937</b>	<b>104</b>	<b>(443)</b>	<b>5,513</b>	<b>328</b>	<b>5,841</b>
-	-	-	-	-	17	17	-	17
307	1,323	455	937	104	(426)	5,530	328	5,858
-	(5)	-	-	-	(34)	(228)	-	(228)
<b>307</b>	<b>1,318</b>	<b>455</b>	<b>937</b>	<b>104</b>	<b>(460)</b>	<b>5,302</b>	<b>328</b>	<b>5,630</b>
144	36,981	16,590	46,897	5,733	114,045	483,854	33,692	517,546
-	-	-	-	-	373	373	-	373
144	36,981	16,590	46,897	5,733	-	369,809	11,504	381,313
183	35,900	20,884	52,259	7,896	-	391,201	13,154	404,355
-	739	310	183	-	-	3,923	185	4,108
-	570	99	187	-	-	997	149	1,146
1	1,220	263	415	14	-	3,686	168	3,854
-	142	63	7	-	-	372	120	492
31,878	55,920	26,312	42,824	106,674	69,189	467,106	17,852	484,958
31,878	55,920	26,312	42,824	106,674	-	397,917	17,230	415,147
32,795	53,114	34,696	43,234	134,535	-	432,458	15,939	448,397
117	34,120	17,490	73,169	1,372	23,312	311,724	15,624	327,348
131	34,195	19,511	81,170	1,245	24,302	327,385	16,770	344,155
32,115	65,168	19,686	40,305	394,576	4,030	627,907	-	627,907
2	1,248	428	1,047	33	-	6,016	403	6,419
439	1,128	284	201	268	-	5,194	124	5,318
-	168	68	254	4	(1,229)	(180)	170	(10)
<b>441</b>	<b>2,544</b>	<b>780</b>	<b>1,502</b>	<b>305</b>	<b>(1,229)</b>	<b>11,030</b>	<b>697</b>	<b>11,727</b>

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## Note 12 – Operating Segments – continued

### B. Operating segments in conformity with the management approach

The Bank manages its operations in six major operating segments, which are distinguished by customer characteristics and type of banking services required, as well as by the organizational unit responsible for servicing each segment. Operating segment definition is based on the Bank's organizational structure, as described below. The operations in the six operating segments include all areas of banking operations including classic banking activity (loans and deposits), securities activity for customers and activity in derivatives, as well as custom banking services designed for needs in specific fields. Operations of the various segments are conducted through Bank branches, the trading room, the business centers, headquarters units of the Bank and Bank subsidiaries in Israel and overseas.

For more information about measurement of Bank operations in conformity with the supervisory segments approach, as specified by the Supervisor of Banks, see information about supervisory operating segments above.

Below are the Bank's operating segments in conformity with the management approach:

**Household segment** – under the responsibility of the Retail Division. This segment includes small household customers and mortgage operations. The division provides appropriate banking services and financial products to segment customers, including in the field of mortgages.

**Small business segment** – under responsibility of the Retail Division, which also serves micro business customers (businesses with annual turnover below NIS 10 million) and small businesses (with annual turnover from NIS 10 million to under NIS 50 million). Occasionally, due to growth in activity of a customer served by the Retail Division, the customer may exceed the aforementioned criteria. Banking services and financial products, including commercial banking services as required, are provided to segment customers.

**Private banking** – The Retail Division is responsible for private banking. Segment customers are primarily individual customers with liquid assets (primarily short-term deposits and security investments) over NIS 1 million. Customers of this segment have high financial wealth, to whom the Bank offers access to unique products and services in capital market activity, advisory service and investment management.

**Commercial banking** – customers of this segment are private and public companies of medium size (middle market) and medium level of indebtedness, and are served by the Business Banking Division, primarily by the Business sector, which operates via four business centers located throughout Israel. As from 2019, new business customers with annual turnover from NIS 50 million to under NIS 250 million are assigned to the Business sector. Segment customers operating in the real estate sector are served by the Construction and Real Estate sector of the Corporate Division, which specializes in provision of dedicated services to this sector.

**Business banking** – the Major Corporations sector in the Corporate Division is responsible for the Business Banking segment, which is the focal point for handling the largest business customers. As from 2019, businesses with annual turnover above NIS 250 million are assigned to the Corporate Sector. This segment provides a range of banking and financial services to the largest companies in the economy, in an array of industries, at relatively high levels of indebtedness. Segment customers operating in the real estate sector are served by the Construction and Real Estate sector of the Corporate Division, which specializes in provision of dedicated services to this sector.

**Financial management** – operations in this segment include, inter alia, management of assets and liabilities, management of exposure to market risk, management of the nostro portfolio and liquidity management as well as trading room operations in the financial and capital markets. The Finance Division is responsible for this segment, except for investments in non-banking corporations, for which the Corporate Division is responsible.

The major products and guidelines for attribution of balances, revenues and expenses to customers in the system to operating segments in conformity with the management approach, are similar to products and guidelines according to the supervisory operating segment approach.

## Note 12 – Operating Segments – continued

### Operating segments in conformity with the management approach

For the three months ended March 31, 2026 (Unaudited)

Reported amounts (NIS in millions)

	Households – other	Households – mortgages	Private banking	Small businesses	Commercial banking	Business banking	Financial management	Total consoli- dated
Interest revenues, net:								
From externals	(369)	2,492	(38)	166	68	(109)	483	2,693
Inter-segment	1,462	(1,914)	55	357	65	883	(908)	-
<b>Total interest revenues, net</b>	<b>1,093</b>	<b>578</b>	<b>17</b>	<b>523</b>	<b>133</b>	<b>774</b>	<b>(425)</b>	<b>2,693</b>
Non-interest financing revenues	6	(6)	-	-	-	29	157	186
Commissions and other revenues	201	27	5	135	23	126	87	604
<b>Total revenues</b>	<b>1,300</b>	<b>599</b>	<b>22</b>	<b>658</b>	<b>156</b>	<b>929</b>	<b>(181)</b>	<b>3,483</b>
Expenses with respect to credit losses	(59)	(50)	1	83	(18)	78	(4)	31
Operating and other expenses	587	196	8	242	68	139	88	1,328
Pre-tax profit	772	453	13	333	106	712	(265)	2,124
Provision for taxes on profit	305	179	5	132	42	282	(105)	840
<b>After-tax profit</b>	<b>467</b>	<b>274</b>	<b>8</b>	<b>201</b>	<b>64</b>	<b>430</b>	<b>(160)</b>	<b>1,284</b>
Share in net profit of associated companies, after tax	-	-	-	-	-	-	8	8
Net profit:								
Before attribution to non- controlling interests	467	274	8	201	64	430	(152)	1,292
Attributable to non- controlling interests	(46)	-	-	(1)	-	-	(7)	(54)
<b>Net profit attributable to shareholders of the Bank</b>	<b>421</b>	<b>274</b>	<b>8</b>	<b>200</b>	<b>64</b>	<b>430</b>	<b>(159)</b>	<b>1,238</b>
Return on equity (percentage of net profit attributed to shareholders of the banking corporation out of average equity) <sup>(1)</sup>	55.3%	8.1%	-	32.4%	18.3%	14.0%	-	14.1%
Average balance of loans to the public, net	39,284	231,050	471	26,749	11,518	98,680	-	407,752
Average balance of deposits from the public	166,672	-	5,671	52,997	16,591	169,241	44,982	456,154
Average balance of assets	42,877	232,635	585	26,861	11,654	103,610	146,819	565,041
Average balance of risk assets <sup>(2)</sup>	35,185	133,311	557	24,497	13,764	120,733	24,356	352,403

(1) Calculated in conformity with capital attributed to this segment based on risk components attributed to it in conformity with provisions of Basel III.

(2) Risk weighted assets – as calculated for capital adequacy (Proper Conduct of Banking Business Directive 201).

## Notes to condensed financial statements

As of March 31, 2026

### Note 12 – Operating Segments – continued

#### Operating segments in conformity with the management approach

For the three months ended March 31, 2025 (Unaudited)

Reported amounts (NIS in millions)

	Households – other	Households – mortgages	Private banking	Small businesses	Commercial banking	Business banking	Financial management	Total consoli- dated
Interest revenues, net:								
From externals	(315)	2,508	(41)	152	61	16	418	2,799
Inter-segment	1,523	(1,918)	56	388	66	646	(761)	-
<b>Total interest revenues, net</b>	<b>1,208</b>	<b>590</b>	<b>15</b>	<b>540</b>	<b>127</b>	<b>662</b>	<b>(343)</b>	<b>2,799</b>
Non-interest financing revenues	5	-	-	-	-	(9)	146	142
Commissions and other revenues	191	34	5	130	21	95	129	605
<b>Total revenues</b>	<b>1,404</b>	<b>624</b>	<b>20</b>	<b>670</b>	<b>148</b>	<b>748</b>	<b>(68)</b>	<b>3,546</b>
Expenses with respect to credit losses	22	(32)	-	64	(5)	54	-	103
Operating and other expenses	581	194	8	241	63	156	96	1,339
Pre-tax profit	801	462	12	365	90	538	(164)	2,104
Provision for taxes on profit	291	168	4	133	33	195	(60)	764
<b>After-tax profit</b>	<b>510</b>	<b>294</b>	<b>8</b>	<b>232</b>	<b>57</b>	<b>343</b>	<b>(104)</b>	<b>1,340</b>
Share in net profit of associated companies, after tax	-	-	-	-	-	-	5	5
Net profit:								
Before attribution to non- controlling interests	510	294	8	232	57	343	(99)	1,345
Attributable to non-controlling interests	(44)	-	-	(4)	-	-	(7)	(55)
<b>Net profit attributable to shareholders of the Bank</b>	<b>466</b>	<b>294</b>	<b>8</b>	<b>228</b>	<b>57</b>	<b>343</b>	<b>(106)</b>	<b>1,290</b>
Return on equity (percentage of net profit attributed to shareholders of the banking corporation out of average equity) <sup>(1)</sup>	62.8%	15.5%	-	41.7%	28.7%	26.4%	-	16.2%
Average balance of loans to the public, net	37,490	213,299	260	24,221	10,290	75,588	-	361,148
Average balance of deposits from the public	164,439	-	5,401	51,025	15,725	132,507	25,206	394,303
Average balance of assets	40,619	214,385	377	24,323	10,381	94,013	112,048	496,146
Average balance of risk assets <sup>(2)</sup>	33,798	123,352	183	22,372	12,206	98,093	20,520	310,524

(1) Calculated in conformity with capital attributed to this segment based on risk components attributed to it in conformity with provisions of Basel III.

(2) Risk weighted assets – as calculated for capital adequacy (Proper Conduct of Banking Business Directive 201).

## Note 12 – Operating Segments – continued

### Operating segments in conformity with the management approach

For the year ended December 31, 2025 (audited)

Reported amounts (NIS in millions)

	Households – other	Households – mortgages	Private banking	Small businesses	Commercial banking	Business banking	Financial management	Total consoli- dated
Interest revenues, net:								
From externals	(1,714)	11,283	(182)	538	302	(109)	1,609	11,727
Inter-segment	6,485	(8,947)	248	1,642	212	2,959	(2,599)	-
<b>Total interest revenues, net</b>	<b>4,771</b>	<b>2,336</b>	<b>66</b>	<b>2,180</b>	<b>514</b>	<b>2,850</b>	<b>(990)</b>	<b>11,727</b>
Non-interest financing revenues	24	5	1	8	1	14	334	387
Commissions and other revenues	816	125	20	529	88	425	471	2,474
<b>Total revenues</b>	<b>5,611</b>	<b>2,466</b>	<b>87</b>	<b>2,717</b>	<b>603</b>	<b>3,289</b>	<b>(185)</b>	<b>14,588</b>
Expenses with respect to credit losses	127	(111)	2	15	38	164	(7)	228
Operating and other expenses	2,291	778	32	927	228	599	384	5,239
Pre-tax profit (loss)	3,193	1,799	53	1,775	337	2,526	(562)	9,121
Provision for taxes on profit	1,148	647	19	638	121	908	(201)	3,280
<b>After-tax profit (loss)</b>	<b>2,045</b>	<b>1,152</b>	<b>34</b>	<b>1,137</b>	<b>216</b>	<b>1,618</b>	<b>(361)</b>	<b>5,841</b>
Share in net profit of associated companies, after tax	-	-	-	-	-	-	17	17
Net profit (loss):								
Before attribution to non- controlling interests	2,045	1,152	34	1,137	216	1,618	(344)	5,858
Attributable to non- controlling interests	(187)	-	-	(4)	-	-	(37)	(228)
<b>Net profit (loss) attributable to shareholders of the Bank</b>	<b>1,858</b>	<b>1,152</b>	<b>34</b>	<b>1,133</b>	<b>216</b>	<b>1,618</b>	<b>(381)</b>	<b>5,630</b>
Return on equity (percentage of net profit attributed to shareholders of the banking corporation out of average equity) <sup>(1)</sup>	60.9%	8.9%	-	48.0%	16.5%	14.7%	-	17.0%
Average balance of loans to the public, net	38,240	220,212	355	24,997	10,844	82,647	-	377,295
Average balance of deposits from the public	166,497	-	5,754	51,871	15,181	145,142	30,702	415,147
Average balance of assets	41,633	221,854	471	25,215	10,985	98,557	118,831	517,546
Average balance of risk assets <sup>(2)</sup>	34,116	127,046	240	23,261	12,809	107,888	21,988	327,348

(1) Calculated in conformity with capital attributed to this segment based on risk components attributed to it in conformity with provisions of Basel III.

(2) Risk weighted assets – as calculated for capital adequacy (Proper Conduct of Banking Business Directive 201).

## Note 13 – Additional information about credit risk, loans to the public and provision for credit losses

Reported amounts (NIS in millions)

### A. Debts<sup>(1)</sup>, bonds held to maturity and bonds available for sale and off-balance sheet credit instruments

#### 1. Movement in balance of provision for credit losses

	Provision for credit losses					
	Loans to the public			Banks, governments and bonds		
	Commercial	Housing	Individual – other	Total	Total	Total
	<b>For the three months ended March 31, 2026 (Unaudited)</b>					
Balance of provision for credit losses at start of period	2,270	1,098	733	4,101	5	4,106
Expenses with respect to credit losses	126	(53)	(38)	35	(4)	31
Accounting write-offs <sup>(2)</sup>	(165)	-	(83)	(248)	-	(248)
Collection of debts written off for accounting purposes in previous years <sup>(2)</sup>	48	-	42	90	4	94
Net accounting write-offs	(117)	-	(41)	(158)	4	(154)
<b>Balance of provision for credit losses at end of period</b>	<b>2,279</b>	<b>1,045</b>	<b>654</b>	<b>3,978</b>	<b>5</b>	<b>3,983</b>
<b>Of which: With respect to off balance sheet credit instruments</b>	<b>205</b>	<b>30</b>	<b>22</b>	<b>257</b>	<b>-</b>	<b>257</b>
	<b>For the three months ended March 31, 2025 (Unaudited)</b>					
Balance of provision for credit losses at start of period	2,448	1,213	697	4,358	12	4,370
Expenses with respect to credit losses	83	(34)	54	103	-	103
Accounting write-offs <sup>(2)</sup>	(126)	-	(86)	(212)	-	(212)
Collection of debts written off for accounting purposes in previous years <sup>(2)</sup>	38	-	43	81	-	81
Net accounting write-offs	(88)	-	(43)	(131)	-	(131)
<b>Balance of provision for credit losses at end of period</b>	<b>2,443</b>	<b>1,179</b>	<b>708</b>	<b>4,330</b>	<b>12</b>	<b>4,342</b>
<b>Of which: With respect to off balance sheet credit instruments</b>	<b>191</b>	<b>37</b>	<b>23</b>	<b>251</b>	<b>-</b>	<b>251</b>

(1) Loans to the public, loans to governments, deposits with banks and other debts, except for bonds and securities borrowed or acquired in conjunction with resale agreements, except for deposits with Bank of Israel.

(2) Accounting write-offs presented in the Note primarily consist of write-offs of a technical nature, due to passage of time of customers being in arrears, in conformity with US standards applicable to the Bank in this regard. Thus, for example, the balance of the provision for large non-accruing debts will typically be written off after two years. Debt measured on a group basis will be written off after 150 days in arrears. This means that the Bank's collection efforts may sometimes take longer when compared to the timing for write-off according to accounting rules. Consequently, relatively high balances of "accounting write-offs" and relatively high balances of "Recovery of debts written off in previous years" are presented.

## Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

### A. Debts<sup>(1)</sup>, bonds held to maturity and bonds available for sale and off-balance sheet credit instruments

2. Additional information about calculation of the provision for credit losses with respect to debts, and debts for which the provision has been calculated:

	Loans to the public			Total	Banks, governments and bonds	Total
	Commercial	Housing	Individual – other			
<b>March 31, 2026 (unaudited)</b>						
<b>Recorded debt balance</b>						
reviewed on individual basis	125,225	-	16	125,241	35,672	160,913
reviewed on group basis	14,333	249,327	28,394	292,054	-	292,054
<b>Total debts</b>	<b>139,558</b>	<b>(2)249,327</b>	<b>28,410</b>	<b>417,295</b>	<b>35,672</b>	<b>452,967</b>
<b>Provision for credit losses with respect to debts</b>						
reviewed on individual basis	1,573	-	1	1,574	5	1,579
reviewed on group basis	501	1,015	631	2,147	-	2,147
<b>Total provision for credit losses</b>	<b>2,074</b>	<b>1,015</b>	<b>632</b>	<b>3,721</b>	<b>5</b>	<b>3,726</b>
<b>March 31, 2025 (unaudited)</b>						
<b>Recorded debt balance</b>						
reviewed on individual basis	98,220	-	14	98,234	43,083	141,317
reviewed on group basis	14,337	228,573	27,319	270,229	-	270,229
<b>Total debts</b>	<b>112,557</b>	<b>(2)228,573</b>	<b>27,333</b>	<b>368,463</b>	<b>43,083</b>	<b>411,546</b>
<b>Provision for credit losses with respect to debts</b>						
reviewed on individual basis	1,686	-	1	1,687	12	1,699
reviewed on group basis	566	1,142	684	2,392	-	2,392
<b>Total provision for credit losses</b>	<b>2,252</b>	<b>1,142</b>	<b>685</b>	<b>4,079</b>	<b>12</b>	<b>4,091</b>
<b>As of December 31, 2025 (audited)</b>						
<b>Recorded debt balance</b>						
reviewed on individual basis	116,249	-	19	116,268	46,563	162,831
reviewed on group basis	14,344	245,267	28,476	288,087	-	288,087
<b>Total debts</b>	<b>130,593</b>	<b>(2)245,267</b>	<b>28,495</b>	<b>404,355</b>	<b>46,563</b>	<b>450,918</b>
<b>Provision for credit losses with respect to debts</b>						
reviewed on individual basis	1,585	-	1	1,586	5	1,591
reviewed on group basis	495	1,063	710	2,268	-	2,268
<b>Total provision for credit losses</b>	<b>2,080</b>	<b>1,063</b>	<b>711</b>	<b>3,854</b>	<b>5</b>	<b>3,859</b>

(1) Loans to the public, loans to governments, deposits with banks and other debts, except for bonds and securities borrowed or acquired in conjunction with resale agreements, except for deposits with Bank of Israel.

(2) Includes general-purpose loans secured by a lien on a residential apartment, amounting to NIS 15,712 million (as of March 31, 2025: NIS 15,126 million and as of December 31, 2025: NIS 15,601 million).

