

ONE ZERO

# Annual Report 2025

This document is a non-binding convenience translation of the original Hebrew

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# From the Chairman of the Board of Directors

## From the Chairman of the Board of Directors, Shuki Oren

One Zero Bank's Financial Statements for 2025 reflect very rapid growth in all areas of activity.

In 2025, One Zero Bank strengthened its position as a competition generator that offers its customers the most affordable value propositions in the system. Its strong business results are the result of rapid and continuous improvement in the quality of the Bank and its products.

The service provided to customers is based on advanced technology developed by the Bank, while providing added value that does not exist in the older banks. For example, the Bank offers its customers a comprehensive financial knowledge center. A significant percentage of the Bank's customers have combined information from accounts at other banks and non-bank credit cards, as well as pension information, and the Bank's technology allows them to obtain a comprehensive view of their financial situation and to receive ongoing insights on actions they can take that will benefit them.

The Bank's technological capabilities allow us to grow rapidly in terms of customer volume and in deepening their activities, without increasing expenses. This is the strength of the model the Bank follows, a cost structure that can serve ever-growing numbers of customers while maintaining operational efficiency and passing savings on to customers.

In the past three years, one out of every three accounts opened in the Israeli banking system was opened at One Zero Bank. This is a very impressive figure. The Israeli public may hold a small number of accounts per capita, relative to developed countries. But I can see that under our leadership, things are starting to change. Customers understand that they can easily manage more than one account, and especially if financial information is shared through the open banking system, enormous value is created, which significantly strengthens customers' bargaining power and their financial

conduct. The entrance of additional competition, as is being advanced by government ministries and the Bank of Israel, will only expand competition and awareness of alternatives and help the Bank raise many more customers.

In February 2026, the Bank of Israel published its large annual customer satisfaction survey. One Zero Bank entered the survey for the first time, among private customers who conduct the majority of their activities there, and to our great joy, we are the leaders as the bank in Israel most recommended by its customers by a very significant margin compared to all other banks in Israel.

The results of the Bank of Israel survey support what we already know. Our model is fundamentally fair. We do not discriminate between customers because of their wealth or connections. The Bank is transparent and straightforward to its customers, and the fact is that a very large share of the accounts opened in the past year derived from recommendations from existing customers to friends and family members.

Our ability to harness the most advanced customer service technology delivers results. Since we began building the only new bank in Israel, we have invested large amounts of money in technology, for it to serve as a well-established and sustainable infrastructure for rapid growth.

The very successful year reflected in these reports, brings the Bank closer to profitability, and this will be a very important milestone that we strive for in order to expand the set of products and services we offer and to appeal to additional customer bases, while deepening the activities of the customers themselves.

It is worth noting that some 86% of customer deposits are deposited in liquid deposits at the Bank of Israel, thus making the Bank the most liquid in the banking system.

Despite the difficult times that the entire Israeli public is going through, which are impacting growth and activity in the economy, the unequivocal support of our shareholders, led by controlling shareholder Prof. Amnon Shashua, allows the Bank to overcome them with determination and stability, and is also the basis for the



accelerated growth that the Bank experienced in 2025. Shareholders will continue to support the Bank with the necessary capital injections until the Bank reaches profitability.

The human resource at One Zero Bank is prominent and stands out in the banking landscape, and are the basis of and condition for our success. We were able to bring together a group of employees who are imbued with a sense of purpose. The organization has undergone many transformations. During the establishment phase, we were a truly dynamic, technology-oriented startup, and we have evolved into a bank serving nearly 200,000 customers, with enormous responsibilities towards them. Innovation and entrepreneurship are an essential part of the Bank's organizational culture. Every day we need to prove ourselves anew as a bank that leads competition and challenges the entire system.

One Zero Bank is undoubtedly the most important generator of competition in Israel. The veteran banks' major investments in advertising and their reactions to the moves we've been making prove that we have become a leading player in the market above and beyond our relative size.

I would like to thank the management, led by Eyal Gafni, who has managed the Bank since early 2025 with determined and focused leadership that has led to excellent results, and of course the members of the Board of Directors who bring their vast experience in finance and technology to assist management and keep the Bank on the right track.

Special thanks to the shareholders, led by Prof. Amnon Shashua, for their faith and support of the Bank.

**Shuki Oren, Chairman**

From the CEO

# From the CEO, Eyal Gafni

2025 – growth, trust and competition driving change

A changing reality and the role of an innovative bank

The year 2025 was a year of transition for the State of Israel. After a prolonged period of uncertainty, pain, and national security and economic challenges, a gradual return to stability, activity, and hope has begun. Alongside this, uncertainty increased with the launch of Operation “Roaring Lion” in early 2026. In such a reality, the role of financial institutions in general and innovative digital banks in particular is not limited to just managing money, but rather to creating security, transparency, and real alternatives for the public.

For ONE ZERO Bank, 2025 was the best year since the Bank launched its activity in late 2022. This was a year in which long-term processes matured: building trust, a consistent focus on value for customers, and investment in innovation and efficiency. It is no coincidence that this year we presented the highest growth rates in every major index, along with leading the satisfaction survey published by the Bank of Israel, as the most recommended bank in the system.

Accelerated growth – in pace, scope, and depth

Over the course of 2025, the Bank showed a sharp increase in the number of customers, scope of activity, and revenue. The customer acquisition rate increased by 60% compared to 2024, and it continues into 2026. According to the Bank of Israel data, one in three net private accounts opened in Israel (aged 18 and over) was opened at One Zero Bank, an unprecedented figure for a new independent bank.

As of the publication of the report, the Bank serves some 180,000 customers, with a market share of approximately 3% of all private

bank accounts in Israel. In less than three years, and in a long-established, centralized banking market, we have managed to build a strong brand, reputation, and most importantly, trust – and we are growing at a rate ten times faster than the market rate.

Equally important: this is not accidental or temporary growth. It does not rely on one-time new account bonuses or expensive retention campaigns, but rather on a clear and consistent long-term value offer. Customers are not only joining – but deepening their activity at an increasing pace.

Qualitative growth: more activity, more trust

Growth is also evident in the depth of use of the Bank's products. 2025 saw a sharp increase in all channels of activity: the volume of public deposits grew by 38%, securities portfolios grew by 68%, foreign currency activity increased by 99%, and the scope of open banking agreements continued to expand at a high rate in the banking system.

Total revenues grew by 100% (!) compared to 2024, with consistent quarter-over-quarter growth in all channels of activity. Average revenue per customer increased by 15%, and together with the accelerated growth in account opening, is indicative not only a high fundraising capacity but also a deepening relationship with customers: more products, more use, more trust.

The deepening of customer activity is a result of the maturity of our unique technology, which allows us to offer customers customized solutions in real time and according to their financial needs. The technology makes optimal use of broad and comprehensive customer data, and expands the use of open banking, which we see as a strategic asset for deepening the relationship with customers and expanding value propositions over time.

Operational efficiency and satisfaction do not come at the expense of each other

One of One Zero Bank's significant sources of strength is its ability to combine rapid growth with high efficiency. Our cost for acquiring new customers is 70% beneath that of the financial system, at a time



when many bodies are experiencing a sharp increase in acquisition and retention costs due to increased competition and customer financial literacy.

Over 40% of new customers who join One Zero Bank do so following a recommendation from a friend or family member – a clear indication of satisfaction and true value. External confirmation of this was received from Bank of Israel surveys: we first joined the household satisfaction survey in 2025, and One Zero Bank ranked first, by a wide margin, as the most recommended bank in the banking system.

Alongside growth, we continued to improve operational efficiency, and the scope of expenses even decreased despite the rapid expansion. Continuous investment in automation and artificial intelligence, primarily in Ella, our digital banker, allows us to offer high-quality, personal, and fast service on a large scale. Today some 72% of customer inquiries are resolved through 'Ella', whose capabilities continue to expand in both response quality and problem solving.

#### Competition that is felt in the market: results, not statements

One Zero's results do not exist in a vacuum. The Israeli banking market is facing real competition for the first time. The entrance of an independent, digital, and efficient player has changed the rules of the game: in terms of prices, service, innovation, and transparency. Traditional banks need to respond and consumers are the ones who benefit.

In recent years, we have seen an improvement in deposit terms, an increase in the prevalence of “above the line” offers in trading and foreign currency, an increase in investments in marketing, service, and AI tools, as well as regulatory steps that increase mobility and transparency. True competition is not measured by slogans, but by a behavioral change in the entire market, and it is indeed taking place before our eyes.

At the same time, banks in Israel continue to show high profitability. There is no contradiction here. Strong competition does not cut profitability overnight; it gradually changes the market's structure

and standards. This is what happened in other markets around the world, and it is happening here as well.

#### Looking ahead: deepening, broadening, and maturing

After three years of building and growth under extraordinary conditions, which included a global pandemic, multi-front war, and ongoing uncertainty, we are entering the next phase. In the past year, alongside continued growth, we focused on deepening customer activity and expanding our product and service portfolio.

In the coming years, we will continue to expand the customer experience, so that one application can be used to manage one's entire financial life in a smart, fair and efficient way. We will continue to lead in innovation, pricing, and service, and implement creative artificial intelligence both on the customer front and behind the scenes.

We know that we still have much to improve and change, and we will continue to do so, as our ultimate goal is our customers' satisfaction with the products and services they receive from us.

The path to profitability is clear to us. It is based on the same principles that have accompanied One Zero from day one: high-quality growth, operational efficiency, and deepening long-term customer trust.

#### The people behind the Bank

Behind the numbers, systems and technology are people. One Zero Bank's talented employees are the beating heart of the Bank. This is a professional, dedicated and determined team that works day and night, sometimes under particularly challenging conditions, to build a true, fair and progressive banking alternative for the Israeli public.

I am especially proud of the culture that we have built here: a culture of responsibility, of cooperation, of striving for excellence – but also of humility, attentiveness, and constant learning. One Zero's management is a group of passionate players who stay in touch with the field, work together, and lead the organization through daily action, not slogans.

My gratitude also goes out to the Bank's Board of Directors and its chairman, Shouky Oren, for their continued trust, guidance, and support, and of course to our shareholders, who show their trust in us year after year and are willing to go the distance with us. This trust allows us to think long-term, act courageously, and continue to run fast and far.

We have only just begun.

Eyal Gafni, CEO

# Report of the Board of Directors and Management

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## 1. General Review, Goals and Strategy

### 1.1. Concise Description of the Bank

One Zero Digital Bank Ltd. (hereinafter: "the Bank" or "One Zero") was established in 2019, and is controlled by Professor Amnon Shashua through Fin-Digit Ltd. (the "Controlling Shareholder").

Over the course of 2020, the Bank completed the operational, managerial and regulatory preparations for the commencement of banking activity. Starting March 2021, the Bank operated under a restricted license (in accordance with Proper Conduct of Banking Business Directive 480 - under the definition of a "banking corporation in formation"), this within the framework of a pilot with a limited number of customers.