## Notes to condensed financial statements

As of March 31, 2026

### Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

#### B. Loans to the public

##### 1.a. Credit quality and arrears

	As of March 31, 2026 (unaudited)					
	Problematic <sup>(1)</sup>			Accruing debts – additional information		
	In good standing <sup>(5)</sup>	Accruing	Non-accruing	Total	In arrears 90 days or longer <sup>(2)</sup>	In arrears 30 to 89 days <sup>(3)</sup>
<b>Borrower activity in Israel</b>						
<b>Public – commercial</b>						
Construction and real estate – construction <sup>(4)</sup>	42,044	104	247	42,395	22	69
Construction and real estate – real estate operations	10,174	104	92	10,370	24	47
Financial services	21,801	6	2	21,809	1	13
Commercial – other	52,164	768	793	53,725	124	238
<b>Total commercial</b>	<b>126,183</b>	<b>982</b>	<b>1,134</b>	<b>128,299</b>	<b>171</b>	<b>367</b>
Private individuals – residential mortgages	246,623	-	2,670	249,293	-	1,856
Private individuals – other	28,100	224	85	28,409	82	195
<b>Total loans to the public – activity in Israel</b>	<b>400,906</b>	<b>1,206</b>	<b>3,889</b>	<b>406,001</b>	<b>253</b>	<b>2,418</b>
<b>Borrower activity overseas</b>						
<b>Public – commercial</b>						
Construction and real estate	5,473	76	119	5,668	-	-
Commercial – other	5,502	61	28	5,591	-	-
<b>Total commercial</b>	<b>10,975</b>	<b>137</b>	<b>147</b>	<b>11,259</b>	-	-
Private individuals	35	-	-	35	-	-
<b>Total loans to the public – activity overseas</b>	<b>11,010</b>	<b>137</b>	<b>147</b>	<b>11,294</b>	-	-
<b>Total loans to the public</b>	<b>411,916</b>	<b>1,343</b>	<b>4,036</b>	<b>417,295</b>	<b>253</b>	<b>2,418</b>

(1) Loans to the public – non-accruing, inferior or under special supervision.

(2) Classified as problematic debts accruing interest revenues.

(3) Accruing interest revenues. Debts in arrears 30 to 89 days amounting to NIS 142 million were classified as problematic debts.

(4) Includes debts amounting to NIS 501 million, extended to certain purchase groups which are in the process of construction.

(5) As of March 31, 2026, there are no debts with payment deferral for a period of 180 days or more, which has not yet ended and which was made available during the War to borrowers which were not in financial difficulties.

## Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

### B. Loans to the public

#### 1.a. Credit quality and arrears – continued

	As of March 31, 2025 (unaudited)					
	In good standing <sup>(5)</sup>	Problematic <sup>(1)</sup>		Total	Accruing debts – additional information	
		Accruing	Non-accruing		In arrears 90 days or longer <sup>(2)</sup>	In arrears 30 to 89 days <sup>(3)</sup>
<b>Borrower activity in Israel</b>						
<b>Public – commercial</b>						
Construction and real estate – construction <sup>(4)</sup>	32,639	178	250	33,067	5	125
Construction and real estate – real estate operations	9,664	88	83	9,835	21	42
Financial services	15,132	2	2	15,136	1	69
Commercial – other	43,416	911	911	45,238	60	135
<b>Total commercial</b>	<b>100,851</b>	<b>1,179</b>	<b>1,246</b>	<b>103,276</b>	<b>87</b>	<b>371</b>
Private individuals – residential mortgages	226,380	-	2,140	228,520	-	1,712
Private individuals – other	27,061	192	79	27,332	53	120
<b>Total loans to the public – activity in Israel</b>	<b>354,292</b>	<b>1,371</b>	<b>3,465</b>	<b>359,128</b>	<b>140</b>	<b>2,203</b>
<b>Borrower activity overseas</b>						
<b>Public – commercial</b>						
Construction and real estate	4,090	-	468	4,558	-	-
Commercial – other	4,627	53	43	4,723	-	-
<b>Total commercial</b>	<b>8,717</b>	<b>53</b>	<b>511</b>	<b>9,281</b>	-	-
Private individuals	54	-	-	54	-	-
<b>Total loans to the public – activity overseas</b>	<b>8,771</b>	<b>53</b>	<b>511</b>	<b>9,335</b>	-	-
<b>Total loans to the public</b>	<b>363,063</b>	<b>1,424</b>	<b>3,976</b>	<b>368,463</b>	<b>140</b>	<b>2,203</b>

(1) Loans to the public – non-accruing, inferior or under special supervision.

(2) Classified as problematic debts accruing interest revenues.

(3) Accruing interest revenues. Debts in arrears 30 to 89 days amounting to NIS 119 million were classified as problematic debts.

(4) Includes debts amounting to NIS 992 million, extended to certain purchase groups which are in the process of construction.

(5) Includes debts with payment deferral for a period of 180 days or more, which has not yet ended and which was made available during the War to borrowers which were not in financial difficulties, totaling NIS 1,097 million (commercial debts amounting to NIS 32 million, residential mortgages amounting to NIS 1,061 million and private individuals' debts amounting to NIS 4 million).

## Notes to condensed financial statements

As of March 31, 2026

### Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

#### B. Loans to the public

##### 1.a. Credit quality and arrears – continued

	As of December 31, 2025 (audited)					
	Problematic <sup>(1)</sup>			Accruing debts – additional information		
	In good standing <sup>(5)</sup>	Accruing	Non-accruing	Total	In arrears 90 days or longer <sup>(2)</sup>	In arrears 30 to 89 days <sup>(3)</sup>
<b>Borrower activity in Israel</b>						
<b>Public – commercial</b>						
Construction and real estate – construction <sup>(4)</sup>	39,813	97	245	40,155	5	48
Construction and real estate – real estate operations	11,948	106	72	12,126	18	32
Financial services	20,387	3	3	20,393	1	16
Commercial – other	47,142	740	818	48,700	66	154
<b>Total commercial</b>	<b>119,290</b>	<b>946</b>	<b>1,138</b>	<b>121,374</b>	<b>90</b>	<b>250</b>
Private individuals – residential mortgages	242,691	-	2,535	245,226	-	1,863
Private individuals – other	28,197	221	76	28,494	80	181
<b>Total public – activity in Israel</b>	<b>390,178</b>	<b>1,167</b>	<b>3,749</b>	<b>395,094</b>	<b>170</b>	<b>2,294</b>
<b>Borrower activity overseas</b>						
<b>Public – commercial</b>						
Construction and real estate	3,708	82	161	3,951	-	-
Commercial – other	5,173	67	28	5,268	-	-
<b>Total commercial</b>	<b>8,881</b>	<b>149</b>	<b>189</b>	<b>9,219</b>	-	-
Private individuals	42	-	-	42	-	-
<b>Total public – activity overseas</b>	<b>8,923</b>	<b>149</b>	<b>189</b>	<b>9,261</b>	-	-
<b>Total public</b>	<b>399,101</b>	<b>1,316</b>	<b>3,938</b>	<b>404,355</b>	<b>170</b>	<b>2,294</b>

(1) Loans to the public – non-accruing, inferior or under special supervision

(2) Classified as problematic debts accruing interest revenues.

(3) Accruing interest revenues. Debts in arrears 30 to 89 days amounting to NIS 143 million were classified as problematic debts.

(4) Includes debts amounting to NIS 724 million, extended to certain purchase groups which are in the process of construction.

(5) Includes debts with payment deferral for a period of 180 days or more, which has not yet ended and which was made available during the War to borrowers which were not in financial difficulties, totaling NIS 234 million in respect of residential mortgages.

## Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

### B. Loans to the public

#### 1.B. Credit quality by year when credit was extended

	As of March 31, 2026 (unaudited)								Total
	Recorded debt balance of term loans to the public						Recorded debt balance of renewable loans	Recorded debt balance of renewable loans converted into term loans	
	2026	2025	2024	2023	2022	Previously			
<b>Credit quality by year when credit was extended</b>									
<b>Borrower activity in Israel</b>									
<b>Public – commercial</b>									
<b>Construction and real estate – total</b>	<b>10,595</b>	<b>17,565</b>	<b>7,834</b>	<b>7,378</b>	<b>2,774</b>	<b>3,310</b>	<b>3,034</b>	<b>275</b>	<b>52,765</b>
Credit at performing credit rating	10,211	17,185	7,488	6,369	2,309	2,659	2,783	233	49,237
Credit other than at performing credit rating and non-problematic	379	331	300	942	243	578	168	40	2,981
Accruing problematic credit	3	32	16	48	30	38	39	2	208
Non-accruing credit	2	17	30	19	192	35	44	-	339
Accounting write-offs in the reported period	-	4	1	1	1	1	8	-	16
<b>Commercial, other – total</b>	<b>10,605</b>	<b>16,045</b>	<b>6,059</b>	<b>2,854</b>	<b>2,035</b>	<b>3,710</b>	<b>33,523</b>	<b>703</b>	<b>75,534</b>
Credit at performing credit rating	10,217	14,922	5,553	2,591	1,746	3,247	32,367	642	71,285
Credit other than at performing credit rating and non-problematic	221	738	209	103	171	344	864	30	2,680
Accruing problematic credit	35	163	119	81	48	89	214	25	774
Non-accruing credit	132	222	178	79	70	30	78	6	795
Accounting write-offs in the reported period	3	17	7	5	4	2	67	1	106
<b>Individuals – residential mortgages – total</b>	<b>8,171</b>	<b>38,124</b>	<b>32,317</b>	<b>20,016</b>	<b>30,906</b>	<b>119,746</b>	<b>13</b>	<b>-</b>	<b>249,293</b>
LTV up to 60%	4,309	21,128	18,158	11,407	16,110	75,934	5	-	147,051
LTV from 60% to 75%	3,768	16,344	13,705	7,958	13,510	42,921	2	-	98,208
LTV over 75%	94	652	454	651	1,286	891	6	-	4,034
Credit at performing credit rating, not in arrears	8,045	37,596	31,656	19,272	29,900	115,723	13	-	242,205
Credit not at performing credit rating, not in arrears	119	376	358	302	311	1,096	-	-	2,562
In arrears 30-89 days	7	110	198	211	329	1,001	-	-	1,856
Non-accruing credit	-	42	105	231	366	1,926	-	-	2,670
Accounting write-offs in the reported period	-	-	-	-	-	-	-	-	-
<b>Individuals, other – total</b>	<b>2,521</b>	<b>8,011</b>	<b>4,581</b>	<b>2,838</b>	<b>1,497</b>	<b>1,806</b>	<b>7,073</b>	<b>82</b>	<b>28,409</b>
Credit at performing credit rating, not in arrears	2,445	7,843	4,448	2,741	1,431	1,738	6,918	78	27,642
Credit not at performing credit rating, not in arrears	66	73	67	50	31	54	62	2	405
In arrears 30-89 days	4	57	32	25	20	10	46	1	195
In arrears over 90 days	1	19	16	12	9	3	22	-	82
Non-accruing credit	5	19	18	10	6	1	25	1	85
Accounting write-offs in the reported period	10	25	19	10	6	5	8	-	83
<b>Total loans to the public – activity in Israel</b>	<b>31,892</b>	<b>79,745</b>	<b>50,791</b>	<b>33,086</b>	<b>37,212</b>	<b>128,572</b>	<b>43,643</b>	<b>1,060</b>	<b>406,001</b>
<b>Borrower activity overseas</b>									
<b>Total loans to the public – activity overseas</b>	<b>2,214</b>	<b>3,463</b>	<b>1,777</b>	<b>1,618</b>	<b>743</b>	<b>1,479</b>	<b>-</b>	<b>-</b>	<b>11,294</b>
Non-problematic credit	2,214	3,410	1,669	1,541	743	1,433	-	-	11,010
Accruing problematic credit	-	53	84	-	-	-	-	-	137
Non-accruing credit	-	-	24	77	-	46	-	-	147
Accounting write-offs in the reported period	-	-	-	25	-	18	-	-	43
<b>Total loans to the public</b>	<b>34,106</b>	<b>83,208</b>	<b>52,568</b>	<b>34,704</b>	<b>37,955</b>	<b>130,051</b>	<b>43,643</b>	<b>1,060</b>	<b>417,295</b>

## Notes to condensed financial statements

As of March 31, 2026

### Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

#### B. Loans to the public

##### 1.B. Credit quality by year when credit was extended – continued

	As of March 31, 2025 (unaudited)						Recorded debt balance of renewable loans converted into term loans	Total	
	Recorded debt balance of term loans to the public								
	2025	2024	2023	2022	2021	Previously			
<b>Credit quality by year when credit was extended</b>									
<b>Borrower activity in Israel</b>									
<b>Public – commercial</b>									
<b>Construction and real estate – total</b>	<b>8,438</b>	<b>14,189</b>	<b>8,014</b>	<b>3,871</b>	<b>2,087</b>	<b>2,777</b>	<b>2,949</b>	<b>577</b>	<b>42,902</b>
Credit at performing credit rating	8,162	14,066	7,436	3,446	1,519	2,620	2,710	542	40,501
Credit other than at performing credit rating and non-problematic	256	86	463	146	535	84	199	33	1,802
Accruing problematic credit	18	17	91	95	13	16	15	1	266
Non-accruing credit	2	20	24	184	20	57	25	1	333
Accounting write-offs in the reported period	-	-	1	2	-	-	6	-	9
<b>Commercial, other – total</b>	<b>8,230</b>	<b>11,272</b>	<b>4,740</b>	<b>4,098</b>	<b>2,808</b>	<b>3,596</b>	<b>25,274</b>	<b>356</b>	<b>60,374</b>
Credit at performing credit rating	7,825	10,565	4,365	3,189	2,352	3,377	23,756	284	55,713
Credit other than at performing credit rating and non-problematic	267	383	107	633	344	55	1,008	38	2,835
Accruing problematic credit	56	181	106	100	72	61	326	11	913
Non-accruing credit	82	143	162	176	40	103	184	23	913
Accounting write-offs in the reported period	6	7	15	5	2	3	44	4	86
<b>Individuals – residential mortgages – total</b>	<b>7,657</b>	<b>33,343</b>	<b>21,729</b>	<b>33,694</b>	<b>30,338</b>	<b>101,746</b>	<b>13</b>	<b>-</b>	<b>228,520</b>
LTV up to 60%	4,344	18,502	12,785	17,793	16,662	67,709	5	-	137,800
LTV from 60% to 75%	3,227	14,211	8,591	15,601	13,045	32,258	4	-	86,937
LTV over 75%	86	630	353	300	631	1,779	4	-	3,783
Credit at performing credit rating, not in arrears	7,575	32,815	21,137	32,853	29,552	98,551	13	-	222,496
Credit not at performing credit rating, not in arrears	72	339	317	307	256	881	-	-	2,172
In arrears 30-89 days	10	170	150	290	254	838	-	-	1,712
Non-accruing credit	-	19	125	244	276	1,476	-	-	2,140
Accounting write-offs in the reported period	-	-	-	-	-	-	-	-	-
<b>Individuals, other – total</b>	<b>2,494</b>	<b>7,138</b>	<b>4,376</b>	<b>2,974</b>	<b>1,282</b>	<b>2,089</b>	<b>6,902</b>	<b>77</b>	<b>27,332</b>
Credit at performing credit rating, not in arrears	2,462	7,009	4,261	2,898	1,249	2,032	6,773	73	26,757
Credit not at performing credit rating, not in arrears	27	77	63	39	22	50	42	3	323
In arrears 30-89 days	-	22	20	17	6	5	50	-	120
In arrears over 90 days	-	9	16	10	2	2	14	-	53
Non-accruing credit	5	21	16	10	3	-	23	1	79
Accounting write-offs in the reported period	2	13	22	14	4	2	25	-	82
<b>Total loans to the public – activity in Israel</b>	<b>26,819</b>	<b>65,942</b>	<b>38,859</b>	<b>44,637</b>	<b>36,515</b>	<b>110,208</b>	<b>35,138</b>	<b>1,010</b>	<b>359,128</b>
<b>Borrower activity overseas</b>									
<b>Total loans to the public – activity overseas</b>	<b>822</b>	<b>2,099</b>	<b>2,693</b>	<b>1,089</b>	<b>1,166</b>	<b>1,466</b>	<b>-</b>	<b>-</b>	<b>9,335</b>
Non-problematic credit	822	2,099	2,297	1,046	1,091	1,416	-	-	8,771
Accruing problematic credit	-	-	19	-	34	-	-	-	53
Non-accruing credit	-	-	377	43	41	50	-	-	511
Accounting write-offs in the reported period	-	-	-	5	-	30	-	-	35
<b>Total loans to the public</b>	<b>27,641</b>	<b>68,041</b>	<b>41,552</b>	<b>45,726</b>	<b>37,681</b>	<b>111,674</b>	<b>35,138</b>	<b>1,010</b>	<b>368,463</b>

## Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

### B. Loans to the public

#### 1.B. Credit quality by year when credit was extended – continued

	As of December 31, 2025 (audited)								
	Recorded debt balance of term loans to the public						Recorded debt balance of renewable loans converted into term loans		Total
	2025	2024	2023	2022	2021	Previously	Recorded debt balance of renewable loans	Recorded debt balance of renewable loans converted into term loans	
<b>Credit quality by year when credit was extended</b>									
<b>Borrower activity in Israel</b>									
<b>Public – commercial</b>									
<b>Construction and real estate – total</b>	<b>25,681</b>	<b>8,829</b>	<b>7,719</b>	<b>2,792</b>	<b>1,787</b>	<b>2,141</b>	<b>2,662</b>	<b>670</b>	<b>52,281</b>
Credit at performing credit rating	25,163	8,433	6,524	2,417	1,466	2,044	2,438	484	48,969
Credit other than at performing credit rating and non-problematic	480	351	1,127	170	294	45	143	182	2,792
Accruing problematic credit	34	13	42	34	13	12	52	3	203
Non-accruing credit	4	32	26	171	14	40	29	1	317
Accounting write-offs in the reported period	1	2	3	4	2	1	36	-	49
<b>Commercial, other – total</b>	<b>21,471</b>	<b>6,592</b>	<b>3,529</b>	<b>2,031</b>	<b>2,180</b>	<b>2,046</b>	<b>30,860</b>	<b>384</b>	<b>69,093</b>
Credit at performing credit rating	20,322	6,075	3,218	1,750	1,841	1,940	29,588	336	65,070
Credit other than at performing credit rating and non-problematic	754	251	97	153	300	33	859	12	2,459
Accruing problematic credit	171	126	83	55	11	35	238	24	743
Non-accruing credit	224	140	131	73	28	38	175	12	821
Accounting write-offs in the reported period	27	35	31	30	3	5	249	4	384
<b>Individuals – residential mortgages – total</b>	<b>37,224</b>	<b>32,795</b>	<b>20,552</b>	<b>31,699</b>	<b>28,491</b>	<b>94,452</b>	<b>13</b>	<b>-</b>	<b>245,226</b>
LTV up to 60%	20,352	18,689	11,864	17,136	15,996	64,043	5	-	148,085
LTV from 60% to 75%	15,970	13,461	8,180	13,985	11,767	29,756	2	-	93,121
LTV over 75%	902	645	508	578	728	653	6	-	4,020
Credit at performing credit rating, not in arrears	36,706	32,139	19,826	30,714	27,606	91,335	13	-	238,339
Credit not at performing credit rating, not in arrears	388	355	309	314	254	869	-	-	2,489
In arrears 30-89 days	101	210	202	318	300	732	-	-	1,863
Non-accruing credit	29	91	215	353	331	1,516	-	-	2,535
Accounting write-offs in the reported period	-	-	-	-	-	-	-	-	-
<b>Individuals, other – total</b>	<b>8,844</b>	<b>4,950</b>	<b>3,074</b>	<b>2,023</b>	<b>850</b>	<b>1,370</b>	<b>7,311</b>	<b>72</b>	<b>28,494</b>
Credit at performing credit rating, not in arrears	8,682	4,810	2,970	1,956	824	1,325	7,155	68	27,790
Credit not at performing credit rating, not in arrears	88	69	52	33	17	38	67	3	367
In arrears 30-89 days	40	38	28	19	5	6	45	-	181
In arrears over 90 days	18	18	13	9	3	1	18	-	80
Non-accruing credit	16	15	11	6	1	-	26	1	76
Accounting write-offs in the reported period	30	56	49	29	11	15	137	-	327
<b>Total loans to the public – activity in Israel</b>	<b>93,220</b>	<b>53,166</b>	<b>34,874</b>	<b>38,545</b>	<b>33,308</b>	<b>100,009</b>	<b>40,846</b>	<b>1,126</b>	<b>395,094</b>
<b>Borrower activity overseas</b>									
<b>Total loans to the public – activity overseas</b>	<b>3,338</b>	<b>1,629</b>	<b>1,790</b>	<b>768</b>	<b>608</b>	<b>1,128</b>	<b>-</b>	<b>-</b>	<b>9,261</b>
Non-problematic credit	3,314	1,504	1,710	768	572	1,055	-	-	8,923
Accruing problematic credit	24	125	-	-	-	-	-	-	149
Non-accruing credit	-	-	80	-	36	73	-	-	189
Accounting write-offs in the reported period	-	-	87	3	-	30	-	-	120
<b>Total loans to the public</b>	<b>96,558</b>	<b>54,795</b>	<b>36,664</b>	<b>39,313</b>	<b>33,916</b>	<b>101,137</b>	<b>40,846</b>	<b>1,126</b>	<b>404,355</b>

## Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

### B. Loans to the public

#### 2.A. Additional information about non-accruing debts<sup>(1)</sup>

	As of March 31, 2026 (unaudited)					
	Balance of non-accruing debts for which a provision has been recognized <sup>(1)(2)</sup>	Provision balance	Balance of non-accruing debts for which a provision has not been recognized <sup>(1)</sup>	Total balance of non-accruing debts <sup>(1)</sup>	Contractual principal balance of non-accruing debts	Interest revenues recognized <sup>(3)</sup>
<b>Borrower activity in Israel</b>						
<b>Public – commercial</b>						
Construction and real estate	328	43	11	339	493	-
Commercial – other	718	235	77	795	1,302	5
<b>Total commercial</b>	<b>1,046</b>	<b>278</b>	<b>88</b>	<b>1,134</b>	<b>1,795</b>	<b>5</b>
Private individuals – residential mortgages	2,670	133	-	2,670	2,738	-
Private individuals – other	85	43	-	85	141	2
<b>Total loans to the public – activity in Israel</b>	<b>3,801</b>	<b>454</b>	<b>88</b>	<b>3,889</b>	<b>4,674</b>	<b>7</b>
<b>Borrower activity overseas</b>						
<b>Total loans to the public – activity overseas</b>	<b>134</b>	<b>8</b>	<b>13</b>	<b>147</b>	<b>156</b>	<b>-</b>
<b>Total</b>	<b>3,935</b>	<b>462</b>	<b>101</b>	<b>4,036</b>	<b>4,830</b>	<b>7</b>
<b>Of which:</b>						
Measured individually at present value of cash flows	920	246	74	994	1,531	
Measured individually at fair value of collateral	217	10	27	244	377	
Measured on group basis	2,798	206	-	2,798	2,922	

(1) Recorded debt balance.

(2) Debt balance net of accounting write-off, if made.

(3) Interest revenues recognized in the reported period, with respect to average balance of non-accruing debt in the period when the debt was classified as non-accruing.

Had the non-accruing debt accrued interest in conformity with the original terms and conditions, the Bank would have recognized interest revenues amounting to NIS 61 million.

Total average recorded debt balance for non-accruing debt in the three months ended March 31, 2026 amounted to NIS 3,987 million.

## Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

### B. Loans to the public

#### 2.A. Additional information about non-accruing debts<sup>(1)</sup> – Continued

	As of March 31, 2025 (unaudited)					
	Balance of non-accruing debts for which a provision has been recognized <sup>(1)(2)</sup>	Provision balance	Balance of non-accruing debts for which a provision has not been recognized <sup>(1)</sup>	Total balance of non-accruing debts <sup>(1)</sup>	Contractual principal balance of non-accruing debts	Interest revenues recognized <sup>(3)</sup>
<b>Borrower activity in Israel</b>						
<b>Public – commercial</b>						
Construction and real estate	322	29	11	333	525	1
Commercial – other	815	267	98	913	1,285	4
<b>Total commercial</b>	<b>1,137</b>	<b>296</b>	<b>109</b>	<b>1,246</b>	<b>1,810</b>	<b>5</b>
Private individuals – residential mortgages	2,140	107	-	2,140	2,212	-
Private individuals – other	79	45	-	79	143	3
<b>Total loans to the public – activity in Israel</b>	<b>3,356</b>	<b>448</b>	<b>109</b>	<b>3,465</b>	<b>4,165</b>	<b>8</b>
<b>Borrower activity overseas</b>						
<b>Total loans to the public – activity overseas</b>	<b>470</b>	<b>111</b>	<b>41</b>	<b>511</b>	<b>584</b>	<b>-</b>
<b>Total</b>	<b>3,826</b>	<b>559</b>	<b>150</b>	<b>3,976</b>	<b>4,749</b>	<b>8</b>
<b>Of which:</b>						
Measured individually at present value of cash flows	1,016	268	66	1,082	1,575	
Measured individually at fair value of collateral	512	111	84	596	720	
Measured on group basis	2,298	180	-	2,298	2,454	

(1) Recorded debt balance.

(2) Debt balance net of accounting write-off, if made.

(3) Interest revenues recognized in the reported period, with respect to average balance of non-accruing debt in the period when the debt was classified as non-accruing.

Had the non-accruing debt accrued interest in conformity with the original terms and conditions, the Bank would have recognized interest revenues amounting to NIS 65 million.

Total average recorded debt balance for non-accruing debt in the three months ended March 31, 2025 amounted to NIS 4,110 million.

## Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

### B. Loans to the public

#### 2.A. Additional information about non-accruing debts<sup>(1)</sup> – Continued

	As of December 31, 2025 (audited)					
	Balance of non-accruing debts for which a provision has been recognized <sup>(1)(2)</sup>	Provision balance	Balance of non-accruing debts for which a provision has not been recognized <sup>(1)</sup>	Total balance of non-accruing debts <sup>(1)</sup>	Contractual principal balance of non-accruing debts	Interest revenues recognized <sup>(3)</sup>
<b>Borrower activity in Israel</b>						
<b>Public – commercial</b>						
Construction and real estate	306	25	11	317	417	3
Commercial – other	743	242	78	821	1,284	16
<b>Total commercial</b>	<b>1,049</b>	<b>267</b>	<b>89</b>	<b>1,138</b>	<b>1,701</b>	<b>19</b>
Private individuals – residential mortgages	2,535	127	-	2,535	2,552	-
Private individuals – other	76	39	-	76	138	5
<b>Total loans to the public – activity in Israel</b>	<b>3,660</b>	<b>433</b>	<b>89</b>	<b>3,749</b>	<b>4,391</b>	<b>24</b>
<b>Borrower activity overseas</b>						
<b>Total loans to the public – activity overseas</b>	<b>185</b>	<b>22</b>	<b>4</b>	<b>189</b>	<b>198</b>	<b>-</b>
<b>Total</b>	<b>3,845</b>	<b>455</b>	<b>93</b>	<b>3,938</b>	<b>4,589</b>	<b>24</b>
<b>Of which:</b>						
Measured individually at present value of cash flows	894	239	74	968	1,467	
Measured individually at fair value of collateral	278	24	19	297	365	
Measured on group basis	2,673	192	-	2,673	2,757	

(1) Recorded debt balance.

(2) Debt balance net of accounting write-off, if made.

(3) Interest revenues recognized in the reported period, with respect to average balance of non-accruing debt in the period when the debt was classified as non-accruing.

Had the non-accruing debt accrued interest in conformity with the original terms and conditions, the Bank would have recognized interest revenues amounting to NIS 199 million.

Additional information: Total average recorded debt balance for non-accruing debt in the year ended December 31, 2025 amounted to NIS 4,018 million.

## Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

### B. Loans to the public

2.B. Information on debts of borrowers undergoing financial difficulties that have undergone changes in terms

2.B.1 Quality of credit and state of arrears of debts in financial difficulties that have undergone a change in terms:

	Recorded debt balance				
	Problematic		Not Problematic		Total <sup>(1)(2)</sup>
	Non-accruing	Accruing interest revenues	In arrears 30 days or longer	Not in Arrears	
		March 31, 2026 (unaudited)			
<b>Borrower activity in Israel</b>					
Commercial	105	96	1	11	213
Private individuals – residential mortgages	121	-	22	27	170
Private individuals – other	29	18	-	16	63
<b>Total loans to the public – activity in Israel</b>	<b>255</b>	<b>114</b>	<b>23</b>	<b>54</b>	<b>446</b>
<b>Total loans to the public – activity overseas</b>	<b>-</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>10</b>
<b>Total loans to the public</b>	<b>255</b>	<b>124</b>	<b>23</b>	<b>54</b>	<b>456</b>
<b>March 31, 2025 (unaudited)</b>					
<b>Borrower activity in Israel</b>					
Commercial	135	26	-	66	227
Private individuals – residential mortgages	239	-	16	58	313
Private individuals – other	32	10	1	18	61
<b>Total loans to the public – activity in Israel</b>	<b>406</b>	<b>36</b>	<b>17</b>	<b>142</b>	<b>601</b>
<b>Total loans to the public – activity overseas</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total loans to the public</b>	<b>406</b>	<b>36</b>	<b>17</b>	<b>142</b>	<b>601</b>
<b>As of December 31, 2025 (audited)</b>					
<b>Borrower activity in Israel</b>					
Commercial	113	104	1	8	226
Private individuals – residential mortgages	121	-	13	32	166
Private individuals – other	32	16	-	18	66
<b>Total loans to the public – activity in Israel</b>	<b>266</b>	<b>120</b>	<b>14</b>	<b>58</b>	<b>458</b>
<b>Total loans to the public – activity overseas</b>	<b>-</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>10</b>
<b>Total loans to the public</b>	<b>266</b>	<b>130</b>	<b>14</b>	<b>58</b>	<b>468</b>

(1) In the three months ended March 31, 2026 accruing debts which have undergone changes in terms in previous years amounting to NIS 1 million are no longer included in the disclosure (as of December 31, 2025: NIS 45 million).

(2) Including NIS 5 million in respect of debts of borrowers undergoing financial difficulties, which have undergone changes in terms more than twice (as of December 31, 2025: NIS 3 million).

## Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

### B. Loans to the public

2.B. Information on debts of borrowers undergoing financial difficulties that have undergone changes in terms

2.B.2 Quality of credit and state of arrears of borrowers in financial difficulties that have undergone a change in terms during the reported period:

	Debts of Borrowers in Financial Difficulties who have Undergone a Change in Terms					
	Recorded debt balance				Total	Net accounting write-offs
	Problematic	Not Problematic		Total		
	Non-accruing	Accruing interest revenues	In arrears 30 days or longer		Not in Arrears	
	<b>In the Three Months Ending March 31, 2026 (Unaudited)</b>					
<b>Borrower activity in Israel</b>						
Commercial	11	3	-	2	16	5
Private individuals – residential mortgages	18	-	-	-	18	-
Private individuals – other	4	4	-	-	8	-
<b>Total loans to the public – activity in Israel</b>	<b>33</b>	<b>7</b>	<b>-</b>	<b>2</b>	<b>42</b>	<b>5</b>
<b>Total loans to the public – activity overseas</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total loans to the public</b>	<b>33</b>	<b>7</b>	<b>-</b>	<b>2</b>	<b>42</b>	<b>5</b>
	<b>In the Three Months Ending March 31, 2025 (Unaudited)</b>					
<b>Borrower activity in Israel</b>						
Commercial	41	7	-	13	61	1
Private individuals – residential mortgages	59	-	-	-	59	-
Private individuals – other	3	5	-	1	9	-
<b>Total loans to the public – activity in Israel</b>	<b>103</b>	<b>12</b>	<b>-</b>	<b>14</b>	<b>129</b>	<b>1</b>
<b>Total loans to the public – activity overseas</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total loans to the public</b>	<b>103</b>	<b>12</b>	<b>-</b>	<b>14</b>	<b>129</b>	<b>1</b>

## Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

### B. Loans to the public

#### 2.B. Information on debts of borrowers undergoing financial difficulties that have undergone changes in terms

##### 2.B.3 Debts of Borrowers in Financial Difficulties who have Undergone Changes in the Reported Period

	Debts of Borrowers in Financial Difficulties who have Undergone a Change in Terms						
	Total				Type of Change		
	Recorded debt balance	% of Credit Balance	Waiving Interest	Extending Period	Deferring Payments	Extending Period and Deferring Payments and Waiving Interest	
						Waiving Interest	Waiving Interest
<b>In the Three Months Ending March 31, 2026 (Unaudited)</b>							
<b>Borrower activity in Israel</b>							
Commercial	16	0.01	2	1	-	13	-
Private individuals – residential mortgages	18	0.01	-	18	-	-	-
Private individuals – other	8	0.03	1	2	-	5	-
<b>Total loans to the public – activity in Israel</b>	<b>42</b>	<b>0.01</b>	<b>3</b>	<b>21</b>	<b>-</b>	<b>18</b>	<b>-</b>
<b>Total loans to the public – activity overseas</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total loans to the public</b>	<b>42</b>	<b>0.01</b>	<b>3</b>	<b>21</b>	<b>-</b>	<b>18</b>	<b>-</b>
<b>In the Three Months Ending March 31, 2025 (Unaudited)</b>							
<b>Borrower activity in Israel</b>							
Commercial	61	0.06	12	38	-	11	-
Private individuals – residential mortgages	59	0.03	-	59	-	-	-
Private individuals – other	9	0.03	-	2	-	7	-
<b>Total loans to the public – activity in Israel</b>	<b>129</b>	<b>0.04</b>	<b>12</b>	<b>99</b>	<b>-</b>	<b>18</b>	<b>-</b>
<b>Total loans to the public – activity overseas</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total loans to the public</b>	<b>129</b>	<b>0.04</b>	<b>12</b>	<b>99</b>	<b>-</b>	<b>18</b>	<b>-</b>

## Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

### B. Loans to the public

#### 2.B. Information on debts of borrowers undergoing financial difficulties that have undergone changes in terms

##### 2.B.3 Debts of Borrowers in Financial Difficulties who have Undergone Changes in the Reported Period

	Monetary Impacts of Change in Terms of Debts of Borrowers with Financial Difficulties			
	Type of Change			
	Waiving Principal	Average Waiver of Interest (%)	Average Period Extension (in Months)	Average Payment Deferment (in Months)
	In the Three Months Ending March 31, 2026 (Unaudited)			
<b>Borrower activity in Israel</b>				
Commercial	-	4.29	52	-
Private individuals – residential mortgages	-	-	20	-
Private individuals – other	-	2.65	40	-
<b>Total loans to the public – activity in Israel</b>	-	<b>3.71</b>	<b>31</b>	-
<b>Total loans to the public – activity overseas</b>	-	-	-	-
<b>Total loans to the public</b>	-	<b>3.71</b>	<b>31</b>	-
	In the Three Months Ending March 31, 2025 (Unaudited)			
<b>Borrower activity in Israel</b>				
Commercial	-	0.46	22	-
Private individuals – residential mortgages	-	-	21	-
Private individuals – other	-	2.51	35	-
<b>Total loans to the public – activity in Israel</b>	-	<b>0.65</b>	<b>22</b>	-
<b>Total loans to the public – activity overseas</b>	-	-	-	-
<b>Total loans to the public</b>	-	<b>0.65</b>	<b>22</b>	-

## Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

### B. Loans to the public

#### 2.B. Information on debts of borrowers undergoing financial difficulties that have undergone changes in terms

##### 2.B.3 Debts of Borrowers in Financial Difficulties who have Undergone Changes in the Reported Period – Continued

	Debts of Borrowers in Financial Difficulties Who Defaulted in the reported Period After Undergoing a Change in Terms <sup>(1)</sup>						
	Total				Type of Change		
	Recorded debt balance	Waiving Principal	Waiving Interest	Extending Period	Deferring Payments	Extending Period and Waiving Interest	Deferring Payments and Waiving Interest
	<b>In the Three Months Ending March 31, 2026 (Unaudited)</b>						
<b>Borrower activity in Israel</b>							
Commercial	8	-	-	2	-	6	-
Private individuals – residential mortgages	4	-	-	4	-	-	-
Private individuals – other	7	-	1	1	-	5	-
<b>Total loans to the public – activity in Israel</b>	<b>19</b>	<b>-</b>	<b>1</b>	<b>7</b>	<b>-</b>	<b>11</b>	<b>-</b>
<b>Total loans to the public – activity overseas</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total loans to the public</b>	<b>19</b>	<b>-</b>	<b>1</b>	<b>7</b>	<b>-</b>	<b>11</b>	<b>-</b>
	<b>In the Three Months Ending March 31, 2025 (Unaudited)</b>						
<b>Borrower activity in Israel</b>							
Commercial	1	-	-	-	-	1	-
Private individuals – residential mortgages	21	-	-	21	-	-	-
Private individuals – other	1	-	-	-	-	1	-
<b>Total loans to the public – activity in Israel</b>	<b>23</b>	<b>-</b>	<b>-</b>	<b>21</b>	<b>-</b>	<b>2</b>	<b>-</b>
<b>Total loans to the public – activity overseas</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total loans to the public</b>	<b>23</b>	<b>-</b>	<b>-</b>	<b>21</b>	<b>-</b>	<b>2</b>	<b>-</b>

(1) Debts defaulted in the reported period, after they have undergone a change in the terms of debts of borrowers undergoing financial difficulties, during the 12 months prior to their default date.

## Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

### B. Loans to the public

#### 2.C. Additional information about non-accruing credit in arrears

	Not in arrears 90 days or longer	In arrears 90 to 180 days	In arrears 180 days to 1 year	In arrears over 1 year to 3 years	In arrears over 3 years to 5 years	In arrears over 5 years to 7 years	In arrears over 7 years	Total
<b>As of March 31, 2026 (unaudited)</b>								
Commercial	319	191	196	516	45	5	9	1,281
Residential mortgages	384	825	600	606	164	35	56	2,670
Private individuals – other	28	12	20	16	5	3	1	85
<b>Total</b>	<b>731</b>	<b>1,028</b>	<b>816</b>	<b>1,138</b>	<b>214</b>	<b>43</b>	<b>66</b>	<b>4,036</b>
<b>As of March 31, 2025 (unaudited)</b>								
Commercial	431	255	401	579	72	12	7	1,757
Residential mortgages	224	727	572	454	96	21	46	2,140
Private individuals – other	35	17	10	9	6	1	1	79
<b>Total</b>	<b>690</b>	<b>999</b>	<b>983</b>	<b>1,042</b>	<b>174</b>	<b>34</b>	<b>54</b>	<b>3,976</b>
<b>As of December 31, 2025 (audited)</b>								
Commercial	347	99	315	483	62	13	8	1,327
Residential mortgages	352	734	652	553	164	26	54	2,535
Private individuals – other	30	16	5	16	5	3	1	76
<b>Total</b>	<b>729</b>	<b>849</b>	<b>972</b>	<b>1,052</b>	<b>231</b>	<b>42</b>	<b>63</b>	<b>3,938</b>

## Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

### B. Loans to the public

#### 3. Additional information about residential mortgages

Below is the composition of balances by loan-to-value ratio (LTV)<sup>(1)</sup>, repayment type and interest type:

	March 31, 2026 (unaudited)				
	Balance of residential mortgages				Off-balance sheet credit risk
	Total	Of which: Bullet / balloon	Of which: Variable interest	Total	
Senior lien: LTV	Up to 60%	146,483	9,687	83,167	4,373
	Over 60%	102,239	3,094	60,643	4,687
Junior lien or no lien		605	9	363	9,621
<b>Total</b>		<b>249,327</b>	<b>12,790</b>	<b>144,173</b>	<b>18,681</b>

	March 31, 2025 (unaudited)				
	Balance of residential mortgages				Off-balance sheet credit risk
	Total	Of which: Bullet / balloon	Of which: Variable interest	Total	
Senior lien: LTV	Up to 60%	134,498	7,117	78,060	4,267
	Over 60%	93,539	2,444	55,755	4,122
Junior lien or no lien		536	9	331	9,448
<b>Total</b>		<b>228,573</b>	<b>9,570</b>	<b>134,146</b>	<b>17,837</b>

	As of December 31, 2025 (audited)				
	Balance of residential mortgages				Off-balance sheet credit risk
	Total	Of which: Bullet / balloon	Of which: Variable interest	Total	
Senior lien: LTV	Up to 60%	144,142	9,207	81,769	4,600
	Over 60%	100,558	2,955	59,883	4,967
Junior lien or no lien		567	9	342	9,786
<b>Total</b>		<b>245,267</b>	<b>12,171</b>	<b>141,994</b>	<b>19,353</b>

(1) Ratio of approved facility upon extending the facility to the property value, as approved by the Bank upon extending the facility.

## Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

### C. Sale, purchase and syndication of loans to the public during the year

#### 1. Sale and purchase of loans to the public

	Credit risk to the public sold				Credit risk to the public purchased <sup>(1)</sup>			
	Loans to sheet credit the public sold in the period	Off-balance risk <sup>(2)</sup> sold in the period	Of which: Problematic credit	Total gain (loss) with respect to credit sold	Balance at end of period of credit sold, which is serviced by the Bank	Loans to sheet credit the public purchased in the period <sup>(3)</sup>	Off-balance purchased risk <sup>(2)</sup> in the period	Of which: Problematic credit
<b>The Three Months Ending March 31, 2026 (Unaudited)</b>								
Commercial – other	-	-	-	-	700	498	-	-
Private individuals – residential mortgages	-	-	-	-	3,701	-	-	-
Private individuals – other	-	-	-	-	-	662 <sup>(3)</sup>	-	-
<b>Total credit risk to public</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,401</b>	<b>1,160</b>	<b>-</b>	<b>-</b>
<b>The Three Months Ending March 31, 2025 (Unaudited)</b>								
Commercial – other	-	-	-	-	-	-	-	-
Private individuals – residential mortgages	-	-	-	-	4,321	-	-	-
Private individuals – other	-	-	-	-	-	<sup>(3)</sup> 329	-	-
<b>Total credit risk to public</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,321</b>	<b>329</b>	<b>-</b>	<b>-</b>
<b>For the year ended December 31, 2025 (audited)</b>								
Commercial – other	120	515	-	-	635	-	-	-
Private individuals – residential mortgages	-	-	-	-	3,858	-	-	-
Private individuals – other	-	-	-	16	-	1,797	-	-
<b>Total credit risk to public</b>	<b>120</b>	<b>515</b>	<b>-</b>	<b>16</b>	<b>4,493</b>	<b>1,797</b>	<b>-</b>	<b>-</b>

(1) Excluding short-term factoring transactions.

(2) Credit risk of off-balance-sheet financial instruments as calculated for the purpose of borrower indebtedness, except for derivatives.

(3) Of which: Loans at 10% which are seller-guaranteed loans (for credit risk).

## Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

### C. Sale, purchase and syndication of loans to the public during the year – continued

#### 2. Syndications and participation in loan syndications

	March 31, 2026					
			Syndication transactions initiated by the Bank		Syndication transactions initiated by others	
	Bank's share		Others' share <sup>(2)</sup>		Bank's share <sup>(3)</sup>	
	Loans to the public	Off-balance sheet credit risk <sup>(1)</sup>	Loans to the public	Off-balance sheet credit risk <sup>(1)</sup>	Loans to the public	Off-balance sheet credit risk <sup>(1)</sup>
						<b>Unaudited</b>
Construction and real estate	2,104	4,895	1,310	1,282	1,175	2,944
Commercial – other	5,448	2,062	7,467	2,338	5,381	4,621
<b>Total credit risk to public</b>	<b>7,552</b>	<b>6,957</b>	<b>8,777</b>	<b>3,620</b>	<b>6,556</b>	<b>7,565</b>

	March 31, 2025					
			Syndication transactions initiated by the Bank		Syndication transactions initiated by others	
	Bank's share		Others' share <sup>(2)</sup>		Bank's share <sup>(3)</sup>	
	Loans to the public	Off-balance sheet credit risk <sup>(1)</sup>	Loans to the public	Off-balance sheet credit risk <sup>(1)</sup>	Loans to the public	Off-balance sheet credit risk <sup>(1)</sup>
						<b>Unaudited</b>
Construction and real estate	1,766	2,454	1,188	1,098	1,466	921
Commercial – other	4,682	2,036	7,584	2,616	3,102	939
<b>Total credit risk to public</b>	<b>6,448</b>	<b>4,490</b>	<b>8,772</b>	<b>3,714</b>	<b>4,568</b>	<b>1,860</b>

	December 31, 2025					
			Syndication transactions initiated by the Bank		Syndication transactions initiated by others	
	Bank's share		Others' share <sup>(2)</sup>		Bank's share <sup>(3)</sup>	
	Loans to the public	Off-balance sheet credit risk <sup>(1)</sup>	Loans to the public	Off-balance sheet credit risk <sup>(1)</sup>	Loans to the public	Off-balance sheet credit risk <sup>(1)</sup>
						<b>Audited</b>
Construction and real estate	1,836	5,467	1,287	1,340	1,152	3,005
Commercial – other	5,135	1,817	7,652	2,383	4,297	2,919
<b>Total credit risk to public</b>	<b>6,971</b>	<b>7,284</b>	<b>8,939</b>	<b>3,723</b>	<b>5,449</b>	<b>5,924</b>

(1) Credit risk of off-balance-sheet financial instruments as calculated for the purpose of borrower indebtedness, except for derivatives.

(2) Not including balances of the parts of others for syndication transactions initiated by the Bank but managed by others.

(3) Excludes syndication transactions initiated by others to extend balance sheet and non-balance sheet credit to foreign governments. The Bank's share of these transactions is NIS 308 million. (As of March 31, 2025 - NIS 407 million, and as of December 31, 2025 - NIS 439 million).

## Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

### D. Off-balance sheet financial instruments

Contractual balances or their denominated amounts at end of quarter

	March 31		December 31		March 31		December 31	
	2026	2025	2025	2026	2025	2025	2026	2025
	Balance <sup>(1)</sup>		Provision for credit losses					
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Transactions in which the balance represents a credit risk:								
- Un-utilized debtor account and other credit facilities in accounts available on demand	44,283	34,788	42,821	34	37			33
- Guarantees to home buyers	17,780	18,381	17,518	3	3			3
- Irrevocable commitments for loans approved but not yet granted <sup>(2)</sup>	40,175	35,281	38,921	74	71			75
- Unutilized revolving credit card facilities	14,123	12,980	13,658	16	16			15
- Commitments to issue guarantees	21,088	15,175	19,231	3	1			2
- Guarantees and other liabilities <sup>(3)</sup>	18,935	16,014	18,749	66	71			64
- Loan guarantees	5,337	4,083	5,356	61	51			55
- Documentary credit	383	306	193	-	1			-

(1) Contractual balances or their stated amounts at the end of the period, before effect of provision for credit losses.

(2) Includes effect of extension of approval in principle for residential mortgages, from 12 to 24 days, pursuant to update to Proper Conduct of Banking Business Directive 451 regarding "Procedures for extending residential mortgages".

(3) Includes the Bank's liability for its share in the MAOF Clearinghouse risk fund, amounting to NIS 46 million (as of March 31, 2025 and December 31, 2025 a total of NIS 36 million and NIS 28 million, respectively).

## Notes to condensed financial statements

As of March 31, 2026

### Note 14 – Assets and Liabilities by Linkage Basis

As of March 31, 2026 (unaudited)

Reported amounts (NIS in millions)

	Israeli currency		In foreign currency <sup>(1)</sup>			Non-monetary items <sup>(2)</sup>	Total
	Non-linked	CPI-linked	USD	EUR	Other currencies		
<b>Assets</b>							
Cash and deposits with banks	65,256	-	9,431	169	104	-	74,960
Securities	17,357	12,215	14,158	705	-	1,165	45,600
Securities borrowed or bought in conjunction with resale agreements	7	-	-	-	-	-	7
Loans to the public, net <sup>(3)</sup>	308,056	77,542	17,823	6,565	3,588	-	413,574
Loans to Governments	-	-	10	325	-	-	335
Investments in associated companies	-	-	-	-	-	523	523
Buildings and equipment	-	-	-	-	-	2,220	2,220
Intangible assets and goodwill	-	-	-	-	-	87	87
Assets with respect to derivatives	3,633	41	2,266	466	8	-	6,414
Other assets	8,918	603	373	10	14	727	10,645
<b>Total assets</b>	<b>403,227</b>	<b>90,401</b>	<b>44,061</b>	<b>8,240</b>	<b>3,714</b>	<b>4,722</b>	<b>554,365</b>
<b>Liabilities</b>							
Deposits from the public	344,167	34,041	62,783	6,859	2,813	-	450,663
Deposits from banks	441	-	1,119	399	29	-	1,988
Deposits from the Government	9	2	81	1	-	-	93
Bonds and subordinated notes	5,239	30,927	6,565	-	-	-	42,731
Liabilities with respect to derivatives	3,917	41	1,786	366	5	-	6,115
Other liabilities	12,933	2,278	365	7	24	258	15,865
<b>Total liabilities</b>	<b>366,706</b>	<b>67,289</b>	<b>72,699</b>	<b>7,632</b>	<b>2,871</b>	<b>258</b>	<b>517,455</b>
<b>Difference</b>	<b>36,521</b>	<b>23,112</b>	<b>(28,638)</b>	<b>608</b>	<b>843</b>	<b>4,464</b>	<b>36,910</b>
<b>Impact of hedging derivatives:</b>							
Derivative instruments (other than options)	-	-	-	-	-	-	-
<b>Non-hedging financial derivatives:</b>							
Derivative instruments (other than options)	(27,477)	395	28,501	(538)	(881)	-	-
Net in-the-money options (in terms of underlying asset)	315	-	(268)	(78)	31	-	-
Net out-of-the-money options (in terms of underlying asset)	(318)	-	329	(1)	(10)	-	-
<b>Grand total</b>	<b>9,041</b>	<b>23,507</b>	<b>(76)</b>	<b>(9)</b>	<b>(17)</b>	<b>4,464</b>	<b>36,910</b>
Net in-the-money options (capitalized par value)	354	-	(297)	(128)	71	-	-
Net out-of-the-money options (capitalized par value)	(8)	-	130	(62)	(60)	-	-

(1) Includes linked to foreign currency.

(2) Includes derivative instruments whose base relates to a non-monetary item.

(3) Where the provision for credit losses may not be attributed to any specific linkage basis, such provision was deducted pro-rata from the different linkage bases.

## Notes to condensed financial statements

As of March 31, 2026

### Note 14 – Assets and Liabilities by Linkage Basis – continued

As of March 31, 2025 (unaudited)

Reported amounts (NIS in millions)

	Israeli currency		In foreign currency <sup>(1)</sup>			Non-monetary items <sup>(2)</sup>	Total
	Non-linked	CPI-linked	USD	EUR	Other currencies		
<b>Assets</b>							
Cash and deposits with banks	64,267	-	22,574	224	129	-	87,194
Securities	12,776	6,072	8,622	978	-	964	29,412
Securities borrowed or bought in conjunction with resale agreements	77	-	-	-	-	-	77
Loans to the public, net <sup>(3)</sup>	259,683	82,650	12,984	5,436	3,631	-	364,384
Loans to Governments	-	-	24	290	-	-	314
Investments in associated companies	-	-	-	-	-	269	269
Buildings and equipment	-	-	-	-	-	1,879	1,879
Intangible assets and goodwill	-	-	-	-	-	110	110
Assets with respect to derivatives	1,353	79	3,291	907	93	-	5,723
Other assets	6,961	369	555	10	30	742	8,667
<b>Total assets</b>	<b>345,117</b>	<b>89,170</b>	<b>48,050</b>	<b>7,845</b>	<b>3,883</b>	<b>3,964</b>	<b>498,029</b>
<b>Liabilities</b>							
Deposits from the public	293,131	29,707	63,661	7,030	5,746	-	399,275
Deposits from banks	447	-	1,088	240	127	-	1,902
Deposits from the Government	12	2	9	3	-	-	26
Bonds and subordinated notes	8,682	30,944	2,264	-	-	-	41,890
Liabilities with respect to derivatives	1,347	87	2,793	681	67	-	4,975
Other liabilities	13,318	2,273	411	9	22	359	16,392
<b>Total liabilities</b>	<b>316,937</b>	<b>63,013</b>	<b>70,226</b>	<b>7,963</b>	<b>5,962</b>	<b>359</b>	<b>464,460</b>
<b>Difference</b>	<b>28,180</b>	<b>26,157</b>	<b>(22,176)</b>	<b>(118)</b>	<b>(2,079)</b>	<b>3,605</b>	<b>33,569</b>
<b>Impact of hedging derivatives:</b>							
Derivative instruments (other than options)	1,114	(1,114)	-	-	-	-	-
<b>Non-hedging financial derivatives:</b>							
Derivative instruments (other than options)	(24,248)	360	22,003	(187)	2,072	-	-
Net in-the-money options (in terms of underlying asset)	(143)	-	(56)	229	(30)	-	-
Net out-of-the-money options (in terms of underlying asset)	(26)	-	3	25	(2)	-	-
<b>Grand total</b>	<b>4,877</b>	<b>25,403</b>	<b>(226)</b>	<b>(51)</b>	<b>(39)</b>	<b>3,605</b>	<b>33,569</b>
Net in-the-money options (capitalized par value)	(196)	-	(99)	330	(35)	-	-
Net out-of-the-money options (capitalized par value)	289	-	(607)	337	(19)	-	-

(1) Includes linked to foreign currency.

(2) Includes derivative instruments whose base relates to a non-monetary item.

(3) Where the provision for credit losses may not be attributed to any specific linkage basis, such provision was deducted pro-rata from the different linkage bases.

## Notes to condensed financial statements

As of March 31, 2026

### Note 14 – Assets and Liabilities by Linkage Basis – continued

As of December 31, 2025 (audited)

Reported amounts (NIS in millions)

	Israeli currency		In foreign currency <sup>(1)</sup>			Non-monetary items <sup>(2)</sup>	Total
	Non-linked	CPI-linked	USD	EUR	Other currencies		
<b>Assets</b>							
Cash and deposits with banks	65,123	-	17,563	88	75	-	82,849
Securities	17,312	12,337	16,123	925	-	1,206	47,903
Securities borrowed or bought in conjunction with resale agreements	593	-	-	-	-	-	593
Loans to the public, net <sup>(3)</sup>	296,231	79,125	15,152	6,513	3,480	-	400,501
Loans to Governments	-	-	13	334	-	-	347
Investments in associated companies	-	-	-	-	-	481	481
Buildings and equipment	-	-	-	-	-	2,159	2,159
Intangible assets and goodwill	-	-	-	-	-	87	87
Assets with respect to derivatives	4,751	44	942	533	23	-	6,293
Other assets	8,393	508	317	9	20	713	9,960
<b>Total assets</b>	<b>392,403</b>	<b>92,014</b>	<b>50,110</b>	<b>8,402</b>	<b>3,598</b>	<b>4,646</b>	<b>551,173</b>
<b>Liabilities</b>							
Deposits from the public	340,219	35,170	62,919	7,252	2,837	-	448,397
Deposits from banks	474	-	963	465	156	-	2,058
Deposits from the Government	27	2	167	1	-	-	197
Bonds and subordinated notes	7,580	30,857	1,928	-	-	-	40,365
Liabilities with respect to derivatives	5,695	55	723	530	25	-	7,028
Other liabilities	13,831	2,219	357	8	27	258	16,700
<b>Total liabilities</b>	<b>367,826</b>	<b>68,303</b>	<b>67,057</b>	<b>8,256</b>	<b>3,045</b>	<b>258</b>	<b>514,745</b>
<b>Difference</b>	<b>24,577</b>	<b>23,711</b>	<b>(16,947)</b>	<b>146</b>	<b>553</b>	<b>4,388</b>	<b>36,428</b>
<b>Non-hedging financial derivatives:</b>							
Derivative instruments (other than options)	(17,251)	499	17,641	(299)	(590)	-	-
Net in-the-money options (in terms of underlying asset)	138	-	(168)	37	(7)	-	-
Net out-of-the-money options (in terms of underlying asset)	287	-	(357)	72	(2)	-	-
<b>Grand total</b>	<b>7,751</b>	<b>24,210</b>	<b>169</b>	<b>(44)</b>	<b>(46)</b>	<b>4,388</b>	<b>36,428</b>
Net in-the-money options (capitalized par value)	169	-	(198)	36	(7)	-	-
Net out-of-the-money options (capitalized par value)	808	-	(941)	148	(15)	-	-

(1) Includes linked to foreign currency.

(2) Includes derivative instruments whose base relates to a non-monetary item.

(3) Where the provision for credit losses may not be attributed to any specific linkage basis, such provision was deducted pro-rata from the different linkage bases.