On January 9, 2022, the Governor of the Bank of Israel notified the Bank of its fulfillment, to his satisfaction, of the conditions for removing the restrictions from the Bank's license, and of the removal of those restrictions. Since then, the Bank has been considered a "new banking corporation", as defined in Proper Conduct of Banking Business Directive 480: "Adjustments to Proper Conduct of Banking Business Directives Applicable to New Banking Corporations". Since November 2022 the Bank has allowed accounts to be opened independently.

One Zero is the first entity to receive a bank license from the Bank of Israel in over 40 years.

2025 constitutes the Bank's third full year of operation in the retail market with some 180,000 customers currently enjoying offers for the best terms for their money and a broad variety of banking services and products, with an emphasis on AI-based digital solutions. The Bank places a great deal of emphasis on providing significant value to its customers alongside a high level of service.

## 1.2. Forward-Looking Information

Some of the information details in the Report of the Board of Directors, in addition to facts and data referring to the past, also includes information and assessments referring to the future, defined in the Securities Law, 1968 ("the Securities Law") as "Forward-Looking Information". Forward-looking information refers to future events or issues the materialization of which is uncertain and not under the sole control of the Bank.

Forward-looking information included in the report is based on the information available to the Bank at the time the report was prepared, and is based, among other things, on future projections on various issues related to economic development in Israel and around the world, legislation, directives from supervisory authorities, the behavior of competitors, capital markets and currency markets, interest rates in the economy, technological developments, unexpected delays in launching new products and services, changes in customer growth rates and/or customer distribution and/or customer activity levels, personnel issues, the geopolitical and security situation in Israel and around the world, extreme changes in interest rates, exchange rates and inflation, accounting changes and changes in taxation rules, changes in public tastes, as well as other changes outside the Bank's control, which may lead to the non-realization of the estimates and/or changes in the Bank's business plans.

As a result of the inability to predict with certainty that these predictions will actually come true, and because actual events may differ from those predicted, readers of the report should treat information defined as "forward-looking" with caution, as reliance on such information involves risks and uncertainties, and the Bank's actual future financial and business results may be materially different from those included in the information defined as "forward-looking". This uncertainty is all the more significant in the case of a new bank entering a market with experienced and well-established players, which is operating in a market undergoing many significant changes at the legislation and regulatory level.

Forward-looking information includes the use of words or phrases such as "intends to", "should", "expects to", "the Bank believes", "the Bank intends", "planned", "the Bank believes", "the Bank predicts", "the Bank intends", "the Bank estimates", "Bank policy", "Bank plans", "Strategy", "Goals", "may influence", "estimate", "optimistic", "pessimistic", "could", "may", "will", and additional words and phrases that indicate that this is a forecast of the future and not past facts.

The information presented in this report is based, inter alia, on future forecasts regarding matters pertaining to the Bank's work plan and budget. Such information reflects the Bank's current perspective regarding future events. This perspective is based on estimates, is probability-based by nature and is therefore subject to risks, uncertainty, and the possibility that events or developments which were considered likely will not materialize at all, or will materialize only in part, including the possibility that actual developments will be opposite from the forecasts.

The Bank has no obligation to publish any updates to the forward-looking information which is included in these reports, including due to the effects of circumstances or events which may occur after the publication of the report, on the foregoing information.

### 1.3. Goals and Business Strategy

Since the Bank's launch in late 2022, the Bank has experienced accelerated growth in customer acquisition and volume of activity, despite exogenous geopolitical and other events. 2025 was the Bank's strongest year of growth, with a 60% leap in account opening levels compared to 2024, against the backdrop of the expansion of the Bank's value propositions. Alongside the growth in the volume of accounts opened, there is also significant growth in the volume of customer activity and their use of the Bank's products, which led to an increase of 100% in the Bank's total revenues compared to 2024. This growth trend has been continuing consistently with a noticeable increase each quarter compared to the previous quarter. And all this while ensuring high-quality service and high customer satisfaction, and indeed, according to the Bank of Israel's 2025 satisfaction survey, the Bank was the most recommended in the banking system among households.

The Bank's strategic plan focuses on the customer. The powerful combination of the Bank's values of transparency and fairness, along with the Bank's technological superiority, its use of artificial intelligence technology, and its business model that allows operational efficiency, will continue to be targeted at creating value propositions tailored to customers' personal financial needs, and ensuring quality service and customer satisfaction.

The Bank aims to continue growing at an accelerated pace, and to continue implementing automation and artificial intelligence-based tools in order to maintain high operational efficiency and to roll over savings over time for the benefit of customers, without compromising the quality of service. At the same time, the Bank is continuing to deepen the relationship with its existing customer base and expand the value propositions and the set of products and services that customers consume, while building trust and loyalty over time.

The Bank offers most banking services to its customers and strives to be their primary bank, but at the same time, it allows its customers to benefit from the value propositions offered by it, as an additional account and not replacing their accounts at other banks. This strategy is consistent with trends in developed markets around the world where competition from new banks has existed for over a decade, including the US and the UK, it appears that customers are opening additional bank accounts alongside the old accounts they held, and as a result, they hold more bank accounts per capita on average, in a way that strengthens their financial power and bargaining ability with the older bank. In the US and England, the new digital banks are leading account openings in the banking system. For example, in the US, 52% of current accounts opened in 2025 were additional accounts in digital banks, 65% of cards were cards coming in addition to the bank card, and 48% of trading accounts were accounts coming in addition to existing trading

accounts. A similar phenomenon has been recently occurring in the Israeli market, with the growth rate of non-bank cards and the volume of their use increasing at a significantly higher rate than that of bank cards. About half of the trading accounts opened in Israel in 2024–2025 were outside the established banks, and One Zero Bank has been leading account openings in the system since its launch. The Bank views these trends as positive, easing transition barriers and account opening and management processes, and enabling a gradual transition through the widespread use of open banking. In the coming years, alongside continued accelerated growth in account openings, the Bank is expected to deepen its relationship with customers in order to expand value propositions and increase their activity at the Bank.

The Bank welcomes the regulatory changes that allow the entry of new players, which will increase competition in the banking system to the retail sector, and sees them as an opportunity to continue to strengthen its competitive advantages and the differentiating and unique value propositions for its customers. One Zero Bank welcomes the increased competition and the expansion of the new banks category, and believes that the entrance of new players will help further increase competition, and strengthen the public's perception of security and trust regarding the choice of competitive alternatives. The Bank estimates that removing entry barriers, increasing transparency and the entry of new players will increase consumer awareness of alternatives available to them and strengthen competition generators. Meanwhile, the Bank supports relief for new banks that were established from scratch, such as One Zero, with the aim of enabling them to continue to be at the forefront of the competition and promote product and service innovation at competitive prices.

#### Product Milestones

One Zero Bank currently offers a wide range of banking services, including checking accounts; credit lines; international credit cards; checkbooks; bank transfers in Israel and abroad; standing orders; account debit authorizations; bank guarantees; foreign exchange conversions; loans and deposits; opening and managing a joint account using digital means only; transfers between banks; as well as trading in foreign securities and trading in imitative and active mutual funds in the Israeli market, and during the first half of 2026, the Bank plans to expand its offering of securities on the Israeli stock exchange. The Bank also received a pension advice license from the Capital Market, Insurance and Savings Authority. The Bank provides its customers with a unique personal chat service, based on LLM (large language model) technology with free language correspondence and supported by intelligent language models based on creative intelligence. One Zero Bank is among the first banks in the world to offer this service, which is being offered in Israel for the first time. Bank customers regularly receive personalized smart insights about the activity in their One Zero account, as well as activity in accounts and cards they have connected through the open banking system, with the aim of helping them manage their money wisely,

address anomalies, and increase their wealth. At the same time, the Bank allows its customers to view their pension savings, all from a holistic perspective that seeks to present and manage all financial activity in one place. The Bank intends to continue developing additional services, with an emphasis on Israeli securities, advanced money management and financial asset services for customers, and to continue developing and upgrading the artificial intelligence technology which will allow providing a unique value offer to an increasing number of customers, while maintaining a lean and efficient organizational structure alongside high and uncompromising satisfaction. Unlike most digital banks in the world, which initially launched with a limited basket of products and services, and therefore were used by customers to open a secondary account for specific services, One Zero Bank's broad and rich product offerings allows households to manage the bulk of their activity there, both in terms of current accounts and investments, alongside ongoing updates and recommendations on their activity across all accounts and cards connected through open banking.

#### Our Value Offer: Attractive Banking Solutions and Digital Private Banking for All

The Bank is committed to offering all its customers banking solutions at the most affordable prices. The Bank's value offer was formulated based on an understanding of the complexity of money management in the short, medium and long term. Banks in Israel and around the world implement streamlining and digitization processes, which as a result allow their customers to manage their finances independently through a website or app, with no real professional accompaniment. Only a minority of clients have access to professional money management services that manage this complexity for them and/or advise them. The unique, AI-based technology developed at One Zero automates manual processes and identifies financial anomalies alongside opportunities to maximize the value of money, while updating customers and sending proactive recommendations to maximize management of the money, thus enabling customers to manage their bank accounts optimally. The technological product developed by the Bank continuously scans financial information customer activity in all of the accounts and charge cards they share with the Bank, identifies events requiring attention as well as economic opportunities, and provides smart insights to customers. Alongside this product, there is also a network of bankers, who provide banking services both via chat and the call center. Thanks to advanced technology, a banker who was previously able to provide optimal service to a few customers can today provide quality service to a large number of customers, and as mentioned, the results of the Bank of Israel's household satisfaction survey for 2025, which the Bank entered for the first time and was found to be the leader in satisfaction in the banking system, will testify to this.

#### Fee Pricing Model - Transparent and Fair

The fees for the Bank's services have been determined based on a pricing model which is unique in the banking system. The model is based on two alternatives for customers to choose from: benefit and service packages, offered free of charge to those transferring fixed sums on a monthly basis, or alternatively, a monthly payment for the benefits and services packages (in a number of service packages tailored to needs). In this model, customers will only be recommended services and products that are suitable to them (unlike a pricing model that encourages multiple actions), while ensuring fair activity with them and optimal monetary management. As stated, the Bank makes sure to offer all of its customers (and not just selected customers) advantageous terms in relation to the banking system, including in the areas of current accounts, foreign exchange, deposits and securities. In this way, cross-subsidization between customers and granting favorable terms to only a limited number of customers at the expense of everyone else is avoided.

#### The Bank's Technological System

The Bank allows digital actions to take place at any time, whether independently in an application, via LLM technology based chat with free correspondence, or through an array of bankers with high levels of availability with maximum comfort. In this model, there is no need to go to branches to receive services or perform actions. These means create the Bank's competitive advantage, enabling operational efficiency alongside accelerated growth, and providing quality service at affordable prices based on unique proprietary technology.