## Notes to condensed financial statements

As of March 31, 2026

### Note 15 - Cash flows in accordance with contractual repayment date

Reported amounts (NIS in millions)

	Cash flows in accordance with contractual repayment date					
	On-call to 1 day	Over a day to 1 week	Over a week to 1 month	1 to 3 months	Over 3 months to 1 year	Over 1 year to 3 years
<b>As of March 31, 2026 (unaudited)</b>						
<b>Cash, deposits and marketable bonds <sup>(3)</sup></b>						
Cash and deposits with banks	18,892	25,826	29,443	4	291	112
Negotiable government bonds	-	633	4,656	5,734	18,651	3,304
Other marketable bonds	1	2	8	94	301	955
<b>Total cash, deposits and marketable bonds</b>	<b>18,893</b>	<b>26,461</b>	<b>34,107</b>	<b>5,832</b>	<b>19,243</b>	<b>4,371</b>
<b>Other monetary assets</b>						
Loans to the public <sup>(4)</sup>	3,687	3,492	11,804	33,677	49,585	88,908
Other monetary assets excluding derivatives	757	1,088	1,743	1,441	1,459	729
<b>Total other monetary assets excluding derivatives</b>	<b>23,337</b>	<b>31,041</b>	<b>47,654</b>	<b>40,950</b>	<b>70,287</b>	<b>94,008</b>
<b>Monetary liabilities</b>						
Deposits from the public <sup>(5)</sup>	135,818	18,170	43,427	118,828	105,615	18,351
Of which: Households and small businesses	71,906	7,984	19,391	42,641	40,482	3,554
Deposits from banks	1,637	100	20	84	153	-
Securities loaned or sold in re-purchase agreements	-	-	-	-	-	-
Bonds and subordinated notes	3	1,928	1,096	3,848	4,165	12,445
Other monetary liabilities excluding derivatives	1,081	1,405	2,279	2,672	2,787	1,634
<b>Total other monetary liabilities excluding derivatives</b>	<b>138,539</b>	<b>21,603</b>	<b>46,822</b>	<b>125,432</b>	<b>112,720</b>	<b>32,430</b>
<b>Employee rights and off-balance sheet items</b>						
Effect of derivative instruments	(6)	(11)	677	(366)	285	(98)
Credit provision undertakings	(1,204)	(296)	(2,059)	(15,873)	(98,073)	(16,512)
Employees' rights	-	-	(11)	(16)	(76)	(240)
<b>Effect of employee rights and off-balance sheet items</b>	<b>(1,210)</b>	<b>(307)</b>	<b>(1,393)</b>	<b>(16,255)</b>	<b>(97,864)</b>	<b>(16,850)</b>
<b>Total net cash flows (including NIS and foreign currency)</b>	<b>(116,412)</b>	<b>9,131</b>	<b>(561)</b>	<b>(100,737)</b>	<b>(140,297)</b>	<b>44,728</b>
<b>Of which:</b>						
Total cash, deposits and marketable bonds in foreign currency	7,203	3,500	3,153	1,620	622	1,830
Total other monetary assets in foreign currency	2,738	95	2,387	5,256	6,550	7,338
Total monetary liabilities in foreign currency	22,277	3,925	9,992	16,493	22,769	1,014
Effect of employee rights and off-balance sheet items in foreign currency	889	3,628	3,851	(1,956)	11,752	515
<b>Total net cash flows in foreign currency</b>	<b>(11,447)</b>	<b>3,298</b>	<b>(601)</b>	<b>(11,573)</b>	<b>(3,845)</b>	<b>8,669</b>
<b>As of March 31, 2025 (unaudited)</b>						
Cash, deposits and marketable bonds	30,352	39,883	17,573	186	8,964	9,759
Other monetary assets excluding derivatives	3,457	4,580	11,813	22,067	43,791	80,164
Deposits from the public	130,589	19,745	40,322	103,095	85,699	14,803
Other monetary liabilities excluding derivatives and deposits from the public	2,211	1,361	2,895	7,423	6,276	15,568
Effect of employee rights and off-balance sheet items	(1,581)	(357)	(1,575)	(6,803)	(75,037)	(14,137)
<b>Total net cash flows</b>	<b>(100,572)</b>	<b>23,000</b>	<b>(15,406)</b>	<b>(95,068)</b>	<b>(114,257)</b>	<b>45,415</b>
<b>Of which: Net cash flows in foreign currency</b>	<b>(11,539)</b>	<b>15,148</b>	<b>(1,176)</b>	<b>(12,308)</b>	<b>(13,132)</b>	<b>3,915</b>
<b>As of December 31, 2025 (audited)</b>						
Cash, deposits and marketable bonds	49,703	15,374	17,629	12,773	19,209	4,595
Other monetary assets excluding derivatives	6,115	4,920	12,373	26,429	47,059	88,466
Deposits from the public	140,986	19,113	40,361	113,261	112,386	11,225
Other monetary liabilities excluding derivatives and deposits from the public	2,891	1,560	4,947	2,251	14,034	13,856
Effect of employee rights and off-balance sheet items	(5,638)	(414)	(3,853)	(12,151)	(92,190)	(14,862)
<b>Total net cash flows</b>	<b>(93,697)</b>	<b>(793)</b>	<b>(19,159)</b>	<b>(88,461)</b>	<b>(152,342)</b>	<b>53,118</b>
<b>Of which: Net cash flows in foreign currency</b>	<b>(18,996)</b>	<b>18,152</b>	<b>(7,217)</b>	<b>(521)</b>	<b>(16,863)</b>	<b>6,417</b>

(1) As included in Note 14 – "Assets and Liabilities by Linkage Basis", including off-balance sheet amounts in respect of derivatives which are not settled on a net basis.

(2) The discount rate applied to future contractual cash flows in respect of a monetary item to its balance sheet balance.

(3) The fair value of cash, deposits and marketable bonds, which are not pledged, amounts to NIS 118,245 million, NIS 114,652 million and NIS 128,695 million as of March 31, 2026, March 31, 2025 and December 31, 2025, respectively.

(4) The future contractual cash flows of loans to the public are presented in accordance with the loans' contractual repayment date. Credit in current accounts or current loan accounts, on-call credit and credit in arrears of 30 days or more are presented in the "no repayment date" column. The provision for credit losses is deducted from the relevant cash flows.

(5) The future cash flows of the deposits are presented based on the earliest withdrawal date allowed under the contract. Deposits, which are available for immediate withdrawal under the contract are presented under the "on-call to 1 day" column.

## Notes to condensed financial statements

As of March 31, 2026

Balance sheet balance <sup>(1)</sup>				
Over 3 years to 5 years	Over 5 years	No repayment date	Total	Effective rate of return <sup>(2)</sup>
28	684	323	74,960	3.50%
3,175	9,713	-	41,405	4.01%
1,217	934	-	3,030	3.35%
<b>4,420</b>	<b>11,331</b>	<b>323</b>	<b>119,395</b>	<b>3.90%</b>
54,908	304,889	21,514	413,574	4.98%
1,267	2,104	586	10,260	1.19%
<b>60,595</b>	<b>318,324</b>	<b>22,423</b>	<b>543,229</b>	<b>4.89%</b>
14,565	3,838	-	450,663	2.96%
811	971	-	186,086	2.46%
-	-	-	1,988	3.37%
-	-	-	-	0.00%
11,903	11,329	-	42,731	2.01%
1,742	412	245	13,836	0.86%
<b>28,210</b>	<b>15,579</b>	<b>245</b>	<b>509,218</b>	<b>2.50%</b>
215	(194)	-	299	
(14,034)	(16,946)	-	(164,998)	
(217)	(2,097)	-	(1,864)	
<b>(14,036)</b>	<b>(19,237)</b>	<b>-</b>	<b>(166,563)</b>	
<b>18,349</b>	<b>283,508</b>	<b>22,178</b>	<b>(132,552)</b>	
1,922	7,642	-	24,567	3.98%
3,543	3,507	3,045	28,708	4.51%
3,150	2,916	-	81,045	2.22%
1,483	(73)	-	19,770	
<b>3,798</b>	<b>8,160</b>	<b>3,045</b>	<b>(8,000)</b>	
3,147	12,393	302	115,642	4.94%
52,222	289,486	27,502	372,700	5.23%
7,099	4,564	-	399,275	3.17%
9,106	16,268	306	57,951	1.27%
(2,895)	(18,009)	-	(119,738)	
<b>36,269</b>	<b>263,038</b>	<b>27,498</b>	<b>(88,622)</b>	
3,675	9,517	2,480	(7,660)	
5,216	10,387	323	129,546	4.14%
56,012	306,911	22,619	410,688	4.95%
14,437	4,316	-	448,397	3.00%
11,142	9,574	260	57,108	1.62%
(9,806)	(23,266)	-	(161,420)	
<b>25,843</b>	<b>280,142</b>	<b>22,682</b>	<b>(126,691)</b>	
<b>4,865</b>	<b>9,488</b>	<b>2,730</b>	<b>(8,857)</b>	

## Notes to condensed financial statements

As of March 31, 2026

### Note 16 – Balances and estimates of fair value of financial instruments

Reported amounts (NIS in millions)

1) Information on the fair value of financial instruments is presented below:

#### A. Fair value balances

	March 31, 2026 (unaudited)				
	Book balance	Fair value			Total
		Level 1 <sup>(1)</sup>	Level 2 <sup>(1)</sup>	Level 3 <sup>(1)</sup>	
<b>Financial assets</b>					
Cash and deposits with banks	74,960	19,367	53,822	1,775	74,964
Securities <sup>(3)</sup>	45,600	37,074	7,696	763	45,533
Securities borrowed or purchased in resale agreements	7	7	-	-	7
Loans to the public, net	413,574	11,266	11,789	<sup>(5)</sup> 388,426	411,481
Loans to Governments	335	-	-	332	332
Assets with respect to derivatives	6,414	1,164	4,489	<sup>(2)</sup> 761	6,414
Other financial assets	7,836	-	6,176	1,663	7,839
<b>Total financial assets</b>	<b><sup>(4)</sup>548,726</b>	<b>68,878</b>	<b>83,972</b>	<b>393,720</b>	<b>546,570</b>
<b>Financial liabilities</b>					
Deposits from the public	450,663	28,136	113,724	309,193	451,053
Deposits from banks	1,988	-	705	1,280	1,985
Deposits from the Government	93	-	-	93	93
Bonds and subordinated notes	42,731	35,447	-	6,611	42,058
Liabilities with respect to derivatives	6,115	1,164	4,060	<sup>(2)</sup> 891	6,115
Other financial liabilities	12,522	477	8,133	3,906	12,516
<b>Total financial liabilities</b>	<b><sup>(4)</sup>514,112</b>	<b>65,224</b>	<b>126,622</b>	<b>321,974</b>	<b>513,820</b>

(1) Level 1 – Fair value measurements using quoted prices on an active market. Level 2 – Fair value measurements using other significant observed data. Level 3 – Fair value measurements using significant non-observed data.

(2) Fair value measurement is primarily based on use of observed data (market interest rate curves), except for credit quality of counter party.

(3) For more information about the carrying amount and fair value of securities, see Note 5 to the financial statements.

(4) Includes assets and liabilities amounting to NIS 148,136 million and NIS 147,539 million, respectively, whose carrying amount equals their fair value (instruments presented at fair value on the balance sheet). For more information on instruments measured at fair value on recurring basis and on non-recurring basis, see B.-D. below.

(5) Of which embedded derivatives in loans to the public, net amounting to NIS 32 million.

## Note 16 – Balances and estimates of fair value of financial instruments – continued

Reported amounts (NIS in millions)

### A. Fair value balances – continued:

	March 31, 2025 (unaudited)				
	Book balance	Level 1 <sup>(1)</sup>	Level 2 <sup>(1)</sup>	Level 3 <sup>(1)</sup>	Fair value Total
<b>Financial assets</b>					
Cash and deposits with banks	87,194	22,822	54,658	9,676	87,156
Securities <sup>(3)</sup>	29,412	20,596	8,094	616	29,306
Securities borrowed or purchased in resale agreements	77	77	-	-	77
Loans to the public, net	364,384	6,025	10,543	<sup>(5)</sup> 342,652	359,220
Loans to Governments	314	-	-	319	319
Assets with respect to derivatives	5,723	402	4,790	<sup>(2)</sup> 531	5,723
Other financial assets	5,647	<sup>(6)</sup> -	<sup>(6)</sup> 4,029	1,618	5,647
<b>Total financial assets</b>	<sup>(4)</sup> <b>492,751</b>	<b>49,922</b>	<b>82,114</b>	<b>355,412</b>	<b>487,448</b>
<b>Financial liabilities</b>					
Deposits from the public	399,275	13,708	106,116	279,804	399,628
Deposits from banks	1,902	-	836	1,067	1,903
Deposits from the Government	26	-	-	26	26
Bonds and subordinated notes	41,890	38,289	-	2,294	40,583
Liabilities with respect to derivatives	4,975	402	4,007	<sup>(2)</sup> 566	4,975
Other financial liabilities	12,623	<sup>(6)</sup> 1,549	<sup>(6)</sup> 5,947	5,121	12,617
<b>Total financial liabilities</b>	<sup>(4)</sup> <b>460,691</b>	<b>53,948</b>	<b>116,906</b>	<b>288,878</b>	<b>459,732</b>

(1) Level 1 – Fair value measurements using quoted prices on an active market. Level 2 – Fair value measurements using other significant observed data. Level 3 – Fair value measurements using significant non-observed data.

(2) Fair value measurement is primarily based on use of observed data (market interest rate curves), except for credit quality of counter party.

(3) For more information about the carrying amount and fair value of securities, see Note 5 to the financial statements.

(4) Includes assets and liabilities amounting to NIS 122,540 million and NIS 121,884 million, respectively, whose carrying amount equals their fair value (instruments presented at fair value on the balance sheet). For more information on instruments measured at fair value on recurring basis and on non-recurring basis, see B.-D. below.

(5) Of which embedded derivatives in loans to the public, net amounting to NIS 26 million.

(6) Reclassified.

## Notes to condensed financial statements

As of March 31, 2026

### Note 16 – Balances and estimates of fair value of financial instruments – continued

Reported amounts (NIS in millions)

#### A. Fair value balances – continued:

	As of December 31, 2025 (audited)				
	Book balance	Fair value			
		Level 1 <sup>(1)</sup>	Level 2 <sup>(1)</sup>	Level 3 <sup>(1)</sup>	Total
<b>Financial assets</b>					
Cash and deposits with banks	82,849	28,321	52,975	1,539	82,835
Securities <sup>(3)</sup>	47,903	39,090	7,920	831	47,841
Securities borrowed or purchased in resale agreements	593	593	-	-	593
Loans to the public, net	400,501	9,602	11,937	<sup>(5)</sup> 375,885	397,424
Loans to Governments	347	-	-	349	349
Assets with respect to derivatives	6,293	387	5,008	<sup>(2)</sup> 898	6,293
Other financial assets	7,121	-	5,497	1,624	7,121
<b>Total financial assets</b>	<b><sup>(4)</sup>545,607</b>	<b>77,993</b>	<b>83,337</b>	<b>381,126</b>	<b>542,456</b>
<b>Financial liabilities</b>					
Deposits from the public	448,397	26,230	118,899	304,315	449,444
Deposits from banks	2,058	-	494	1,555	2,049
Deposits from the Government	197	-	-	197	197
Bonds and subordinated notes	40,365	37,740	-	1,980	39,720
Liabilities with respect to derivatives	7,028	387	5,701	<sup>(2)</sup> 940	7,028
Other financial liabilities	13,347	1,853	7,559	3,928	13,340
<b>Total financial liabilities</b>	<b><sup>(4)</sup>511,392</b>	<b>66,210</b>	<b>132,653</b>	<b>312,915</b>	<b>511,778</b>

(1) Level 1 – Fair value measurements using quoted prices on an active market. Level 2 – Fair value measurements using other significant observed data. Level 3 – Fair value measurements using significant non-observed data.

(2) Fair value measurement is primarily based on use of observed data (market interest rate curves), except for credit quality of counter party.

(3) For more information about the carrying amount and fair value of securities, see Note 5 to the financial statements.

(4) Includes assets and liabilities amounting to NIS 146,642 million and NIS 152,764 million, respectively, whose carrying amount equals their fair value (instruments presented at fair value on the balance sheet). For more information on instruments measured at fair value on recurring basis and on non-recurring basis, see B.-D. below.

(5) Of which embedded derivatives in loans to the public, net amounting to NIS 32 million.

## Note 16 – Balances and estimates of fair value of financial instruments – continued

Reported amounts (NIS in millions)

### B. Items measured at fair value:

#### 1. On recurring basis

	March 31, 2026 (unaudited)			Total fair value
	Prices quoted on active market (level 1)	Other significant observed data (level 2)	Non-observed significant data (level 3)	
<b>Assets</b>				
<b>Bonds available for sale</b>				
Bonds:				
of Government of Israel	5,604	7,012	-	12,616
Of foreign governments	7,010	-	-	7,010
Of banks and financial institutions in Israel	1,320	73	-	1,393
Of banks and financial institutions overseas	-	63	-	63
Asset-backed (ABS)	-	52	-	52
Of others in Israel	721	338	-	1,059
Of others overseas	141	9	1	151
<b>Shares not held for trading</b>	353	26	21	400
<b>Securities held for trading:</b>				
Bonds of the Government of Israel	18,301	77	-	18,378
Bonds of overseas governments	180	-	-	180
Bonds of financial institutions in Israel	11	-	-	11
Bonds of others in Israel	13	-	-	13
Bonds of foreign others	20	-	-	20
<b>Shares held for trading</b>	26	-	-	26
<b>Securities borrowed or purchased in resale agreements</b>	7	-	-	7
<b>Credit with respect to loans to customers</b>	11,266	-	-	11,266
<b>Assets with respect to derivatives<sup>(1)</sup></b>				
Interest contracts:				
NIS / CPI	-	21	36	57
Other	-	1,807	63	1,870
Currency contracts	56	2,615	635	3,306
Contracts for shares	1,087	46	27	1,160
Commodities and other contracts	21	-	-	21
<b>Other financial assets</b>	-	6,176	-	6,176
<b>Other</b>	-	-	32	32
<b>Total assets</b>	<b>46,137</b>	<b>18,315</b>	<b>815</b>	<b>65,267</b>
<b>Liabilities</b>				
Deposits with respect to borrowing from customers	28,136	-	-	28,136
<b>Liabilities with respect to derivatives<sup>(1)</sup></b>				
Interest contracts:				
NIS / CPI	-	31	13	44
Other	-	1,523	35	1,558
Currency contracts	56	2,436	840	3,332
Contracts for shares	1,087	70	3	1,160
Commodities and other contracts	21	-	-	21
<b>Other financial liabilities</b>	477	6,176	-	6,653
<b>Other</b>	-	-	-	-
<b>Total liabilities</b>	<b>29,777</b>	<b>10,236</b>	<b>891</b>	<b>40,904</b>

(1) Fair value measurement of derivative instruments classified under Level 3 is primarily based on use of observed data (market interest rate curves), except for credit quality of counter party.

## Notes to condensed financial statements

As of March 31, 2026

### Note 16 – Balances and estimates of fair value of financial instruments – continued

Reported amounts (NIS in millions)

#### B. Items measured at fair value – continued:

##### 1. On recurring basis

	March 31, 2025 (unaudited)			Total fair value
	Prices quoted on active market (level 1)	Other significant observed data (level 2)	Non-observed significant data (level 3)	
<b>Assets</b>				
<b>Bonds available for sale</b>				
<b>Bonds:</b>				
of Government of Israel	5,462	7,490	-	12,952
Of foreign governments	1,370	-	-	1,370
Of banks and financial institutions in Israel	481	55	-	536
Of banks and financial institutions overseas	3	88	-	91
Asset-backed (ABS)	-	60	-	60
Of others in Israel	839	212	-	1,051
Of others overseas	130	8	8	146
<b>Shares not held for trading</b>	300	36	25	361
<b>Securities held for trading:</b>				
Bonds of the Government of Israel	8,364	94	-	8,458
Bonds of overseas governments	143	-	-	143
Bonds of financial institutions in Israel	-	-	-	-
Bonds of others in Israel	14	-	-	14
Bonds of foreign others	27	-	-	27
Shares held for trading	21	-	-	21
<b>Securities borrowed or purchased in resale agreements</b>	77	-	-	77
<b>Credit with respect to loans to customers</b>	6,025	-	-	6,025
<b>Assets with respect to derivatives<sup>(1)</sup></b>				
<b>Interest contracts:</b>				
NIS / CPI	-	24	70	94
Other	-	1,982	14	1,996
Currency contracts	68	2,714	446	3,228
Contracts for shares	334	70	1	405
<b>Other financial assets<sup>(2)</sup></b>	-	4,029	-	4,029
<b>Other</b>	-	-	26	26
<b>Total assets</b>	<b>23,658</b>	<b>16,862</b>	<b>590</b>	<b>41,110</b>
<b>Liabilities</b>				
Deposits with respect to borrowing from customers	13,708	-	-	13,708
<b>Liabilities with respect to derivatives<sup>(1)</sup></b>				
<b>Interest contracts:</b>				
NIS / CPI	-	35	47	82
	-	1,526	48	1,574
Currency contracts	67	2,382	466	2,915
Contracts for shares	335	64	5	404
<b>Other financial liabilities<sup>(2)</sup></b>	1,549	3,969	-	5,518
<b>Other</b>	-	-	-	-
<b>Total liabilities</b>	<b>15,659</b>	<b>7,976</b>	<b>566</b>	<b>24,201</b>

(1) Fair value measurement of derivative instruments classified under Level 3 is primarily based on use of observed data (market interest rate curves), except for credit quality of counter party.