The technological vision of digital banking strives for automatic and autonomous banking which will allow each customer to operate independently vis-à-vis the Bank's automatic digital systems, headed by "Ella", our autonomous private banker. By doing so, the Bank achieves, alongside an excellent customer experience that provides a real-time response to the customer, efficient and effective banking activities that utilize automation to reduce operating costs and the manpower required to operate the bank. This activity involves several different domains, including, inter alia, open banking, advanced data analysis, making processed data accessible to customers to facilitate smart financial decisions, all with the support of a development infrastructure which includes advanced and efficient operational capabilities for promoting versions from development to production while managing the information technology risks associated with this technological innovation, in order to ensure the preservation of trust, integrity, and fairness. The human factor naturally remains involved, with high levels of availability, while the automated processes allow the human banker array to operate as a complementary factor, providing customers with added value and available, accessible, proactive and personally tailored service. As part of the Bank's long-term technological vision, artificial intelligence

technology is being used as a key means of making smart money management services accessible to the general public, building the expertise of artificial intelligence agents, who in the not-so-distant future will also be able to perform actions for customers and work for them and on their behalf with various financial providers.

### Regulatory Backwind: Major Barrier-Lifting Reforms

In 2017, the Law to Increase Competition and Reduce Centralization in the Banking Market in Israel came into effect, passed based on the recommendation of the Strum Commission (hereinafter: the "Strum Law"). The key purpose of the Strum Law is to create structural changes in the Israeli banking market, including by separating credit card companies from banks with a wide range of activities, with the aim of creating a non-bank competitive threat and generating competition in the banking market targeting the retail sector. At the same time, a series of complementary steps were taken, the purpose of which is to reduce the entry barriers for new players in the banking sector so that they can compete in the banking system. At the beginning of 2023, a law came into effect that for the first time requires banks to publish monthly, via text message, the total fees and interest charged to each customer in the previous month. At the same time, the Bank of Israel and the Banking Supervision have been advancing additional measures in recent years to increase transparency in the banking system, including the establishment of a website for comparing fees and interest rates in the banking system. In November 2025, a memorandum of law was published to promote competition in the banking market, which includes additional relief for the entry of new banks in a lean operating format as well as additional relief for new banks, with the aim of continuing to strengthen competition in the banking system. In December, the Memorandum of the Economic Plan Law (Legislative Amendments for the Implementation of Economic Policy for the 2006 Budget Year) ("2026 Arrangements Law") was published, which includes the Memorandum of the Law for Increasing Competition as well as the Promoting Competition in the Banking Market Law (Amendment to the Value Added Tax Law), which is intended to resolve a distortion that currently exists in the VAT Law with respect to new financial institutions in their first years of operation. At the same time, in February 2026, the Banking Supervision Department published a draft of a supervisory framework for small and new banks, which is derived from the 2026 Arrangements Law and the reliefs offered therein for new and small banks, and includes a series of reliefs for new banks, including the One Zero Bank.

The world is in the midst of a technological revolution. This revolution is characterized by digitization that allows convenient and rapid access to data and information. Such an environment shifts the power to the public and makes knowledge accessible to them, while encouraging competition and the entry of new players. For example, the open banking reform, which is expressed in the Financial Information Services Law, allows customers for the first time to share their financial information securely and digitally with competition generators, with the aim of receiving personalized value propositions. The digitization process allows for cost

reductions for operations that customers have become accustomed to paying for over the years, thanks to technological solutions that replace physical labor with automated digital operations and improve service and the value proposition to customers, in particular through smart tools based on artificial intelligence and generative artificial intelligence.

In 2021, two regulatory reforms were launched, designed to lift major barriers to competition in the banking system. The first significant reform is the inter-bank "transfer with a click" reform, which allows bank customers banks to transfer their activity to a new bank at the push of a button and reduces bureaucratic barriers, which the second reform is the open banking reform. The experience accumulated at the Bank over the past three years, including from looking at additional markets that have experienced the entry of new, competitive banks, suggests that customers prefer to initially open an additional bank account, and gradually transfer their activity to the new account after a few months. Accordingly, the more significant reform from the point of view of the Bank as a generator of competition, is the financial information services reform (the 'Open Banking Reform'), which for the first time provides customers with their financial information on bank accounts and debit cards, allowing them to share it with competing banks in a secure manner and under regulatory supervision. This information sharing capability allows new banks to know their customers and provide them with personally tailored service and products which meet their needs, based on a broad perspective of their monetary resources. For One Zero, the open banking reform is very significant. Over the course of 2022 the Bank received a Financial Services Provider license, and in 2023 it launched its new open banking-based aggregation service. The service allows customers to enjoy a concentrated view of all of their accounts and cards, connected through the open banking system. Over the course of 2024, the Bank began offering customers who had shared information through the open banking system insights and recommendations on accounts and cards information regarding which was shared with the bank, from a broad financial point of view. The Open Banking Reform allows the Bank to deepen the relationship with customers who have opened an account and wish to gradually transfer their activities to the bank, to get to know them as if they were long-standing customers, and to compete for them by offering services and products. Open banking reform is a significant generator of competition for new banks.

### Looking Forward

After the Bank recorded accelerated growth in customer recruitment and in all areas of activity during 2025, the Bank expects to continue to maintain high growth rates during 2026 and in the years ahead, while strengthening organic customer recruitment (based on satisfaction and word of mouth), and by maintaining a low customer acquisition cost. Concurrently, over the course of 2026, the Bank will continue to deepen its value propositions to target audiences with the aim of expanding the number of account openers, and at the same time, it will continue to deepen its activities with its existing customer base, by expanding value propositions and encouraging the

transfer of more activity to the bank, in order to establish it as a single place for managing customers; financial activities. The Bank's credit portfolio has grown in a conservative and controlled manner and enjoys consistent and constant improvements in both the underwriting process and collections, with increasing use of open banking and personalized information. The Bank is expected to significantly accelerate the growth of its credit portfolio soon after raising capital to support this accelerated growth, which is expected to strengthen the diversification of the Bank's sources of income.

Product expansion: in 2025, the bank continued to expand its basket of services and products, including in the field of securities trading and pension consulting, and to deepen insights and the use of creative artificial intelligence in customer service. The Bank intends to continue developing its technological capabilities in order to allow human bankers to provide service to a larger number of customers while maintaining high satisfaction levels. The Bank is working to expand the array of services offered and the variety of existing products, and to continue creating many automated processes in all of its fields of activity, in order to support the new customers joining and deepening the activity of existing customers. The Bank has assimilated a free language chat service supporting LLM generative AI or GenAI technological capabilities. The service allows customers to chat freely with "Ella", the autonomous banker, in order to receive a real time response to both general questions and personal questions.

During 2025, the Bank strengthened its service capabilities, and intends to continue developing the product in order to achieve high operational efficiency and strengthen communication with its customers using "Ella".

Receiving funds originating from cryptocurrencies: in February 2026, the Bank began a closed and limited-scope pilot for receiving 'fiat' funds, funds originating from the sale of cryptocurrencies, in a unique and innovative procedure in the banking system, within the framework of which the Bank handles the examination of the receipt of the funds from end to end, independent of external opinions that customers are required to provide. After the pilot is completed, the Bank is expected to expand this activity, subject to full implementation of legal and regulatory provisions.

Global expansion: over the course of 2023 and early 2024, the Bank prepared for global expansion. However, in light of the geopolitical situation, the Bank decided to focus on activity in Israel and is continuing to study the proper timing, scope and nature for the continuation of the expansion programs in question. In light of the development of the capabilities of Ella, the digital banker, the Bank began examining the possibility of selling Ella to financial entities outside of Israel. Ella has unique capabilities compared to its market competitors, particularly in the field of financial services and digital sales.

Some of the information presented in this chapter is "forward-looking information", as defined in the Securities Law and its meaning is detailed in the "Forward-Looking Information" chapter.

## 1.4. A concise description of the Bank's key exposures

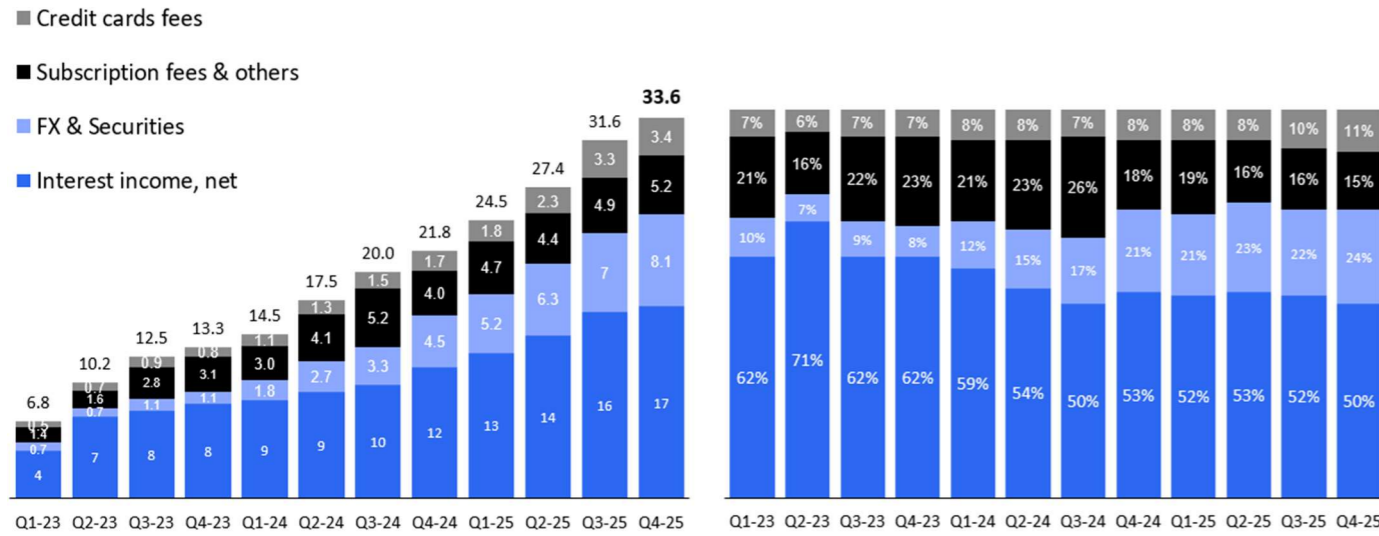
The Bank conducts comprehensive surveys in order to assess its key exposures, and to estimate their significance. The bank, Being a new bank that is in a growth process, and whose business model is innovative in the banking market, faces risks typical of this stage. The leading and emerging risks are: strategic risk, cyber risk, information technology risk, model risk, compliance risk, business continuity risk, reputation risk, and credit risk.

## 2. Explanation and Analysis of Results and Business Position

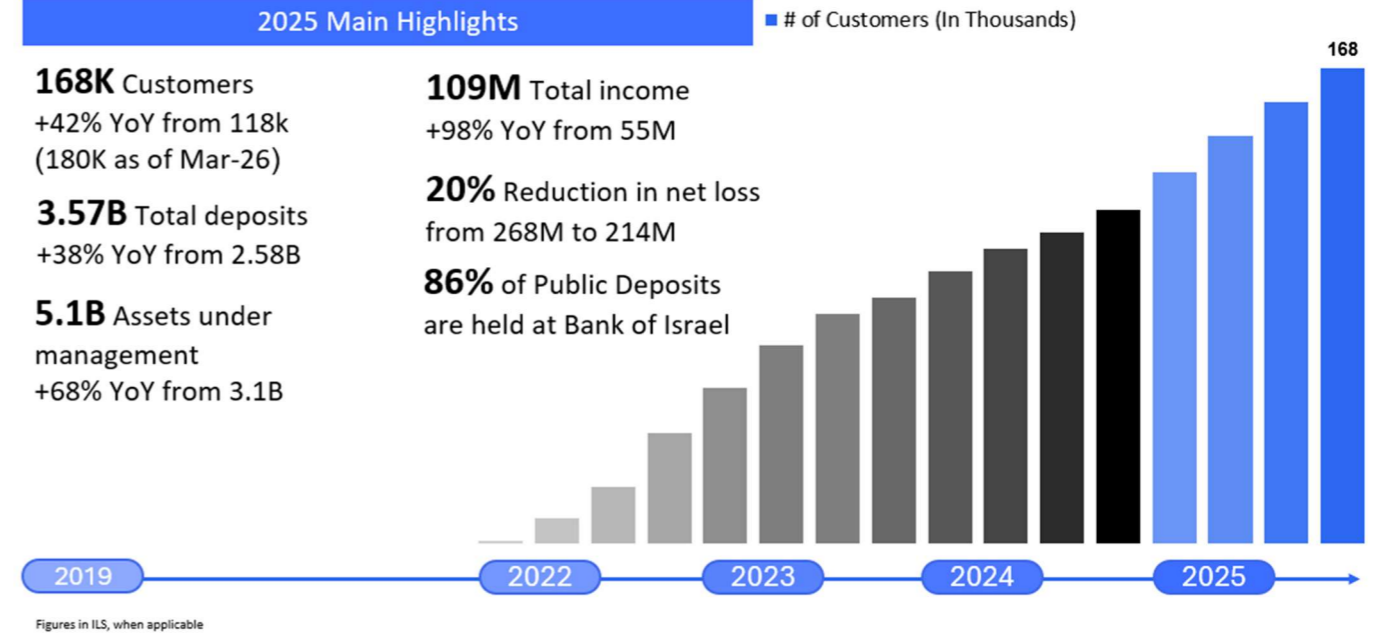
### 2.1. Key Business Results [Unaudited]

Consistent income growth supported by diversified income streams

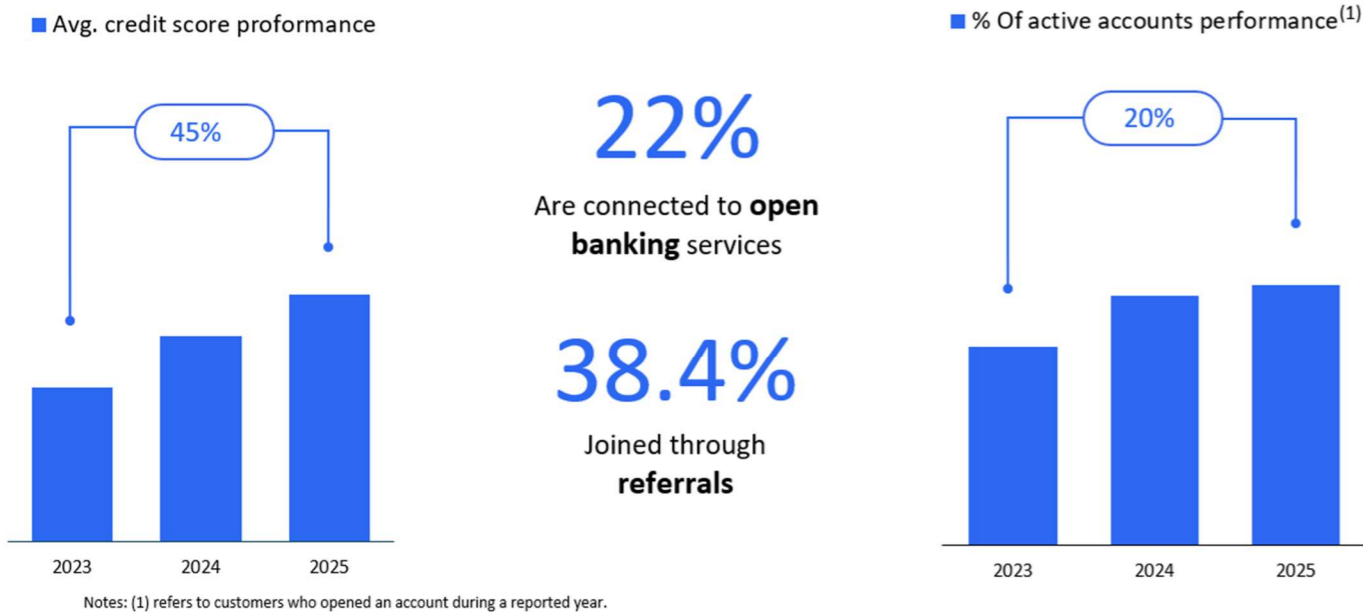
Operating income before credit loss & NIFI (In ILS, Millions)



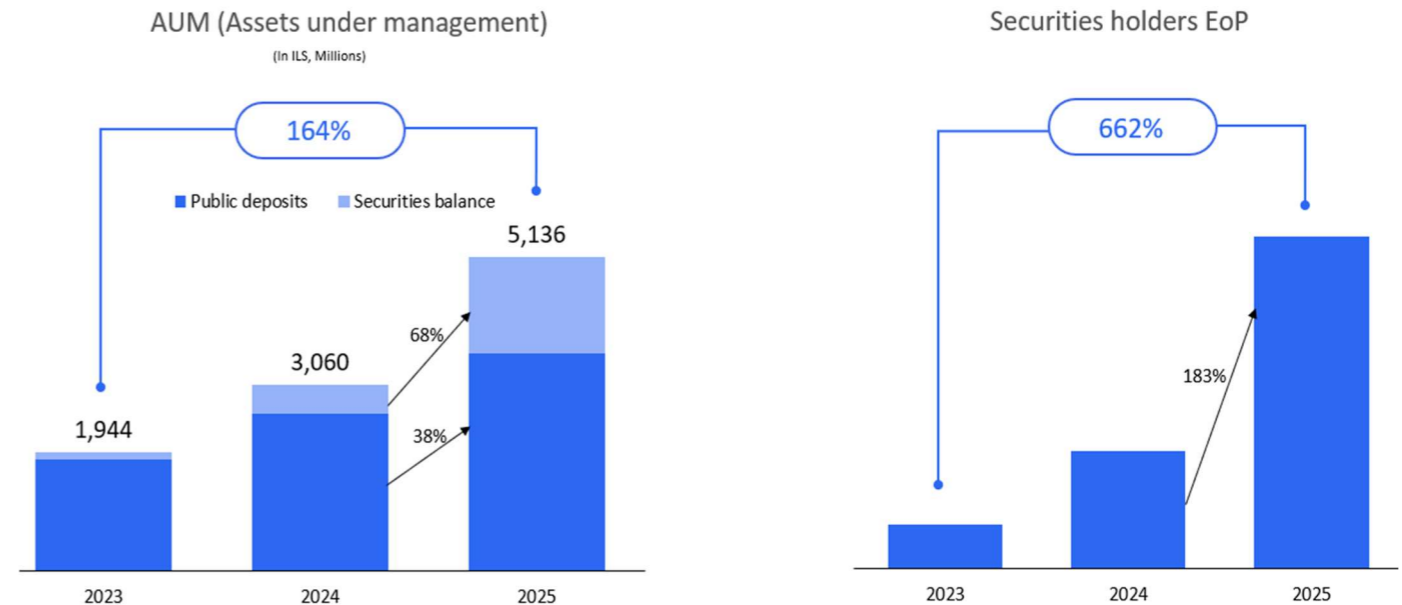
Expanding market penetration while maintaining operational costs



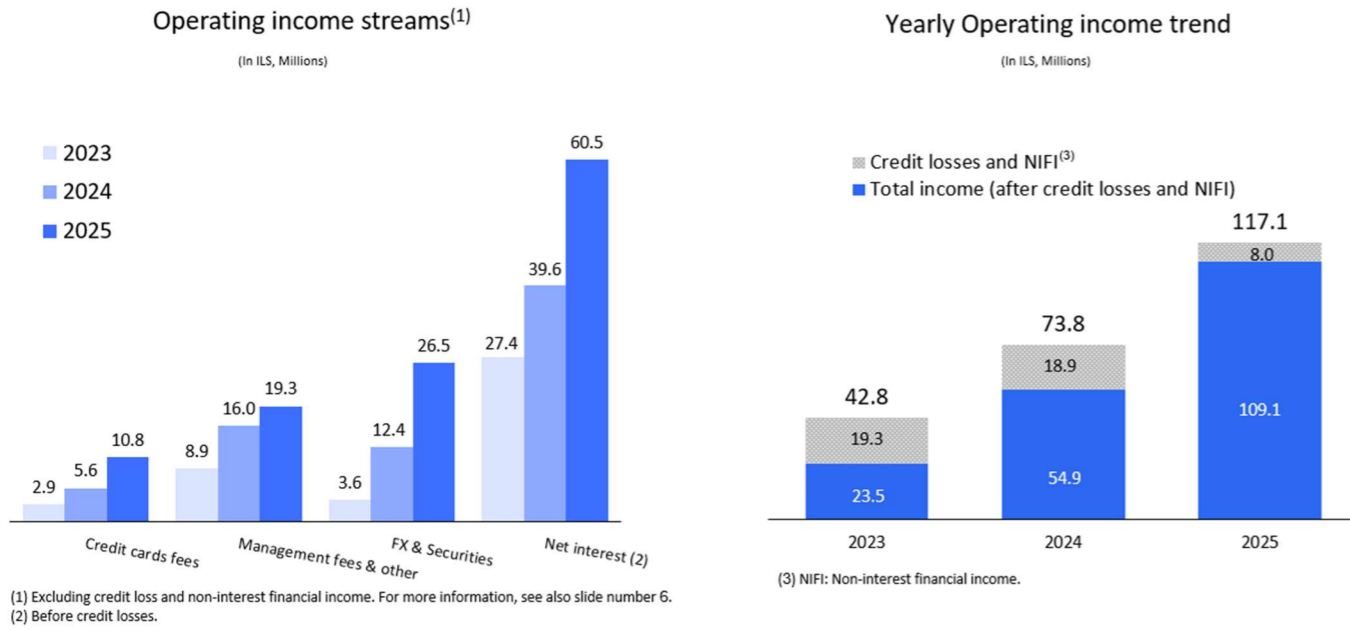
Expanding market presence by targeting financially resilient accounts with high platform engagement



Assets under management increased by 164%, number of securities holders surged by 662% (Dec-23 to Dec-25)