(2) Reclassified.

## Note 16 – Balances and estimates of fair value of financial instruments – continued

Reported amounts (NIS in millions)

### B. Items measured at fair value – continued:

#### 1. On recurring basis

	As of December 31, 2025 (audited)			
	Prices quoted on active market (level 1)	Other significant observed data (level 2)	Non-observed significant data (level 3)	Total fair value
<b>Assets</b>				
<b>Bonds available for sale</b>				
<b>Bonds:</b>				
of Government of Israel	5,976	7,418	-	13,394
Of foreign governments	8,999	-	-	8,999
Of banks and financial institutions in Israel	1,038	48	-	1,086
Of banks and financial institutions overseas	-	66	-	66
Asset-backed (ABS)	-	51	-	51
Of others in Israel	759	251	-	1,010
Of others overseas	136	10	1	147
<b>Shares not held for trading</b>	323	28	21	372
<b>Securities held for trading:</b>				
Bonds of the Government of Israel	18,253	-	-	18,253
Bonds of overseas governments	140	-	-	140
Bonds of financial institutions in Israel	-	-	-	-
Bonds of others in Israel	15	-	-	15
Bonds of foreign others	22	-	-	22
<b>Shares held for trading</b>	26	-	-	26
<b>Securities borrowed or purchased in resale agreements</b>	593	-	-	593
<b>Credit with respect to loans to customers</b>	9,602	-	-	9,602
<b>Assets with respect to derivatives<sup>(1)</sup></b>				
Interest contracts:				
NIS / CPI	-	23	34	57
Other	-	1,761	116	1,877
Currency contracts	26	3,031	747	3,804
Contracts for shares	361	193	1	555
<b>Other financial assets</b>	-	5,497	-	5,497
<b>Other</b>	-	-	32	32
<b>Total assets</b>	<b>46,269</b>	<b>18,377</b>	<b>952</b>	<b>65,598</b>
<b>Liabilities</b>				
<b>Deposits with respect to borrowing from customers</b>	26,230	-	-	26,230
<b>Liabilities with respect to derivatives<sup>(1)</sup></b>				
Interest contracts:				
NIS / CPI	-	30	9	39
Other	-	1,660	52	1,712
Currency contracts	26	3,821	875	4,722
Contracts for shares	361	190	4	555
<b>Other financial liabilities</b>	1,853	5,497	-	7,350
<b>Other</b>	-	-	-	-
<b>Total liabilities</b>	<b>28,470</b>	<b>11,198</b>	<b>940</b>	<b>40,608</b>

(1) Fair value measurement of derivative instruments classified under Level 3 is primarily based on use of observed data (market interest rate curves), except for credit quality of counter party.

## Notes to condensed financial statements

As of March 31, 2026

### Note 16 – Balances and estimates of fair value of financial instruments – continued

Reported amounts (NIS in millions)

#### B. Items measured at fair value – continued:

##### 2. On non-recurring basis

	March 31, 2026 (unaudited)			For the three months ended March 31, 2026	
	Fair value				Gains (losses)
	Level 1 <sup>(1)</sup>	Level 2 <sup>(1)</sup>	Level 3 <sup>(1)</sup>	Total	
Non-accruing credit whose collection is contingent on collateral	-	-	244	244	(27)
Investments in shares for which no fair value is available	-	-	739	739	42

	March 31, 2025 (unaudited)			For the three months ended March 31, 2025	
	Fair value				Gains (losses)
	Level 1 <sup>(1)</sup>	Level 2 <sup>(1)</sup>	Level 3 <sup>(1)</sup>	Total	
Non-accruing credit whose collection is contingent on collateral	-	-	596	596	(21)
Investments in shares for which no fair value is available	-	-	582	582	53

	As of December 31, 2025 (audited)			For the year ended December 31, 2025	
	Fair value				Gains (losses)
	Level 1 <sup>(1)</sup>	Level 2 <sup>(1)</sup>	Level 3 <sup>(1)</sup>	Total	
Non-accruing credit whose collection is contingent on collateral	-	-	297	297	2
Investments in shares for which no fair value is available	-	-	808	808	169

(1) Level 1 – Fair value measurements using quoted prices on an active market.

Level 2 – Fair value measurements using other significant observed data.

Level 3 – Fair value measurements using significant non-observed data.

## Note 16 – Balances and estimates of fair value of financial instruments – continued

Reported amounts (NIS in millions)

### C. Change in items measured at fair value on recurrent basis, included in level 3:

	For the three months ended March 31, 2026 (Unaudited)									
	Fair value as of December 31, 2025	In statement of profit and loss	Net realized / unrealized gains (losses) included <sup>(1)</sup> In statement of other comprehensive income under Equity	Acquisitions	Sales	Dispositions	Transfer to level 3 <sup>(3)</sup>	Transfers from Level 3 <sup>(3)</sup>	Fair value as of March 31, 2026	Unrealized gains (losses) with respect to instruments held as of March 31, 2026
<b>Assets</b>										
<b>Securities available for sale</b>										
<b>Bonds:</b>										
Of others overseas	1	-	-	-	-	-	-	-	1	-
<b>Shares not held for trading</b>	<b>21</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21</b>	<b>-</b>
<b>Assets with respect to derivatives<sup>(2)</sup></b>										
<b>Interest contracts:</b>										
NIS / CPI	34	2	-	-	-	(2)	2	-	36	2
Other	116	(54)	-	1	-	-	-	-	63	(53)
Currency contracts	747	71	-	270	-	(453)	-	-	635	341
Contracts for shares	1	22	-	4	-	-	-	-	27	26
<b>Other</b>	<b>32</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32</b>	<b>-</b>
<b>Total assets</b>	<b>952</b>	<b>41</b>	<b>-</b>	<b>275</b>	<b>-</b>	<b>(455)</b>	<b>2</b>	<b>-</b>	<b>815</b>	<b>316</b>
<b>Liabilities</b>										
<b>Liabilities with respect to derivatives<sup>(2)</sup></b>										
<b>Interest contracts:</b>										
NIS / CPI	9	5	-	-	-	(1)	-	-	13	(5)
Other	52	(17)	-	-	-	-	-	-	35	15
Currency contracts	875	127	-	288	-	(450)	-	-	840	(414)
Contracts for shares	4	(1)	-	-	-	-	-	-	3	1
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>940</b>	<b>114</b>	<b>-</b>	<b>288</b>	<b>-</b>	<b>(451)</b>	<b>-</b>	<b>-</b>	<b>891</b>	<b>(403)</b>

- (1) Realized gains (losses) included in the statement of profit and loss under "Non-interest financing revenues". Unrealized gains and losses included in equity under Adjustments for Presentation of Available-for-Sale Securities at Fair Value under Other Comprehensive Income.
- (2) Fair value measurement is primarily based on use of observed data (market interest rate curves), except for credit quality of counter party.
- (3) Transfers to Level 3 include transactions for which market data, in the reported periods, are not observed. Transfers from Level 3 result from the opposite situation.

## Notes to condensed financial statements

As of March 31, 2026

### Note 16 – Balances and estimates of fair value of financial instruments – continued

Reported amounts (NIS in millions)

#### C. Change in items measured at fair value on recurrent basis, included in level 3 – Continued:

	For the three months ended March 31, 2025 (Unaudited)									
	Net realized / unrealized gains (losses) included <sup>(1)</sup>						Unrealized gains (losses) with respect to instruments held as of			
	Fair value as of December 30, 2024	In statement of profit and loss	In statement of other comprehensive income under Equity	Acquisitions	Sales	Dispositions	Transfer to level 3 <sup>(3)</sup>	Transfer s from Level 3 <sup>(3)</sup>	Fair value as of March 31, 2025	March 31, 2025
<b>Assets</b>										
<b>Securities available for sale</b>										
<b>Bonds:</b>										
Of others overseas	7	-	1	-	-	-	-	-	8	1
<b>Shares not held for trading</b>	24	-	1	-	-	-	-	-	25	1
<b>Assets with respect to derivatives<sup>(2)</sup></b>										
Interest contracts:										
NIS / CPI	81	(5)	-	2	-	(8)	-	-	70	(3)
Other	9	1	-	4	-	-	-	-	14	5
Currency contracts	377	(21)	-	337	-	(247)	-	-	446	300
Contracts for shares	1	-	-	-	-	-	-	-	1	1
Other	25	1	-	-	-	-	-	-	26	-
<b>Total assets</b>	<b>524</b>	<b>(24)</b>	<b>2</b>	<b>343</b>	<b>-</b>	<b>(255)</b>	<b>-</b>	<b>-</b>	<b>590</b>	<b>305</b>
<b>Liabilities</b>										
<b>Liabilities with respect to derivatives<sup>(2)</sup></b>										
Interest contracts:										
NIS / CPI	66	(3)	-	2	-	(18)	-	-	47	2
Other	50	(4)	-	2	-	-	-	-	48	-
Currency contracts	352	(48)	-	344	-	(182)	-	-	466	(303)
Contracts for shares	3	2	-	-	-	-	-	-	5	(2)
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>471</b>	<b>(53)</b>	<b>-</b>	<b>348</b>	<b>-</b>	<b>(200)</b>	<b>-</b>	<b>-</b>	<b>566</b>	<b>(303)</b>

(1) Realized gains (losses) included in the statement of profit and loss under "Non-interest financing revenues". Unrealized gains and losses included in equity under Adjustments for Presentation of Available-for-Sale Securities at Fair Value under Other Comprehensive Income.

(2) Fair value measurement is primarily based on use of observed data (market interest rate curves), except for credit quality of counter party.

(3) Transfers to Level 3 include transactions for which market data, in the reported periods, are not observed. Transfers from Level 3 result from the opposite situation.

## Note 16 – Balances and estimates of fair value of financial instruments – continued

Reported amounts (NIS in millions)

### C. Change in items measured at fair value on recurrent basis, included in level 3 – Continued:

	For the year ended December 31, 2025 (audited)									
	Net realized / unrealized gains (losses) included <sup>(1)</sup>		In statement of other comprehensive income under Equity	Acquisitions	Sales	Dispositions	Transfer to level 3 <sup>(3)</sup>	Transfers from Level 3 <sup>(3)</sup>	Unrealized gains (losses) with respect to instruments held as of December 31, 2025	Fair value as of December 31, 2025
	Fair value as of December 31, 2024	In statement of profit and loss								
<b>Assets</b>										
<b>Securities available for sale</b>										
<b>Bonds:</b>										
Of others overseas	7	1	1	-	-	(8)	-	-	1	-
<b>Shares not held for trading</b>	24	(3)	-	-	-	-	-	-	21	(3)
<b>Assets with respect to derivatives<sup>(2)</sup></b>										
<b>Interest contracts:</b>										
NIS / CPI	81	(11)	-	8	-	(49)	5	-	34	(2)
Other	9	27	-	88	-	(8)	-	-	116	115
Currency contracts	377	673	-	1,583	-	(1,935)	90	(41)	747	731
Contracts for shares	1	-	-	1	-	(1)	-	-	1	8
Other	25	7	-	-	-	-	-	-	32	-
<b>Total assets</b>	<b>524</b>	<b>694</b>	<b>1</b>	<b>1,680</b>	<b>-</b>	<b>(2,001)</b>	<b>95</b>	<b>(41)</b>	<b>952</b>	<b>849</b>
<b>Liabilities</b>										
<b>Liabilities with respect to derivatives<sup>(2)</sup></b>										
<b>Interest contracts:</b>										
NIS / CPI	66	5	-	8	-	(71)	1	-	9	(8)
Other	50	(2)	-	9	-	(5)	-	-	52	(5)
Currency contracts	352	766	-	1,258	-	(1,507)	6	-	875	(866)
Contracts for shares	3	2	-	4	-	(5)	-	-	4	(4)
Other	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>471</b>	<b>771</b>	<b>-</b>	<b>1,279</b>	<b>-</b>	<b>(1,588)</b>	<b>7</b>	<b>-</b>	<b>940</b>	<b>(883)</b>

(1) Realized gains (losses) included in the statement of profit and loss under "Non-interest financing revenues". Unrealized gains and losses included in equity under Adjustments for Presentation of Available-for-Sale Securities at Fair Value under Other Comprehensive Income.

(2) Fair value measurement is primarily based on use of observed data (market interest rate curves), except for credit quality of counter party.

(3) Transfers to Level 3 include transactions for which market data, in the reported periods, are not observed. Transfers from Level 3 result from the opposite situation.

## Note 16 – Balances and estimates of fair value of financial instruments – continued

Reported amounts (NIS in millions)

### D. Additional information about non-observed significant data and valuation techniques used in fair value measurement of items classified at Level 3:

	Fair value as of March 31, 2026	Valuation technique	Non-observed data	Range	Weighted average
<b>Shares not held for trading</b>	21	Quote from counter-party to the transaction			
<b>Securities available for sale</b>					
Bonds of foreign others	1	Cash flows discounting	Price	7.75	7.75
<b>Assets with respect to derivative instruments:</b>					
NIS / CPI	14	Cash flows discounting	Inflationary expectations	2.08%-1.95%	2.00%
Other	779	Cash flows discounting	Counter-party credit quality	3.10%-0.30%	1.72%
<b>Liabilities with respect to derivative instruments:</b>					
Interest contracts – NIS CPI	12	Cash flows discounting	Inflationary expectations	2.08%-1.97%	2.04%
Other	879	Cash flows discounting	Counter-party credit quality	3.10%-0.30%	1.65%

	Fair value as of March 31, 2025	Valuation technique	Non-observed data	Range	Weighted average
<b>Shares not held for trading</b>	25	Quote from counter-party to the transaction			
<b>Securities available for sale</b>					
Bonds of foreign others	8	Cash flows discounting	Price	7.75-96.00	36.84
<b>Assets with respect to derivative instruments:</b>					
NIS / CPI	84	Cash flows discounting	Inflationary expectations	2.36%-2.12%	2.32%
Other	473	Cash flows discounting	Counter-party credit quality	2.80%-0.30%	1.88%
<b>Liabilities with respect to derivative instruments:</b>					
Interest contracts – NIS CPI	95	Cash flows discounting	Inflationary expectations	2.36%-2.15%	2.30%
Other	471	Cash flows discounting	Counter-party credit quality	3.20%-0.30%	2.05%

	Fair value as of December 31, 2025	Valuation technique	Non-observed data	Range	Weighted average
<b>Shares not held for trading</b>	21	Quote from counter-party to the transaction			
<b>Securities available for sale</b>					
Bonds of foreign others	1	Cash flows discounting	Price	7.75	7.75
<b>Assets with respect to derivative instruments:</b>					
NIS / CPI	11	Cash flows discounting	Inflationary expectations	2.06%-1.63%	1.78%
Other	919	Cash flows discounting	Counter-party credit quality	3.10%-1.20%	1.70%
<b>Liabilities with respect to derivative instruments:</b>					
Interest contracts – NIS CPI	7	Cash flows discounting	Inflationary expectations	2.02%-1.65%	1.79%
Other	933	Cash flows discounting	Counter-party credit quality	2.65%-0.30%	1.68%

## Note 16 – Balances and estimates of fair value of financial instruments – continued

### E. Information regarding uncertainty of fair value measurements to changes in unobserved data

The main valuation technique of significant unobserved data used in measurement of fair value of assets and liabilities at Level 3 is Discounted Cash Flow. The future cash flow for the instrument is derived from the agreement with the counter-party. The discount rate used to discount the cash flow reflects the Bank's assumptions.

The primary unobserved data used in measurement of fair value of bonds is the price of the bonds.

### F. Election of fair value option

Should the Bank elect the fair value option, changes to fair value of investments in certain bonds would be recorded to profit and loss, with bonds classified under the portfolio held for trading, although they had not been purchased for this purpose.

The election of the fair value option was made under the following circumstances:

1. Reduce volatility in profit and loss resulting from changes between the original measurement basis of financial instruments designated at the fair value option, and the measurement basis of derivative financial instruments used to manage risks with respect to such investments.
2. Complexity of implementing hedge accounting.
3. More accurate economic presentation of assets managed on fair value basis.

As of March 31, 2026, March 31, 2025 and December 31, 2025, the Bank did not select the fair value option.

## Note 17 – Other Matters

- A. On March 30, 2026, an amendment to the Special Payment for the Achievement of Budgetary Targets Law (Temporary Order – Iron Swords), 2024 (hereinafter - the "Law") was approved, whereunder, among other things, banks - other than small banks - (as defined in the Law) will be subject to a tax totaling NIS 3 billion in respect of the profits of the abovementioned banks for 2026, and to tax totaling NIS 125 million in respect of the profits of the abovementioned banks for 2027 ("Profit" as defined in the Value Added Tax, 1975), with respect of a Profit generated from activity in Israel.
- In accordance with the Bank's preliminary assessment, the Bank's share in the above NIS 3 billion special tax, based on the proportionate share of its profit in 2025 out of the total profits of banks other than small banks to which the Law applies, is NIS 550 million (which will reduce the Bank's net profit for 2026 by this amount).
- B. In March 2024 the Knesset General Assembly ratified the order that sets the VAT rate increase from 17% to 18% starting January 1, 2025. However, a bank who is subject to the payment of 6% on the profit in 2025 as noted above, shall pay 17% of the salary paid and of the profit produced that year. To be clear, the increase in payroll tax and capital gains tax to 18% will come into effect from the date on which the bank will no longer be committed to the additional payment of 6% as noted. The amendment has no material impact on the Bank's financial statements.
- C. On March 26, 2026, the Bank's Board of Directors, after receiving approval by the Remuneration Committee, decided to approve the offering of options, in accordance with Section 15b(1)(a) of the Securities Law, to the Bank President & CEO and to the other officers of the Bank (other than the Bank directors) and to other managers at the Bank and at Bank subsidiaries, as stated in the employee offering outline dated March 26, 2026 (hereinafter: "the Outline").

As resolved by the Board of Directors on March 26, 2026, the following plans for allocating options were approved for 2026 after obtaining the Remuneration Committee's approval:

- Option plan 1 – up to 46,827 options 1 to be awarded to the Bank President & CEO, exercisable for up to 6,349 Bank ordinary shares of NIS 0.1 par value each.
- Option plan A – up to 399,424 options A to be awarded to up to eight Bank officers who are not gatekeepers, exercisable for up to 54,159 Bank ordinary shares of NIS 0.1 par value each.
- Option plan B – up to 173,180 options B to be awarded to up to five Bank officers who are gatekeepers, exercisable into up to 23,482 Bank ordinary shares of NIS 0.1 par value each.
- Option plan C – up to 744,000 options C to be awarded to up to forty three key Bank and Bank subsidiaries' employees exercisable into up to 100,881 ordinary Bank shares of NIS 0.1 par value each.
- Option plan D – up to 809,250 options D to be awarded to up to a ninety three Bank managers employed by the Bank subject to individual employment contracts and other managers at the Bank and at Bank subsidiaries, which have been approved for inclusion in this group, exercisable into up to 109,728 ordinary Bank shares of NIS 0.1 par value each.
- Option plan E – up to 1,719,200 options E to be awarded to up to two hundred sixty-six executives employed by the Bank subject to collective agreements, exercisable to up to 233,111 Bank ordinary shares of NIS 0.1 par value each.