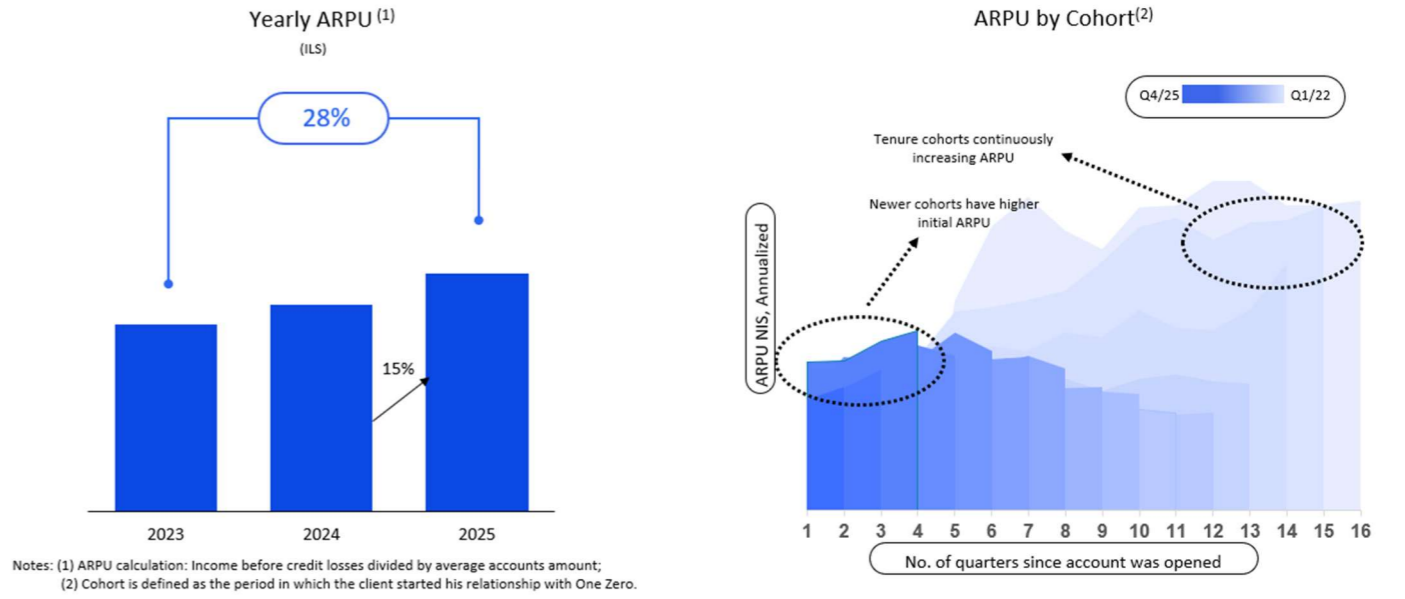


### Consistent income growth across all operating income streams<sup>(1)</sup>

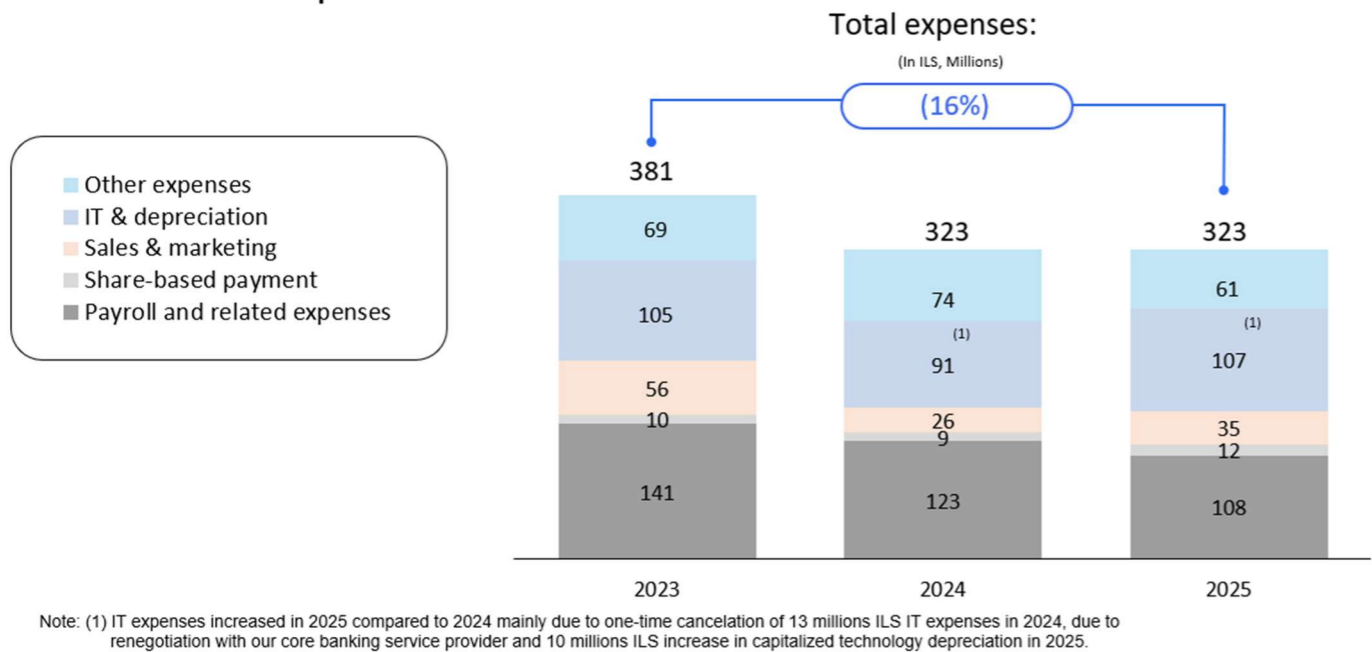


### Income growth: continuous increase in ARPU

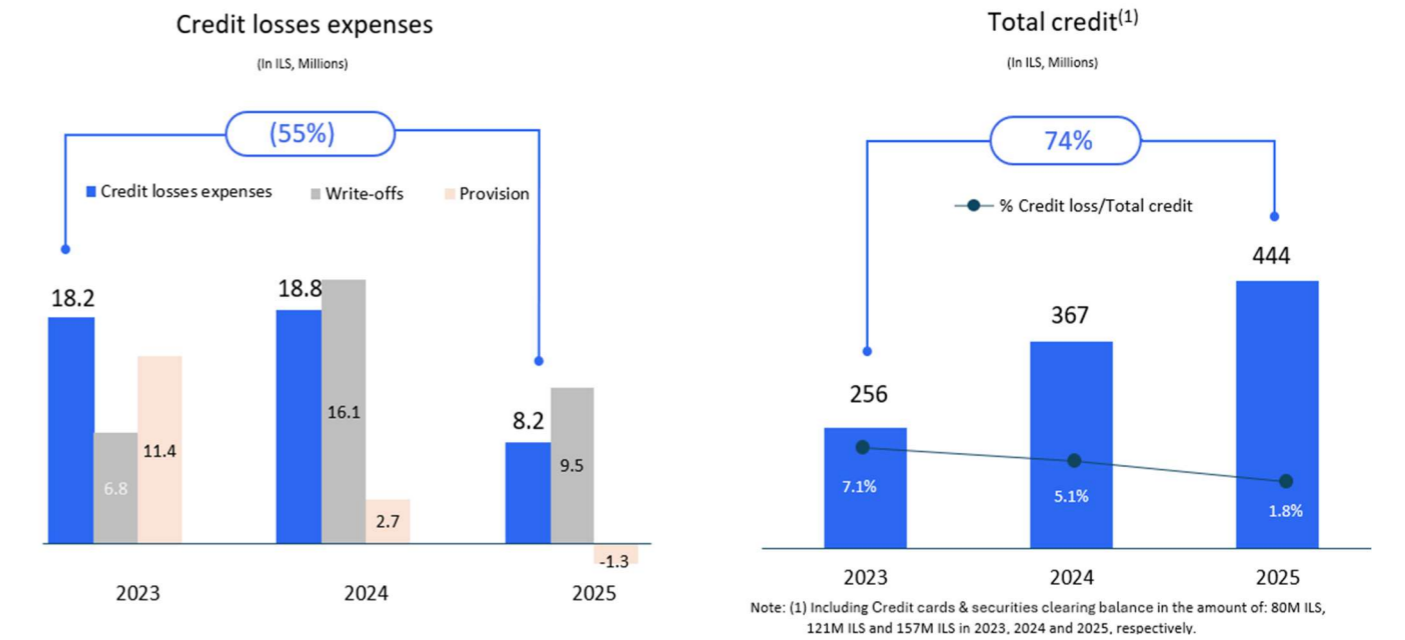
High correlation between ARPU and tenure, new customers start with higher ARPU entry point



### Allocated resources to growth-oriented activities while maintaining the same level of expenses



### Lower credit losses and improved loss ratio despite portfolio growth



## 2.2. Trends, phenomena, development and significant changes in the market

In the fourth quarter of 2025, the Bank of Israel decrease the interest rate in the economy by 25 percentage points, to a level of 4.25%. Economically, the ceasefire agreement in Gaza in the second half of the year led to a lowering of the State of Israel's risk premium and an appreciation in the value of the shekel. International credit rating agencies left the State of Israel's credit rating at A/Baa1, mainly in light of the consequences of the war, which led to an increase in government spending and an expansion of the deficit. In the U.S., the Fed lowered interest rates over the course of 2025 by 75 percentage points, while the European Central Bank lowered interest rates in the Eurozone by 25 percentage points. The shekel was traded throughout 2025 in a relatively wide range, against the backdrop of a direct security confrontation with Iran as part of Operation Rising Lion, the ceasefire agreement in Gaza, a positive interest rate differential (in favor of the shekel, since the Bank of Israel did not lower the interest rate alongside the interest rate cuts in key markets), and hedging activities by institutional entities in Israel that resulted from significant value increases in the markets. In 2025, inflation in Israel amounted to approximately 2.6%, and the forecast for 2026 is approximately 1.7%. In January 2026, the Bank of Israel lowered the interest rate by 25 percentage points, and in addition, according to the forecast by the Bank of Israel's research division, the NIS interest rate is expected to drop by about another 50 percentage points during the remainder of 2026. Israeli GDP increased by 2.9% in 2025. The Bank of Israel Research Division predicts that GDP will grow by 5.2% in 2026.

### Implications of Iron Swords War, Operation Rising Lion and Operation Roaring Lion

On October 7, 2023, war was declared in Israel following the terrorist attack by Hamas, in which many hundreds of Israelis were murdered and kidnapped. The war caused significant damage to the economy, with an emphasis on the construction industry, which is suffering from a personnel shortage, and the internal tourism industry, as well as many businesses, mainly in towns near the front that have been evacuated.

In June 2025 Operation Rising Lion began, aimed at stopping Iran's nuclear and missile programs, and as noted, its economic implications are expected to deepen the deficit and slow growth in the Israeli economy. In order to deal with the budget increase as a result of the above military campaigns, a number of tax laws were passed and amended increasing the tax burden on Israeli residents, and therefore a drop in available income and private consumption is expected.

In February 2026, Israel and the United States launched an attack on Iran (Operation Roaring Lion). Iran responded with a counter-missile attack on Israel and US military bases and other countries in the Middle East. At this stage, we are unable to assess the duration of the war, or its economic and financial impact.

Some of the information presented in this chapter is "forward-looking information", as defined in the Securities Law and its meaning is detailed in the "Forward-Looking Information" chapter.

## 2.3. Significant developments in revenues and expenses :

### 2.3.1. Key data from the Statement of Operations (thousands of NIS):

	For the Year Ending December 31,	
	2025	2024
Interest income	139,754	103,741
Interest expenses	(79,191)	(64,088)
Interest income, net	60,563	39,653
Expenses on credit losses	(8,187)	(18,810)
Total interest income, net after expenses on credit losses	52,376	20,843
Non-interest financial income (expenses)	159	(78)
Fees	56,584	34,200
Total non-interest income	56,743	34,122
Operating and other expenses	(323,032)	(322,819)
<b>Net loss</b>	<b>(213,913)</b>	<b>(267,854)</b>

### 2.3.2. Interest revenues (expenses) (thousands of NIS):

	For the Year Ending December 31,	
	2025	2024
Interest income	139,754	103,741
Of these: from deposits at banks <sup>(1)</sup>	118,337	85,777
Of which: from credit to the public	21,417	17,964
Interest Expenses <sup>(2)</sup>	(79,191)	(64,088)
<b>Interest Income, Net</b>	<b>60,563</b>	<b>39,653</b>

(1) Mainly deposits in the Bank of Israel.

(2) Mainly deposits from the public

The increase in **interest income, net** large derives from an increase in interest income on deposits at the Bank of Israel as a result of an increase in the Bank's activity levels. This increase was partially offset by an increase in interest expenses on public deposits, which also resulted from an increase in the Bank's volume of activity.

2.3.3. Interest income and expenses and rates of income and expenses by balance sheet items (thousands of NIS):

	For the Year Ending December 31, 2025			For the Year Ending December 31, 2024		
	Average balance	Interest income / expenses	Income rate	Average balance	Interest income / expenses	Income rate
<b>Interest-bearing assets:</b>						
Deposits in banks, including the Bank of Israel	2,641,850	118,337	4.48%	1,888,476	85,777	4.54%
Credit to the public	288,010	21,417	7.44%	233,420	17,964	7.70%
<b>Total interest-bearing assets</b>	<b>2,929,860</b>	<b>139,754</b>	<b>4.77%</b>	<b>2,121,896</b>	<b>103,741</b>	<b>4.89%</b>
<b>Interest-bearing liabilities:</b>						
Deposits from the public	(2,074,485)	(79,191)	3.82%	(1,653,215)	(64,088)	3.88%
Bank deposits	-	-	-	-	-	-
<b>Total interest-bearing liabilities</b>	<b>(2,074,485)</b>	<b>(79,191)</b>	<b>3.82%</b>	<b>(1,653,215)</b>	<b>(64,088)</b>	<b>3.88%</b>
Interest rate margin			0.95%			1.01%

The decrease in the interest rate gap stems from the Bank of Israel's interest rate cut at the end of 2025 as well as a change in the mixture of public deposits.

2.3.4. Analysis of changes in interest income and interest expenses (thousands of NIS):

	For the Year Ending December 31, 2025, versus the Year Ending December 31, 2024:		
	Increase / decrease due to change in:		
	Total	Price	Net change
<b>Interest-bearing assets:</b>			
Deposits in banks, including the Bank of Israel	33,693	(1,133)	32,560
Credit to the public	4,060	(607)	3,453
<b>Total interest-bearing assets</b>	<b>37,753</b>	<b>(1,740)</b>	<b>36,013</b>
<b>Interest-bearing liabilities:</b>			
Deposits from the public	(16,095)	992	(15,103)
Bank deposits	-	-	-
<b>Total interest-bearing liabilities</b>	<b>(16,095)</b>	<b>992</b>	<b>(15,103)</b>
Interest rate margin			<b>20,910</b>

**2.3.5. Commission revenues (thousands of NIS):**

	For the Year Ending December 31,	
	2025	2024
Account management fees	16,683	14,532
Credit card fees	10,821	5,593
Conversion differences	19,052	9,554
Activity in securities and specific derivatives	7,050	2,741
Other	2,978	1,780
<b>Total revenues from fees</b>	<b>56,584</b>	<b>34,200</b>

The increase in revenues from commissions derives from an increase in the scope of customers and the scope of their activity.

**2.3.6. Expenses due to credit losses (thousands of NIS):**

	For the Year Ending December 31,	
	2025	2024
Balance-sheet	8,644	20,134
Off-balance sheet	(457)	(1,324)
<b>Total expenses due to credit losses</b>	<b>8,187</b>	<b>18,810</b>

Credit loss expenses are influenced, inter alia, by changes in the balance of the provision for credit losses and from accounting write-offs. As a rule, the Bank performs an electronic write-off of debts when they become debts in arrears of 150 days or more. In the event that a high probability of difficulty in collecting the debt has been identified (such as a bankrupt customer or fraud), the accounting deletion will take place earlier.

The scope of credit expenses was impacted by a number of internal and external factors, which included, among other things, growth in the credit portfolio, a credit policy that encourages the transfer of activity, the Commissioner's guidelines on sharing credit data to deal with the consequences of the Iron Swords War and to reduce harm to customers, and more. In order to improve the results of the credit activity, the Bank has made adjustments to the credit policy, including goals, the expected rate of combat, underwriting processes and billing in credit fields. These adjustments have led to a decrease in expenses due to credit losses, both in absolute terms and as a percentage of the total credit portfolio.

**2.3.7. Payroll and associated expenses:**

Salaries and related expenses amounted to NIS 120,081 thousand in 2025, compared to expenses of NIS 131,730 in the previous year – a decrease of 8.8%, mainly resulting from adapting the personnel mixture to current challenges and tightening budgetary discipline.

**2.3.8. Maintenance expenses and depreciation of buildings and equipment:**

Maintenance expenses and depreciation of buildings and equipment amounted to NIS 78,263 thousand in 2025, compared to expenses of NIS 76,584 thousand in the previous year - an increase of 2.2%, mainly resulting from an increase in depreciation expenses for technological assets, largely offset as a result of streamlining the office space used by the Bank.

**2.3.9. Other expenses (thousands of NIS):**

	For the Year Ending December 31,		Change
	2025	2024	
Marketing and advertising	34,935	26,416	32%
Communications	1,310	2,302	(43%)
IT	48,358	49,235	(2%)
Office expenses	5,393	2,121	154%
Insurance	2,336	2,700	(13%)
Professional services	16,500	22,551	(27%)
Directors' compensation	1,100	949	16%
Training	623	384	62%
Fees	11,379	5,919	92%
Other	2,754	1,928	43%
<b>Total other expenses</b>	<b>124,688</b>	<b>114,505</b>	<b>9%</b>

The increase in other expenses is mainly due to an increase in marketing and advertising expenses and commission expenses, which increased in line with the growth in the bank's activities and the launch of new products.

2.3.10. Information technology array (thousands of NIS):

	For the Year Ending December 31, 2025			For the Year Ending December 31, 2024		
	Software	Severity	Total	Software	Severity	Total
<b>Expenses for the information technology array as included in the Statement of Operations</b>						
Payroll and related expenses	22,603	2,249	24,852	49,230	2,224	51,454
Expenses due to purchases or usage licenses that were not capitalized into assets	31,717	33	31,750	38,828	161	38,989
Outsourcing expenses	15,921	-	15,921	4,915	-	4,915
Depreciation expenses	46,938	3,190	50,128	36,425	4,417	40,842
Other expenses	3,955	-	3,955	9,597	-	9,597
<b>Total</b>	<b>121,134</b>	<b>5,472</b>	<b>126,606</b>	<b>138,995</b>	<b>6,802</b>	<b>145,797</b>
<b>Additions to assets due to the information technology array that were not charged as an expense</b>						
Payroll and related expenses	48,396	-	48,396	46,092	-	46,092
Acquisition costs or usage licenses	774 <sup>(1)</sup>	-	774	9,957 <sup>(3)</sup>	-	9,957
Equipment, buildings and land costs	-	1,157	1,157	-	699	699
<b>Total</b>	<b>49,170</b>	<b>1,157</b>	<b>50,327</b>	<b>56,049</b>	<b>699</b>	<b>56,748</b>
Total depreciated cost	159,394 <sup>(2)</sup>	1,755	161,149	157,004 <sup>(4)</sup>	3,788	160,792
Of which: payroll and related expenses	136,704	-	136,704	131,477	-	131,477

- (1) Including a decrease in advance expenses due to the information technology array to the sum of NIS 2,432 thousand.  
(2) Including advance expenses due to the information technology array to the sum of NIS 8,404 thousand.  
(3) Including an increase in advance expenses due to the information technology array to the sum of NIS 6,007 thousand.  
(4) Including advance expenses due to the information technology array to the sum of NIS 10,678 thousand.

## 2.4. Structure and Development of Assets, Liabilities, Capital and Capital Adequacy

### 2.4.1. Assets (thousands of NIS):

	As of December 31,		Change
	2025	2024	
Cash and bank deposits	3,153,185	2,240,600	41%
Credit to the public, net	430,434	351,972	22%
Buildings and equipment	152,981	150,669	2%
Assets due to derivative instruments	721	8,844	(92%)
Other assets <sup>(1)</sup>	142,924	170,723	(16%)
<b>Total assets</b>	<b>3,880,245</b>	<b>2,922,808</b>	<b>33%</b>

(1) Including NIS 53,839 thousand and NIS 62,780 thousand for the lease of the Bank's offices, as of December 31, 2025 and as of December 31, 2024, respectively.

### 2.4.2. Liabilities (thousands of NIS):

	As of December 31,		Change
	2025	2024	
Deposits from the public	3,567,677	2,578,139	38%
Liabilities due to derivative instruments	5,612	-	
Other liabilities <sup>(1,2)</sup>	261,130	232,171	12%
<b>Total liabilities</b>	<b>3,834,419</b>	<b>2,810,310</b>	<b>36%</b>

(1) NIS 57,059 thousand and NIS 68,436 thousand for leasing bank offices, as of December 31, 2025 and as of December 31, 2024, respectively.

(2) NIS 141,966 thousand and NIS 100,793 thousand for commitment to a credit card company for the activity of Bank customers, as of December 31, 2025 and as of December 31, 2024, respectively.

### 2.4.3. Capital, capital adequacy and leverage

#### 2.4.3.1. Raising capital:

Since its establishment and until the publication date of this disclosure, the Bank has raised a sum equivalent to 1,342 million NIS, in accordance with the exchange rate of the dollar on the various offering dates.