The number of options which offerees may actually exercise, pursuant to terms of each plan, would be derived from the eligibility terms set for each plan in the Outline, as follows. Furthermore, issuance of the maximum number of exercise shares, which will arise from the options and which the offerees will be entitled to exercise is merely theoretical, since in practice the Bank would not issue to the offerees the full number of exercise shares pursuant to terms of each plan – but only the number of shares reflecting the monetary benefit inherent in those options, taking into account a closing price cap of NIS 295 plus linkage differentials from the known CPI upon approval by the Board of Directors to the known CPI upon the exercise date.

In case of dividend distribution, bonus share distribution, rights issuance, split or reverse split of share capital and restructuring at the Bank, the adjustments shall be made as set forth in the Outline employee offering.

The options issued in the name of the Trustee on behalf of the Bank President & CEO, pursuant to options plan 1, may be exercised as from the second anniversary of the issue date and would expire 18 months after the vesting date, as defined in the Memorandum.

The options issued in the name of the Trustee pursuant to option plans A, B or C would be in three equal lots, which may be exercised as from two years after: (1) The issuance date; (2) April 1, 2029; and (3) April 1, 2030, and each batch of options would expire 18 months after each of said dates.

All options issued pursuant to option plans D and E may be exercised in a single lot from the second anniversary of the issue date and would expire two years after the vesting date, as defined in the Memorandum.

An offeree's eligibility for options pursuant to each of option plans would be contingent on the Bank's total capital adequacy ratio and Tier I capital ratio for the award year, would not be lower than the minimum ratios stipulated by Bank of Israel directives.

Moreover, eligibility for options shall be determined based on the following criteria, as set forth in the Outline:

- Options A and options B issued to offerees who are officers of the Bank, as noted above, constitute part of these officers' variable remuneration. Officer eligibility to options A or to options B in respect of the bonus year would be determined based on four criteria which are measurable "company-wide criteria" (hereinafter: "the quantitative benchmarks") and based on one qualitative criterion based on supervisor' decision as to the achievement of individual targets of the officer as defined in the outline.
- Eligibility of offerees who are not Bank officers to options C, D, and E, with respect to the bonus year, would be determined exclusively based on the four quantitative benchmarks.

Furthermore, in accordance with the terms listed in the outline, grounds were set for no entitlement to options for these groups.

The quantitative benchmarks specified in the option plan are: return on equity, return on Bank shares relative to benchmark, operating efficiency ratio and average ratio of core deposits.

The exercise price of each option to be issued pursuant to each of the plans for 2026 is NIS 255 (subject to adjustments) plus CPI linkage differentials, from the known CPI upon approval by the Board of Directors of the issuance of options to the offerees and until the known CPI upon exercise of the option by the offeree. The exercise price of each option is determined based on the average closing price of Bank ordinary shares on the stock exchange over the thirty trading days preceding the approval date by the Board of Directors of the issuance of the options plus approx. NIS 16. Accordingly, note that on the exercise date, an offeree would not be required to pay the exercise price – which would only serve to determine the monetary benefit amount and the number of exercise shares to be actually allotted to the offeree.

In order to calculate the fair value as of the approval date of option issuance by the Board of Directors, as noted above, the terms and conditions of the option plans and the data and assumptions listed in the Outline have been taken into account.

Based on the assumptions listed in the Outline, the fair value of each option warrant to be awarded pursuant to each option plan, as of the approval date by the Board of Directors of the issuance of the options, is as follows:

- Options 1 – NIS 16.8;
- Options A – NIS 16.0;
- Options B – NIS 16.1;
- Options C – NIS 15.8;
- Options D or E – NIS 17.3.

The theoretical benefit value of the options in these approved lots, calculated in accordance with US accounting rules (in accordance with ASC718 "Share-based Payment"), amounts to NIS 65 million. The theoretical batch value shall be recognized in the Bank's books of accounts over the vesting period, i.e. from the first quarter of 2026 through the end of the year.

The options were allotted under the "Capital Gain" track, pursuant to the Section 102 of the Income Tax Ordinance. Therefore, any benefit arising to the offerees from exercise of these options will be taxed at the capital gain tax rate applicable to the offerees upon exercise of the options. Therefore, the Bank would not be liable for wages tax with respect to the benefit arising to offerees from exercise of the options pursuant to the option plan. Furthermore, upon payment of tax with respect to this benefit by the offerees, the Bank would not have any tax deductible expense with respect to the aforementioned options.

## **Note 18 – Events Subsequent to the Balance Sheet Date**

- On April 7, 2026, subsequent to the balance sheet date, full early redemption was executed of CoCo contingent subordinated notes, which were issued to institutional investors by the Bank, at the total amount of USD 600 million.
- On May 18, 2026, the Bank's Board of Directors resolved to distribute dividends amounting to NIS 619.0 million, constituting 50% of earnings in the first quarter of 2026, in accordance with the Bank's dividend policy, and after examining the Bank's capital planning in the various scenarios.

The dividend amount constitutes 2,379.95% of the issued capital, i.e. 238.00 agorot per each share of NIS 0.1 par value. The effective date for dividends payment is May 28, 2026 and the payment date is June 4, 2026. The final dividends per share is subject to changes due to realized convertible securities of the Bank. According to accounting rules, this amount will be deducted from retained earnings in the second quarter of 2026.

# Bank Mizrahi Tefahot

Corporate governance, audit, other information about the Bank and its management



# Corporate governance, audit, other information about the Bank and its management

As of March 31, 2026

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# Corporate governance, audit, other information about the Bank and its management

As of March 31, 2026

## Corporate governance

### Board of Directors and management

#### Board of Directors

During the first quarter of 2026, the Bank Board of Directors held 6 plenary meetings. During this period there were also 13 meetings of Board committees and 2 Board member workshops.

The permanent Board committees are: Audit, Credit, Risks Management, IT and Technology Innovation and Remuneration.

During the first quarter of 2026 and through the issue date of the financial statements, there were no changes in the Bank's Board of Directors.

#### Bank management and senior officers

During the first quarter of 2026 and through the issue date of the financial statements there were no changes to members of the Bank's management and senior officers.

#### Internal Auditor

Information about Internal Audit at the Group, including professional standards applied by Internal Audit, the annual and multi-annual work plan and considerations in setting this plan, the scope of work of the Internal Auditor and their team and reporting of the Internal Auditor's findings are provided in chapter "Corporate governance, audit, other information about the Bank and its management" of the 2025 report.

In the reported period there were no material changes to this information.

### Transactions with controlling shareholders and related parties

Transactions with related parties were conducted in the normal course of business, at market terms and at terms and conditions similar to those of transactions with parties not related to the Bank.

#### Controlling shareholders

The Bank's Controlling Shareholders as of March 31, 2026 are Wertheim Group and Ofer Group.

Wertheim Group's ownership interests in the Bank are held through M.W.Z (Holdings) Ltd., and through F&W Registered Partnership - jointly and both directly and indirectly. As of March 31, 2026, Wertheim Group holds approx. 20.34% of capital and voting rights in the Bank.

M.W.Z (Holdings) Ltd. is a privately-held company whose shares are held by David Wertheim (63%) and by Drorit Wertheim (37%); F&W Registered Partnership is a general partnership owned (1%) by Mr. David Wertheim and Ms. Drorit Wertheim (at a ratio of 63% and 37%, respectively) and by M.W.Z (Holdings) Ltd. (99%).

M. W. Z. (Holdings) Ltd. (Registered Partnership) acquired - on March 16 2026, March 27 2026 and March 30, 2026 - an aggregate number of 66,889 ordinary Bank Mizrahi Tefahot shares of NIS 0.1 par value each (hereinafter - the "Bank"). For further details see the Bank's immediate report of March 17, 2026 and March 30, 2026 (Ref. Nos.: 2026-01-023242 and 2026-01-029969).

F&W (Registered Partnership) acquired - on March 23 2026 and March 24, 2026 - an aggregate number of 32,884 ordinary Bank shares of NIS 0.1 par value each. For further details see the Bank's immediate report of March 24, 2026 and March 25, 2026 (Ref. Nos.: 2026-01-026508 and 2026-01-026824).

Holdings of Ofer Group are through L.I.N (Holdings) Ltd., which holds, directly and through L.A.B.M. (Holdings) Ltd. (a wholly-owned subsidiary thereof). As of March 31, 2026, Ofer Group holds approx. 20.96% of capital and voting rights in the Bank;

L.I.N. (Holdings) Ltd. is a privately-held company owned (100%) by a foreign trust whose main beneficiary, with regard to Bank shares, is Mr. Eyal Ofer.

# Corporate governance, audit, other information about the Bank and its management

As of March 31, 2026

## Shareholder agreements

L.A.B.M. (Holdings) Ltd. Of Ofer Group and Feinberg-Wertheim (Registered Partnership) of Wertheim Group are party to a cooperation agreement for exercising rights associated with Bank shares, dated October 6, 1994 (hereinafter: ("voting agreement"). The aforementioned voting agreement sets forth, inter alia, rules for joint voting of controlling shareholders at General Meetings, for each party's right of refusal upon sale of controlling shares by the other parties, for rights to appoint Board members and rights to appoint the Chairman of the Board of Directors.

## Legislation and supervisory directives applicable to Bank Group operations

### Laws and regulations

#### **Amendment to the Special Payment for the Achievement of Budgetary Targets Law (Temporary Order – Iron Swords), 2024**

On March 30, 2026, an amendment to the Special Payment for the Achievement of Budgetary Targets Law (Temporary Order – Iron Swords), 2024 was approved, whereunder, among other things, banks - other than small banks (as defined in the Law) will be subject to a tax totaling NIS 3 billion in respect of the profits of the abovementioned banks for 2026, and to tax totaling NIS 125 million in respect of the profits of the abovementioned banks for 2027, divided between the banks pro rata to their pre-tax earnings in these periods, with respect of a profit generated from activity in Israel.

The provision for taxes on profits in the financial statements for the first quarter of 2026 includes the effect of the abovementioned law.

#### **The Law for the Promotion of Competition in the Banking Sector (Legislative Amendments), 2026**

On March 30, 2026, the Knesset passed the Economic Arrangements Law, which amended, among other things, the Law for the Promotion of Competition in the Banking Sector (Legislative Amendments), 2026.

Under the amendment, the summary report of the interministerial taskforce for promoting competition in the banking sector and in the provision of credit to small businesses and households was passed into law, aiming to allow the establishment of small banks, put in place appropriate supervision mechanisms, remove barriers and encourage competition and innovation in the banking system.

#### **Increased Competition and Reduced Concentration in the Israeli Banking Market Law (Legislation Amendments), 2017**

On March 30, 2026, the Knesset passed the Economic Arrangements Law which amended, among other things, the Increased Competition and Reduced Concentration in the Israeli Banking Market Law (Legislation Amendments), 2017 (hereinafter - the "Strum Law").

The primary provisions of the amendment stipulated that as from April 1, 2027 a further four-year period will start during which a bank with a broad-scope of activity, or a bank which held a means of control in a processing company immediately prior to the effective date will carry out the processing activity of the payment cards it issues through a processing company, and will allow a processing company to be a party to a payment card contract. Furthermore, it was stipulated that during the additional period, no single processing company will be used to process the issuance of more than 40% of all new credit cards the Bank issues to its customers (instead of 52% under the existing law). A credit card which was issued under a credit card contract which was signed before April 1, 2027 and was renewed during the additional period will not be taken into account in the calculation of this restriction.

The amendment also stipulated that subject to the agreement of the Governor of the Bank of Israel and the Knesset's Economic Affairs Committee, the Minister of Finance may extend the additional period by further periods, which will not exceed four years in total, and will be allowed to change the rate of the 40% restriction applicable to the processing of an issuance.

The amendment also defines a "processing company" as a corporation which, immediately prior to the effective date, was engaged in the processing of the issuance of credit cards in Israel, or as another corporation designated by order of the Governor of the Bank of Israel with the consent of the Minister of Finance.

# Corporate governance, audit, other information about the Bank and its management

As of March 31, 2026

## Supervisor of Banks

### Circulars and public reporting directives

#### Emphasis for the banking system due to the war

Throughout the war, the Bank of Israel published several customer support outlines. For further details about the support outlines, see the “Corporate governance, audit, other information about the Bank and its management” chapter in the 2025 Annual Financial Statements.

In view of Operation Lion’s Roar, on March 17, 2026 the Supervisor of Banks published a circular comprising Temporary Order No. 253, which includes adjustments to Proper Conduct of Banking Business Directive aimed at supporting the banking system and its customers in addressing the challenges arising from the operation. The Temporary Order shall be in effect from its publication date through April 30, 2026. On April 30, 2026, the term of the Temporary Order and its amendments was extended by one further month through May 31, 2026.

#### Large-scale exposures

On February 3, 2025, the Supervisor of Banks published a directive, which replaces an existing Proper Conduct of Banking Business Directive No. 313 regarding “Limitations on the Indebtedness of a Borrower and of a Group of Borrowers” with the directive “Large-Scale Exposures” as part of the adaptation of the Proper Conduct of Banking Business Directives to the recommendations of the Basel Committee. The directive’s effective date as per the circular is January 1, 2026.

On December 29, 2025, the Supervisor of Banks published a circular, which extended the application period through July 1, 2026. The Bank is preparing to implement the directive. Application of the directive is not expected to have any material impact on the Bank’s financial statements.

#### “Measurement and Capital Adequacy – the Standardized Approach - Credit Risk”, and “Limitations on Issuing Residential Mortgages”

On April 6, 2025, the Supervisor of Banks published a circular on revision of Proper Conduct of Banking Business Directive No. 203 regarding “Measurement and Capital Adequacy – Credit Risk—the Standardized Approach”, and Proper Conduct of Banking Business Directive No. 329 on “Limitations on Issuing Residential Mortgages”. The directive covers property sale contracts where the proportion of sale price, whose payment is postponed to the delivery date exceeds 40% (hereinafter - “Contracts with Non-Linear Payment”), and stipulates that credit extended under new contracts (subsequent to April 6, 2025 - the directive’s effective date) for the financing of construction projects, where the rate of Contracts with Non-Linear Payment exceeds 25%, shall be weighted at an increased risk weight of 150% for the purpose of calculating the capital ratio. With regard to existing projects as of the directive’s effective date, where the proportion of Contracts with Non-Linear Payment exceeds 25%, the increased risk weight will only apply if the proportion of such contracts increased by more than 5 percentage points compared to the rate on the effective date. In that respect, it was clarified that contracts where a significant portion of the property’s price was paid shall not be included in the calculation of the abovementioned rate.

In addition, as part of the revision of Directive 329 it was decided to limit to 10% the proportion - out of the total residential mortgages extended in the calendar quarter - of bullet and balloon loans, which are subsidized by the developer, and in which the developer pays some or all of the interest payments, when the loan is provided or during its term.

The amendments to these directives came into force on the circular publication date and they will be in effect through December 31, 2026.

The Bank is applying this directive. Application of the directive does not have is not expected to have a material impact on capital ratios in the Bank’s financial statements.

#### AML and terror financing risk management

On April 30, 2026, a circular was published, which revises Proper Conduct of Banking Business Directive No. 411; the circular includes several updates regarding various topics aimed at adapting the directive to international standards pertaining to prohibition of money laundering and terrorism financing and the coming into effect of the Payment Services and Payment Initiation Regulation Law, 2023.

The amendments came into effect on the directive’s publication date, except for the amendments to Appendix B2 (revisions to the arrangement in connection with the provision of payment services by a banking corporation to a service recipient), the amendments pertaining to which will come into effect 6 months after the publication date of this directive.

The Bank is preparing to implement the directive. Application of the directive is not expected to have a material effect on the Bank’s financial statements.

## Corporate governance, audit, other information about the Bank and its management

As of March 31, 2026

### Bank's credit rating

On August 10, 2025, Midroog Ltd. (created in partnership with Moody's International, which owns a 51% equity stake) (hereinafter: "Midroog") left the Bank ratings unchanged. Long-term deposits and senior debt of the Bank are rated Aaa.il / Stable outlook.

Contingent subordinated notes with contractual loss-absorption provisions (CoCo), which qualify as Tier II equity in conformity with provisions of Basel III, are rated Aa3.il (hyb) with a stable outlook.

On May 29, 2025, S&P GLOBAL RATINGS MAALOT LTD (hereinafter: "Maalot") affirmed the Bank's iIAAA issuer rating and changed the rating outlook from negative to stable.

contingent subordinated notes with contractual loss-absorption provisions (CoCo), which qualify as Tier II equity in conformity with provisions of Basel III, are rated iIAA- by Maalot.

During the Iron Swords War all three international rating agencies downgraded the State of Israel's credit rating, which, in turn, led to the downgrading of the Bank's credit rating. The latest update to Israel's credit rating is its affirmation by S&P (an "A" rating with a stable outlook) of May 8, 2026. The agency notes, among other things, the expectation that fighting will subside, which will help to stabilize the macroeconomic adverse effects, and emphasizes Israel's strong external profile, high-levels of savings, and monetary flexibility.

Latest updates to the Bank's ratings:

On October 29, 2025, rating agency Fitch Ratings (hereinafter: "Fitch") affirmed the Bank's Long-Term Issuer Default Rating (IDR) at A- and the Bank's Short Term IDR at F1. In addition, the rating agency upgraded the Bank's rating outlook from "negative" to "stable", which reflects the Bank's stability when faced with the challenges in the environment it has been operating in since the outbreak of the Iron Source War, and the agency's assessment that the risks have subsided. The rating of the senior dollar-denominated unsecured bond series is A-. The series was issued on January 28, 2026. The rating of the series of subordinated notes with loss-absorption mechanism which are eligible for recognition as Tier II capital is BBB. The series were issued on April 7, 2021 and January 15, 2026.

On May 29, 2025, rating agency S&P Global Ratings (hereinafter: "S&P") affirmed the long-term issuer credit rating at BBB+. The agency affirmed the Bank's short-term issuer credit rating of A-2, and upgraded the rating outlook from negative to stable. The senior dollar-denominated unsecured bond series is rated by the rating agency at BBB+. The series was issued on January 28, 2026. In addition, the rating agency rated the dollar-denominated subordinated notes with loss-absorption mechanisms, which are eligible for recognition as Tier II capital, at BBB-. The series were issued on April 7, 2021 and January 15, 2026.

On February 3, 2026, Moody's rating agency (hereinafter: "Moody's") downgraded the Bank's long-term deposit rating from A3 to Baa1. The rating agency affirmed the Bank's short-term deposit rating at P-2. The rating outlook was upgraded from negative to stable following the upgrading of the rating outlook of the State of Israel.

The current rating of the State of Israel is as follows:

S&P rates the State of Israel at a rating of A (Stable Outlook).

Fitch rates the State of Israel at a rating of A (Negative Outlook).

The rating assigned by Moody's to the State of Israel is Baa1 (the rating outlook was upgraded from negative on January 30, 2026).

For more information about the impact of the lowering of the State of Israel's credit rating, see Note 9 to the Financial Statements.

### Operating segments

For extensive information about supervisory operating segments, see chapter "Corporate governance, audit, other information about the Bank and its management" of the 2025 financial statements.

## Appendix 1 – Revenue rates and interest expenses of the Bank and subsidiaries thereof<sup>(1)</sup>

Reported amounts (NIS in millions)

### A. Average balances and interest rates – assets

	For the three months ended March 31, 2026			For the three months ended March 31, 2025		
	Average balance <sup>(2)</sup>	Interest revenues	Revenue rate in %	Average balance <sup>(2)</sup>	Interest revenues	Revenue rate in %
<b>Interest-bearing assets</b>						
<b>Loans to the public<sup>(3)</sup></b>						
In Israel	381,887	<sup>(7)</sup> 5,034	5.27	342,860	<sup>(7)</sup> 4,954	5.78
Outside of Israel	13,808	238	6.89	11,110	220	7.92
<b>Total</b>	<b>395,695</b>	<b>5,272</b>	<b>5.33</b>	<b>353,970</b>	<b>5,174</b>	<b>5.85</b>
<b>Loans to the Government</b>						
In Israel	322	3	3.73	289	3	4.15
Outside of Israel	15	-	-	25	1	16.00
<b>Total</b>	<b>337</b>	<b>3</b>	<b>3.56</b>	<b>314</b>	<b>4</b>	<b>5.10</b>
<b>Deposits with banks</b>						
In Israel	2,092	15	2.87	1,815	10	2.20
Outside of Israel	184	-	-	145	-	-
<b>Total</b>	<b>2,276</b>	<b>15</b>	<b>2.64</b>	<b>1,960</b>	<b>10</b>	<b>2.04</b>
<b>Deposits with central banks</b>						
In Israel	58,288	546	3.75	52,877	556	4.21
Outside of Israel	13,171	131	3.98	20,777	228	4.39
<b>Total</b>	<b>71,459</b>	<b>677</b>	<b>3.79</b>	<b>73,654</b>	<b>784</b>	<b>4.26</b>
<b>Securities borrowed or purchased in resale agreements</b>						
In Israel	432	4	3.70	192	2	4.17
Outside of Israel	-	-	-	-	-	-
<b>Total</b>	<b>432</b>	<b>4</b>	<b>3.70</b>	<b>192</b>	<b>2</b>	<b>4.17</b>
<b>Bonds held to maturity and available for sale<sup>(4)</sup></b>						
In Israel	27,420	251	3.66	18,703	187	4.00
Outside of Israel	2,553	29	4.54	2,111	28	5.31
<b>Total</b>	<b>29,973</b>	<b>280</b>	<b>3.74</b>	<b>20,814</b>	<b>215</b>	<b>4.13</b>
<b>Bonds held for trading<sup>(5)</sup></b>						
In Israel	1,372	9	2.62	2,104	7	1.33
Outside of Israel	-	-	-	-	-	-
<b>Total</b>	<b>1,372</b>	<b>9</b>	<b>2.62</b>	<b>2,104</b>	<b>7</b>	<b>1.33</b>
<b>Total interest-bearing assets</b>	<b>501,544</b>	<b>6,260</b>	<b>4.99</b>	<b>453,008</b>	<b>6,196</b>	<b>5.47</b>
Receivables for credit card operations	5,258			5,081		
Other non-interest bearing assets <sup>(6)</sup>	53,358			34,124		
<b>Total assets</b>	<b>560,160</b>			<b>492,213</b>		
<b>Total interest-bearing assets attributed to overseas operations</b>	<b>29,731</b>	<b>398</b>	<b>5.35</b>	<b>34,168</b>	<b>477</b>	<b>5.58</b>

See footnotes below.

## Interest Revenues and Expenses Rates – of the Bank and its Subsidiaries<sup>(1)</sup> – Continued

Reported amounts (NIS in millions)

### A. Average balances and interest rates – liabilities and equity

	For the three months ended March 31, 2026			For the three months ended March 31, 2025		
	Average balance <sup>(2)</sup>	Interest expenses (revenues)	Expense (revenue) rate in %	Average balance <sup>(2)</sup>	Interest expenses (revenues)	Expense (revenue) rate in %
<b>Interest-bearing liabilities</b>						
<b>Deposits from the public</b>						
In Israel						
On-call	44,755	332	2.97	35,625	292	3.28
Term deposits	295,720	2,829	3.83	252,901	2,600	4.11
Outside of Israel						
On-call	788	-	-	410	-	-
Term deposits	15,877	158	3.98	16,753	184	4.39
<b>Total</b>	<b>357,140</b>	<b>3,319</b>	<b>3.72</b>	<b>305,689</b>	<b>3,076</b>	<b>4.03</b>
<b>Deposits from the Government</b>						
In Israel	168	2	4.76	55	1	7.27
Outside of Israel	-	-	-	-	-	-
<b>Total</b>	<b>168</b>	<b>2</b>	<b>4.76</b>	<b>55</b>	<b>1</b>	<b>7.27</b>
<b>Deposits from banks</b>						
In Israel	2,196	14	2.55	2,540	22	3.46
Outside of Israel	2	-	-	4	-	-
<b>Total</b>	<b>2,198</b>	<b>14</b>	<b>2.55</b>	<b>2,544</b>	<b>22</b>	<b>3.46</b>
<b>Securities loaned or sold in re-purchase agreements</b>						
In Israel	-	-	-	-	-	-
Outside of Israel	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Bonds and subordinated notes</b>						
In Israel	42,413	218	2.06	40,949	285	2.78
Outside of Israel	-	-	-	-	-	-
<b>Total</b>	<b>42,413</b>	<b>218</b>	<b>2.06</b>	<b>40,949</b>	<b>285</b>	<b>2.78</b>
<b>Other liabilities</b>						
In Israel	1,125	14	4.98	2,936	13	1.77
Outside of Israel	-	-	-	-	-	-
<b>Total</b>	<b>1,125</b>	<b>14</b>	<b>4.98</b>	<b>2,936</b>	<b>13</b>	<b>1.77</b>
<b>Total interest-bearing liabilities</b>	<b>403,044</b>	<b>3,567</b>	<b>3.54</b>	<b>352,173</b>	<b>3,397</b>	<b>3.86</b>
Non-interest bearing deposits from the public	71,211			74,917		
Payables for credit card transactions	4,181			4,106		
Other non-interest bearing liabilities <sup>(8)</sup>	44,664			27,733		
<b>Total liabilities</b>	<b>523,100</b>			<b>458,929</b>		
<b>Total equity instruments</b>	<b>37,060</b>			<b>33,284</b>		
<b>Total liabilities and equity instruments</b>	<b>560,160</b>			<b>492,213</b>		
<b>Interest spread</b>			<b>1.45</b>			<b>1.61</b>
<b>Net return<sup>(9)</sup> on interest-bearing assets</b>						
In Israel	471,813	2,453	2.08	418,840	2,506	2.39
Outside of Israel	29,731	240	3.23	34,168	293	3.43
<b>Total</b>	<b>501,544</b>	<b>2,693</b>	<b>2.15</b>	<b>453,008</b>	<b>2,799</b>	<b>2.47</b>
<b>Total interest-bearing liabilities attributed to overseas operations</b>	<b>16,667</b>	<b>158</b>	<b>3.79</b>	<b>17,167</b>	<b>184</b>	<b>4.29</b>

See footnotes below.

## Interest Revenues and Expenses Rates – of the Bank and its Subsidiaries<sup>(1)</sup> – Continued

Reported amounts (NIS in millions)

### B. Average balances and interest rates – Further information about interest-bearing assets and liabilities attributed to operations in Israel

	For the three months ended March 31, 2026			For the three months ended March 31, 2025		
	Average balance <sup>(2)</sup>	Interest revenues (expenses)	Revenue (expense) rate	Average balance <sup>(2)</sup>	Interest revenues (expenses)	Revenue (expense) rate
			in %			in %
<b>Israeli currency – non-linked</b>						
Total interest-bearing assets	361,331	4,888	5.41	314,570	4,531	5.76
Total interest-bearing liabilities	276,978	(2,708)	(3.91)	231,390	(2,281)	(3.94)
<b>Interest spread</b>			<b>1.50</b>			<b>1.82</b>
<b>Israeli currency – linked to the CPI</b>						
Total interest-bearing assets	80,254	650	3.24	84,762	926	4.37
Total interest-bearing liabilities	56,147	(165)	(1.18)	53,947	(326)	(2.42)
<b>Interest spread</b>			<b>2.06</b>			<b>1.95</b>
<b>Foreign currency (including Israeli currency linked to foreign currency)</b>						
Total interest-bearing assets	30,228	324	4.29	19,508	262	5.37
Total interest-bearing liabilities	53,252	(536)	(4.03)	49,669	(606)	(4.88)
<b>Interest spread</b>			<b>0.26</b>			<b>0.49</b>
<b>Total – operations in Israel</b>						
Total interest-bearing assets	471,813	5,862	4.97	418,840	5,719	5.46
Total interest-bearing liabilities	386,377	(3,409)	(3.53)	335,006	(3,213)	(3.84)
<b>Interest spread</b>			<b>1.44</b>			<b>1.63</b>

See footnotes below.

## Interest Revenues and Expenses Rates – of the Bank and its Subsidiaries<sup>(1)</sup> – Continued

Reported amounts (NIS in millions)

### C. Analysis of changes to interest revenues and expenses

	Three months ended March 31, 2026 vs. three months ended March 31, 2025		
	Increase (decrease) due to change <sup>(10)</sup>		
	Volume	Price	Net change
<b>Interest-bearing assets</b>			
<b>Loans to the public</b>			
In Israel	514	(434)	80
Outside of Israel	47	(29)	18
<b>Total</b>	<b>561</b>	<b>(463)</b>	<b>98</b>
<b>Other interest-bearing assets</b>			
In Israel	128	(65)	63
Outside of Israel	(72)	(25)	(97)
<b>Total</b>	<b>56</b>	<b>(90)</b>	<b>(34)</b>
<b>Total interest revenues</b>	<b>617</b>	<b>(553)</b>	<b>64</b>
<b>Interest-bearing liabilities</b>			
<b>Deposits from the public</b>			
In Israel	482	(213)	269
Outside of Israel	(5)	(21)	(26)
<b>Total</b>	<b>477</b>	<b>(234)</b>	<b>243</b>
<b>Other interest-bearing liabilities</b>			
In Israel	(3)	(70)	(73)
Outside of Israel	-	-	-
<b>Total</b>	<b>(3)</b>	<b>(70)</b>	<b>(73)</b>
<b>Total interest expenses</b>	<b>474</b>	<b>(304)</b>	<b>170</b>

- (1) Information in these tables is after the effect of hedging derivative instruments.
- (2) Based on balance at start of month (in Israeli currency – non-linked segment: based on daily balances).
- (3) Before deduction of average balance sheet balance of provisions for credit losses. Includes impaired debt not accruing interest revenues.
- (4) From the average balance of bonds available for sale, for the three-month periods ended March 31, 2026 and March 31, 2025, we deducted (added) the average balance of unrealized (losses) gains from adjustment to fair value of available for sale bonds, included in equity under Other Comprehensive Income, under "Adjustments with respect to presentation of securities available for sale at fair value", amounting to NIS 15 million and NIS (183) million, respectively.
- (5) From the average balance of bonds held for trading, for the three-month periods ended March 31, 2026 and March 31, 2025, we (added) deducted the average balance of unrealized (loss) gain from adjustment to fair value of bonds held for trading, amounting to NIS (197) million and NIS 168 million.
- (6) Includes derivative instruments, other non-interest bearing assets, net of provision for credit losses.
- (7) Commissions amounting to NIS 162 million and NIS 136 million included under interest revenues for the three-month periods ended March 31, 2026 and 2025, respectively.
- (8) Includes derivative instruments.
- (9) Net return – net interest revenues divided by total interest-bearing assets.
- (10) The change attributed to change in volume was calculated by multiplying the new price and the change in volume. The change attributed to change in price was calculated by multiplying the old volume and the change in price.

### Glossary of terms included on the financial statements

Below is a summary of terms used on the financial statements:

#### Terms with regard to risk management and capital adequacy at the Bank

<b>B</b>	<b>Basel – Basel II / Basel III</b> – A framework for assessing capital adequacy and risk management, published by the Basel Committee on Banking Supervision.
<b>C</b>	<p><b>Counter-party credit risk</b> – The risk that the other party to a transaction would be in default before final settlement of cash flows in the transaction.</p> <p><b>CVA – Credit Valuation Adjustment</b> – CVA is the component of the fair value of a derivative, which accounts for the credit risk of the counter-party to the transaction. CVA risk is the risk of loss from revaluation to market value due to expected counter-party risk for over-the-counter (OTC) derivatives. This means loss due to impairment of fair value of derivatives, due to increase in counter-party credit risk (such as: lowered rating).</p>
<b>E</b>	<b>EVE – Economic Value of Equity</b> – The economic value approach to analysis and estimation of the effect of changes in interest rates on the fair value of assets, liabilities and off-balance sheet positions of the Bank.
<b>I</b>	<b>ICAAP – Internal Capital Adequacy Assessment Process</b> by the Bank. The process includes, among other things, setting capital targets, capital planning processes and assessment of the status of capital under a range of stress scenarios. This process constitutes a part of Pillar 2 of the Basel II directive.
<b>L</b>	<p><b>LGD (Loss Given Default)</b> – Loss rate from credit should the customer go into default.</p> <p><b>Loan To Value Ratio (LTV)</b> – The ratio between the approved facility when extended and the asset value.</p>
<b>M</b>	<b>Minimum capital ratio</b> – The ratio represents the minimum regulatory capital ratios which the Bank is required to maintain, pursuant to the provisions of Proper Conduct of Banking Business Directive 201.
<b>P</b>	<p><b>PD (Probability of Default)</b> – Probability (in percent) of a borrower going into default within a specified time.</p> <p><b>Pillar 2</b> – The second pillar of the Basel II document, referring to the supervisory review process. This part consists of the following underlying principles: The Bank shall conduct an ICAAP, as defined above. The banking supervision shall conduct a process to assess the bank's capital adequacy assessment process, to review the bank's capacity to monitor and comply with supervisory capital ratios. The bank is expected to operate above the minimum capital ratios which were set out.</p> <p><b>Pillar 3</b> – The third pillar of the Basel II document, designed to promote market discipline by developing a set of disclosure requirements that would allow market participants to assess the capital, risk exposure and risk assessment processes, and accordingly – to assess the bank's capital adequacy.</p>
<b>R</b>	<p><b>Regulatory capital (total capital)</b> – Regulatory capital is composed of two tiers: Tier I capital, which includes Tier I equity and additional Tier I capital and Tier II capital. As defined in Proper Conduct of Banking Business Directive 202 "Capital measurement and adequacy – Supervisory capital".</p> <p><b>Risk assets</b> – Composed of credit risk, operating risk and market risk, calculated using the standard approach, as set forth in Proper Conduct of Banking Business Directives 201-211.</p> <p><b>Risks document</b> – A document which concisely presents the Bank's risk profile, in order to allow the Board of Directors to monitor action taken by management and to ensure that such action is in line with the risk appetite and with the risks management framework approved by the Board of Directors. The risks document is reported and presented to the Board of Directors quarterly.</p>
<b>S</b>	<p><b>Standard approach</b> – An approach used to calculate the required capital with respect to credit risk, market risk or operational risk. Calculation of capital allocation is conducted according to a formula based on supervisory assessment components, as specified by the Supervisor of Banks.</p> <p><b>Stress tests</b> – Term covering multiple methods designed to assess the financial standing of a banking corporation under a stress scenario.</p> <p><b>Subordinated notes</b> – subordinated notes whose rights are subordinated to claims by other Bank creditors, except for other subordinated notes of the same type.</p>
<b>V</b>	<b>VAR</b> – A model used to assess total exposure to various market risks. The VAR (Value at Risk) obtained by the model is a statistical estimate of the maximum expected loss for the Bank due to materialization of market risks factors in a given time period at a pre-determined statistical confidence level.

## Glossary of terms included on the financial statements

As of March 31, 2026

### Banking and finance terms

<b>A</b>	<b>Active market</b> – Market where transactions involving an asset or liability are conducted with sufficient frequency and volume to provide regular information about pricing of assets and liabilities. <b>Average duration</b> – Average duration of bonds. Measured in years, by weighting principal and interest payments for the bond over its life, through final maturity. The average duration of bonds reflects the financial instrument's sensitivity to changes in interest rates. Average duration is calculated as the ratio of weighted average payments to price of the bond.
<b>B</b>	<b>Bonds</b> – Securities which are an issuer's undertaking to pay to bond holders the issued principal and interest on set dates or upon fulfillment of certain conditions.
<b>D</b>	<b>Debt secured by collateral</b> – non-accruing debt expected to be repaid by realizing collateral provided to secure such debt. <b>Debt under special supervision</b> – Debt under special supervision is debt with potential weaknesses that require special attention from the Bank's management. If such weaknesses are not addressed, the likelihood of debt repayment may decline. <b>Derivative instrument</b> – A financial instrument or contract whose value changes in response to changes in the price of the underlying asset (a financial instrument, physical asset, index, credit rating or other underlying asset), requires a small or minimal initial investment, compared to other contract types, and is expected to be settled on a future date.
<b>F</b>	<b>Financial instrument</b> – A contract that creates a financial asset for one entity and a financial liability or capital instrument for another entity.
<b>I</b>	<b>Indebtedness</b> – On- and off-balance sheet credit, as defined in Proper Conduct of Banking Business Directive 313. <b>Inferior debt</b> – Inferior debt is debt insufficiently secured by collateral or by debtor repayment capacity, and for which the Bank may incur a loss if faults are not corrected, including debt over NIS 700 thousand which is 60-89 days in arrears.
<b>N</b>	<b>Non-accruing debt</b> – Debt reviewed on individual basis where it is expected that the banking corporation would not be able to collect all amounts due and principal and interest payments in accordance with contractual terms and conditions of the debt agreement. Debt reviewed on individual basis is categorized as non-accruing in any case where principal or interest is in arrears over 90 days straight, unless the debt is well secured and is in collection proceedings.
<b>O</b>	<b>Off-balance sheet credit</b> – engagements for provision of credit and guarantees (excluding derivative instruments).
<b>R</b>	<b>Recorded debt balance</b> – The debt balance, including recognized accrued interest, un-amortized premium or discount, net deferred commissions or net deferred costs charged to the debt balance and not yet amortized, net of any debt amount subject to accounting write-off.
<b>S</b>	<b>Syndication</b> – Loan extended jointly by a group of lenders.
<b>T</b>	<b>Troubled debts</b> – Debts classified under one of the following negative classifications: special supervision, inferior or non-accruing.

### Terms with regard to regulatory directives

<b>F</b>	<b>FATCA – Foreign Accounts Tax Compliance Law</b> – The US Foreign Accounts Tax Compliance Law stipulates mandatory reporting to the US tax authority (IRS) of accounts held by US persons with foreign financial institutions (outside the USA).
<b>L</b>	<b>LCR – Liquidity Coverage Ratio</b> – Defined as the ratio of High Quality Liquid Assets and net cash outflow for the next 30 days, under a stress scenario. This ratio is a measure of the Bank's ability to meet its liquidity needs for the forthcoming month.



**MIZRAHI TEFAHOT**

[www.mizrahi-tefahot.co.il](http://www.mizrahi-tefahot.co.il)

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