Details regarding the development of capital raising rounds (including agreements like SAFE and options exercised by employees):

Year	Capital raised (thousands of NIS):
2019	42,897
2020	77,201
2021	141,549
2022	315,574
2023	295,002
2024	279,374
2025	135,629
Total raised as of December 2025	1,287,226
Q1 2026	55,000
<b>Total raised as of the publication of this disclosure</b>	<b>1,342,226</b>

#### 2.4.3.2. State of capital (in thousands of NIS):

	As of December 31,		Change
	2025	2024	
Stock capital and premium	811,207	796,295	2%
Proceeds on account of shares	492,971	358,006	38%
Capital reserved of share-based payment	26,819	29,455	(9%)
Accrued deficits	(1,285,171)	(1,071,258)	20%
<b>Total capital</b>	<b>45,826</b>	<b>112,498</b>	<b>(59%)</b>
<b>Tier 1 equity</b>	<b>58,251</b>	<b>127,384</b>	<b>(54%)</b>

#### 2.4.3.3. Capital adequacy:

Within the framework of the regulatory adjustments the Bank received as a “new banking corporation”, the Bank is not required to meet a capital adequacy ratio or leverage ratio until it reaches a credit risk asset balance of 600 million NIS. In this period, the Bank must hold Tier 1 capital at a sum of no less than 50 million NIS.

Starting from reaching a credit risk asset balance of 600 million NIS to credit risk asset balance of 2,000 million NIS or until the end of 2026 (whichever comes early), the minimum capital ratio the Bank will be required to achieve is a Tier 1 equity ratio of 8%. During this period, the Bank will not be required to meet a leverage ratio and following this, Proper Conduct of Banking Business Directive 480 shall apply.

As of December 31, 2025, the bank is in compliance with minimum capital requirements: Tier 1 equity capital is higher than the minimum threshold of 50 million NIS.

In this context, the Bank is preparing for draft Proper Banking Management Directive No. 900 on the subject of a supervisory framework for small and new banks, which is expected to enter into effect and have a direct impact, among other things, on the capital adequacy requirements that will apply to the Bank.

#### 2.4.3.4. Capital planning:

Capital planning in the Bank is based on the Bank’s business plan and growth forecasts, including taking into account sensitivity tests and carrying out a pessimistic sensitivity scenario for the main assumptions. In view of the importance of capital planning, the Bank's Board of Directors has established a periodic reporting obligation regarding compliance with capital limits.

Over the course of 2025 the Bank raised a cumulative sum of 135 million NIS (some \$38 million) from existing shareholders through a SAFE agreement, most of which was invested by the Controlling Shareholder.

At the first quarter of 2026, following the reporting date, the Bank raised a sum of 55 million NIS (some \$18 million) from the Bank’s controlling shareholder as part of the controlling shareholder’s commitment under the SAFE agreement entered into with the Bank, to invest a total amount of NIS 100 million in the Bank during 2026 (“SAFE 2026”). For further details see Note 16a to the 2025 Annual Financial Statements.

The Bank expects to raise additional capital over the course of 2026, in order to expand into new activities and areas.

Some of the information presented in this chapter is “forward-looking information”, as defined in the Securities Law and its meaning is detailed in the “Forward-Looking Information” chapter.

### 3. Risks Review

#### General description of risks and risk management:

Effective, broad and cross-organizational risk management forms a central component of ensuring the Bank's stability over time, intended to support the achievement of the bank's strategic goals. Risk management includes the processes of risk identification, risk assessment, measurement of the relevant exposures, monitoring exposures to risk as well as reporting of their development and moderation. Risk management is based on three lines of defense: the business lines that create the risk, an independent risk management function, and the internal audit.

The Bank places an emphasis on establishing a strong and continuous risk management culture, which assists risk awareness and behavior and proper judgement for risk taking. The risk management culture implemented at the Bank emphasizes the importance of:

- An integrated and company-wide perspective, throughout the entire management chain of command, and across the business units.
- Continuous risk identification and monitoring, both on the level of overall risk, and on the level of the individual entity.
- Forward-looking risk management, both to monitor existing risks, and to identify new and emerging risks.
- Management of all risks associated with the Bank's activities – balance sheet and off-balance sheet, quantifiable and unquantifiable.
- The existence of defined organizational structure and authorities, which support and reinforce the understanding of responsibility and authority of the factors responsible for risk management.
- Direct responsibility by members of Bank Management for the risks taken by them within the framework of the divisions under their responsibility.
- Open communications, information sharing and consultation across and along the organization, which constitutes an additional tier helping the decision making process.
- An effective set of controls, commensurate with the Bank's size and complexity.
- Using tools to identify and assess risks, while regulating supervision, control and reporting measures.
- Business fairness and transparency while taking customer needs into account.

- Adherence to the Bank's code of ethics, which expresses the values the bank supports, central to which are aspects of fairness and decency.
- Risk management anchored in policy papers, and including a risk management framework, identifying indicators and risk limits. The documents are approved by Management and the Board of Directors.
- Monitoring failure events and learning lessons – the Bank has a structured process for recording and managing failure and near-failure events, as well as a process for learning lessons. The Bank concentrates and monitors all failure events and resulting monetary damage.
- Existence of a new product approval process – a policy has been defined for approving new products, for introducing significant changes to existing products or existing activities, and entering new markets. The approval process includes an assessment of the risks embodied in the new product and their impact on the risk profile.

#### 3.1. Adjustments for “New Banking Corporation”

Since January 2022, the Bank has been considered a “new banking corporation”, as defined in Proper Conduct of Banking Business Directive 480: “Adjustments to Proper Conduct of Banking Business Directives that Apply to New Banking Corporations”.

This definition included the establishment of several adjustments which are relevant to this disclosure, and which the Bank has applied.

- **Capital adequacy and measurement:** a new banking corporation needs to hold Tier 1 equity at a sum of no less than 50 million NIS. This requirement shall apply up to credit risk assets to the sum of 600 million NIS. Starting from credit risk assets of 600 million NIS, the minimal capital adequate goal of a new banking corporation for Tier 1 capital for weighted risk assets shall be no less than 10%, up to a restriction of 5 billion NIS risk assets.

Within the framework of the regulatory adjustments the Bank received as “new banking corporation, starting from it reaching a credit risk asset balance of 600 million NIS to credit risk asset balance of 2,000 million NIS or until the end of 2026 (whichever comes earliest), the minimum capital ratio the Bank will be required to achieve is a Tier 1 equity ratio of 8%. During this period, the Bank will not be required to meet a leverage ratio. Following this, Proper Conduct of Banking Business Directive 480 shall apply.

In addition, up to a total of credit risk assets of NIS 600 million, Proper Banking Management Directives No. 202 to 211 will not apply to the corporation. As part of the adjustments, starting from reaching a credit risk assets balance of 600 million NIS and until it reaches risk assets

of 2.000 million NIS or by the end of 2026 (whichever comes first), the Bank is exempt from implementing the requirements of the ICAAP process (the capital adequacy assessment process) in Proper Banking Management Directive 211. The Bank is preparing for the draft of Proper Banking Management Directive No. 900 on the subject of a supervisory framework for small and new banks, which is expected to enter into effect and have a direct impact, among other things, on the capital adequacy requirements that will apply to the Bank.

- **Exit Plan:** a banking corporation needs to formulate an exit plan, which is a “shelf” plan intended to allow the banking corporation to conclude its activity without adversely affecting its customers and the banking system, including allowing the continued management of critical processes and services, as defined in Proper Conduct of Banking Business Directive 355, until the conclusion of its activity.
- **Number of Board members:** in a new banking corporation, the Board of Directors shall consist of no fewer than 5 members.
- **Risk Management Committee :** a new banking corporation has no obligation to appoint a risk management committee. If no such committee has been appointed, the Board of Directors shall fulfil its duties.
- **Compensation Committee:** In accordance with Directive 15(g) of Proper Banking Procedure 480, starting October 6 2024, the Audit Committee has been serving as Compensation Committee.
- **Chief Risk Manager:** the Chief Risk Manager shall be an employee of the corporation and will be able to fulfil roles in the field of risk, such as chief compliance officer, the operational risk function manager, the person responsible for preventing money laundering and terror financing or responsible for credit control, and shall authorized to be responsible for additional HQ or control duties, so long as their duties are adequate to the scope of the corporation's activity, the complexity of its activity and the characteristics of the risks involved in the activity, and have no impact on their independence and their ability to perform their work in an efficient manner.
- **Borrower liability limit:** up to the end of 3 years from the receipt of an unlimited bank license, the liability of a group of bank borrowers/group of credit card companies shall not exceed a rate of 50% of the corporation's capital.
- **Sector liability :** shall not apply to a new banking corporation inasmuch as the total liability to borrowers who are not “private individuals” does not exceed a sum of 2 billion NIS.
- **Interest risk:** a new banking corporation with very limited activity (up to 0.5% of the total balance sheet assets in the banking system) and low interest exposure (standard shock, as defined in Appendix 2 to Proper Bank Management 333 does not exceed 10% of the Bank's

capital), exemption from compliance with Directive 333, but these risks must be managed using accepted tools and in accordance with the general tools set in the master directives for risk management.

- **Market risks:** a new banking corporation in which the commercial portfolio (balance sheet and extra-balance set including all positions in foreign currency) does not exceed 5% of the corporation's total assets, is exempt from compliance with Directive 339, but these risks must be managed using accepted tools and in accordance with the general tools set in the master directives for risk management.
- **Technological surveys:** can be carried out by the operational risk function, as part of the operational risk surveys.

### 3.2. Organizational structure and corporate governance for risk management in the Bank

Risk management is organized on three primary lines of defense:

**First line of defense :** Business lines

The business line managers and responsible VP bear preliminary responsibility for routine risk management, including for the identification, assessment, measurement, monitoring, mitigation and reporting in the context of the risks that are relevant to the products, operations, processes and systems for which they are responsible, and for managing an adequate control environment in connection with risk management, including regarding flaws in the effectiveness of the control environment and failure events.

**Second line of defense :** Independent risk management function

The independent risk management function serves as the second line of defense, and also includes the compliance function, in order to supplement the risk management activities of the business lines. The function has a reporting structure that is not dependent on the risk-creating business lines and is responsible for the planning, maintenance and ongoing development of the risk management work framework at the Bank. A key role of the function is to challenge the effectiveness of risk management, the propriety of inputs of business lines for managing the risk and measuring the risk, the banking corporation's reporting systems, and the propriety of outputs received.

Alongside the risk management function, the Chief Accountant and Legal Counsel are also part of the second line of defense.

### Third line of defense : Internal auditing

The Internal Audit conducts an independent assessment of various processes in the Bank, including risk management processes and systems. As such, the Audit ensures that the first and second lines of defense implement the Bank's policy, its procedures and the various regulatory instructions, by conducting an internal audit in the units. The Internal Audit checks that the units are operating in accordance with the policies, levels of authorization and work processes defined. The audits are conducted in accordance with the multi-year and yearly work plans, and in accordance with the risk assessment processes of the Internal Audit. In accordance with Bank policy, the audit reports are discussed by the Audit Committee. As a rule, the audit reports are distributed to the Chairman of the Board, the Chair of the Audit Committee, the Bank CEO and to relevant executives.

The Bank **Board of Directors** is responsible, among other things, for outlining the comprehensive risk management strategy, including risk appetite; supervising the risk management framework, including new and evolving risks; approving the organizational structure; approving the risk management policy for each of the material risks; supervising and challenging the risk levels the Bank is exposed to while ensuring congruence with the risk appetite and the risk adequacy, as well as compliance with laws and regulations. Command and control of risk management is carried out, among other things, by the following Board committees:

- Audit Committee. The Committee examines the effectiveness of the internal auditing array using the various auditing and control functions, tracks their findings, and is responsible, among other things, for proposing ways of correcting them to the Board of Directors. In order to fulfil its duties, the Audit Committee relies on the work of the independent auditing functions, including the Internal Audit Division and the compliance and money laundering and terror financing prohibition functions. In accordance with Directive 15(g) of Proper Banking Procedure 480, the Bank Board of Directors decided that the Audit Committee would also serve as the Remuneration Committee. Sitting as the Remuneration Committee, the Audit Committee approves and recommends to the Board of Directors on the Bank's remuneration policy, and in particular on the principles of the remuneration agreements of the Bank's workers, and works to assess the effectiveness of the remuneration policy and the remuneration mechanisms and their compliance with supervisory requirements.
- The Board of Directors' Technologies and Innovation Committee. The Committee assists and advises the Board of Directors in carrying out its duties to ensure the presence of effective risk management procedures at the Bank in technological aspects, including cyber and information security. The Committee supervises the implementation of the policy set by the Board of Directors in the fields of cyber, technology and innovation, and supervises the

progress of material technological projects at the Bank and compliance with the law and regulations in the fields of information technology.

In accordance with the determined regulatory adjustments for "new banking corporations", the Board of Directors also serves as the Risk Management Committee.

**Bank Management** is responsible for the management and control of risks at the Bank, including formulation, implementation and assimilation of the risk management framework at the Bank; ensuring that the Bank's activities are compatible with the risk appetite and policy approved by the Board of Directors; implementation of an organizational culture that encourages the identification of risks by all Bank workers; ensuring the presence of adequate resources for risk management, including internal control frameworks, workers with suitable experience, technical capabilities, and access to adequate resources and information systems; as well as the existence of a risk examination process in new products. In addition, Bank Management is responsible for advancing effective risk management at the Bank level by using effective internal pricing of the risk.

As part of their responsibility for risk management on the first line, the members of management are responsible for the following risks:

- The member of management responsible for managing credit risks is the Product Division Manager.
- The member of management responsible for managing market risks, liquidity risks, opposing party risks and strategic risks is the Finance and Accounting Division Manager.
- Operational risk, compliance risk, anti-money laundering and counter-terrorist financing risks, cross-border risks, and conduct risks are managed by each member of management in the area of activity for which they are responsible and are consolidated by the Risk Management Division.
- Legal risk is managed by the Chief Legal Counsel.
- Technological risk, including cyber risk, is managed by the Director of the Technology Division.

For the purpose of fulfilling its duties, management maintains the following main forums:

- Credit management forum: a forum led by the Head of Credit Growth Management, which meets monthly and discusses the development of risk in the portfolio and existing and proposed underwriting processes, and formulates recommendations regarding updates to the credit policy.
- Compliance and Regulation Forum: a forum led by the Bank's Compliance Officer, which meets monthly and discusses issues pertaining to compliance risks, including significant regulatory developments and the adoption of new legal provisions and the Bank's estimates

for implementing the compliance directives, and subjects pertaining to money laundering and credit financing risks the Bank is exposed to.

- Finance and Forum: a forum led by the Chief Financial Officer and Chief Accountant, which convenes on a monthly basis and discusses all financial issues, including market, liquidity, credit pricing and capital planning considerations, among others. In addition, the forum examines the Bank's strategy regarding changes in its business and competitive environment and in relation to actual results, and formulates recommendations for its business strategy and necessary updates to the Bank's work plan.
- Cyber forum: a forum headed by the VP of Technologies, which convenes on a monthly basis and discusses developments in information security and cyber protection risks, including steps taken to decrease them as well as significant incidents in Israel and around the world.
- Operational Risks forum: a forum led by the CRO, which convenes on a quarterly basis and discusses developments in operational risks, including methods for the mitigation thereof.
- Compliance Forum: a forum headed by the Compliance Officer and Chief Risk Officer meets monthly and discusses the development of compliance risk and money laundering risk, as well as the Bank's assessments of the implementation of compliance provisions.
- Model Approval Forum: a forum headed by the Chief Risk Manager that convenes on an ad-hoc basis to approve each model, with the participation of the manager of the unit responsible for the activity for which the model was developed, validation and development representatives, and business users.

**The Chief Risk Manager (CRO)** , Alon Feder, is a member of Bank Management and the Head of the Risk Management Division, who is directly responsible for the risk management function, including the compliance function. The risk management function subordinate to it operates independently of the business lines it examines. Subordinate to the Chief Risk Manager are the heads of the various risk management areas, management and/or inclusion of which as the second line of defense is the responsibility of the Risk Management Division, including financial risks, compliance risks, money laundering and terror financing risks and cross-border risks, as well as operational risks including information technology and cyber risks and model risks.

The function is responsible for the routine development of the framework of risk management in the organization, including methods for measuring risk exposures; methods for evaluating risk concentrations; recommending limits; establishing control mechanisms; identifying weaknesses in control; monitoring deviations from limits; evaluating risks in new products before their launch; and reporting to the Board of Directors and management regarding the overall risk picture as part of the quarterly risks document. The function is responsible for verifying that all of the Bank's exposures are adequately managed by the relevant units and presented to the Board of Directors within the framework of a holistic perspective, and verifying the fulfillment of the risk appetite framework which has been determined by the Board of

Directors. In accordance with the approval given by the Supervisor of Banks, the CRO also holds the position of Bank Compliance Officer.

**The compliance function** – the Bank's Compliance Officer is the Chief Risk Manager, and operates based on the principles specified in Proper Conduct of Banking Business Directive 308. Their job is to assist the Board of Directors and management in fulfilling their responsibility to comply with the compliance directives applicable to the Bank. The function is independent of the operations which it evaluates. The Compliance Officer is responsible for the compliance unit and the prohibition on money laundering and terrorism prevention financing unit.

**The Legal Counsel** , Adv. Esti Hadar, is the member of management responsible for the management of legal risks. A policy is implemented at the Bank for managing legal risk, intended to locate, prevent and minimize legal risks. Pursuant to the policy for the management of legal risks, emphasis is placed on upholding an ongoing process for mapping and identifying the legal risks to which the Bank is exposed and their management.

**The Chief Internal Auditor** , Sharon Kozlovski, is responsible for the internal audit function which verifies, through internal auditing of units in the first line and second line, that the units are fulfilling their duties in accordance with the established policies, authority hierarchies, and work procedures.

#### Changes in Officers made over the course of 2025:

There were a number of changes made to the Bank's officers, as a result of the end of service of their members of management and the consolidation of the Development Division with the Technological Operation Division. The changes are as follows:

On December 31, 2025, Marina Polonsky stepped down as the chief development officer.

On December 31, 2025, Roy Haimovich stepped down as the Bank's Information Technology Manager.

On November 12 2025, Yuval Birnbaum was appointed Chief Technology Officer (CTO), a position that encompasses both the Bank's development and its information technology, replacing Marina Polonsky and Roy Haimovitz. The appointment was approved by the Bank of Israel.

On December 31, 2025, Arik Chikotay stepped down his role as VP of the Bank's Retail Division.

Roni Lichtenstein Shani stepped down as VP of Human Resources and Strategic Projects and was appointed VP of the Retail Division, replacing Eric Chikotay. Roni took office on February 16, 2026. The appointment was approved by the Bank of Israel.

The Human Resources department at the Bank is led by Natalie Gevura, who was appointed to the position of Human Resources Division Manager, reporting directly to the CEO (however, she is not a member of Management). All of the following appointments have been approved by the Bank's Board of Directors.

### 3.3. Risk Management Tools

The Bank is developing and implementing a variety of tools that support the risk management processes, which allow the identification, measurement and assessment of risks based on a variety of methods, while ensuring ongoing lines of reporting and communications between the various lines of defense. The methods include quantitative and qualitative components, which allow the examination of exposures and changes therein in a variety of scenarios, including identifying lateral risks and risk concentrations. This framework includes the following tools: risk appetite, indicator limits and alert thresholds, scenarios and stress scenarios, risk surveys, risk profile assessment, model validation, and channels for communicating and enforcing the risk management culture.

Some of the information presented above constitutes "forward-looking information", as defined in the Securities Law and its meaning detailed is in the Forward-Looking Information chapter.

### 3.4. Key Risks to Which the Bank is Exposed

#### 3.4.1. Strategic Risk

A strategic risk is the risk of material harm to the achievement of the Bank's strategic goals, which may derive from a failure in strategic definitions or in their implementation, changes in the business environment, new regulation, increased competition, technological changes and/or other unexpected events.

By virtue of being a new bank, operating in a centralized industry and relying on raising capital to finance its ongoing operations, the Bank's work plans were formulated to support the Bank's move to profitability in accordance with the strategic plan. The strategic risk may derive from a failure in defining or implementing the strategy, from changes in the business environment that will prevent the Bank from carrying out its strategic plans as planned, from new regulation, from increased competition, including the entrance of new "players", from technological changes and/or from other unexpected events that may have implications on exercising the work plan and achieving the strategic goals. The key strategic risks the Bank manages, as a new bank:

- Continued development of the value proposition, its adaptation and differentiation: the Bank's activity is based on the development and implementation of a clear, innovative and differentiated value proposition, adapted to the changing needs of its customers and to a dynamic competitive environment in the face of the traditional market and new players. This focus creates a significant potential advantage in its ability to recruit customers, improve user experience, and offer efficient, fair, and equitable solutions compared to traditional banking models. However, there is a risk that changes in the banking market (competition for consumers, product launches, the entry of new players and so on), customer behavior, or competitors copying solutions will affect the demand and differentiation of the value proposition over time.
- Competition: over the course of 2026, the entry of additional payment service providers and digital banks is expected, alongside regulatory changes that support the encouragement of competition. These trends may put pressure on the Bank's growth rate, margins and marketing expenses. Alongside this, an intensifying competitive environment creates the opportunity to accelerate the adoption of digital banking solutions and strengthen the bank's positioning and the power of new banks in the competitive arena.
- Regulation: regulatory changes that support encouraging competition, including a tiered license for banks, are expected to make it easier for non-bank entities and new players to secure a banking corporation license. In July 2025, a summary report was published by the team for the examination of measures to increase competition in the banking system for the retail sector, and its main recommendations deal with creating a tiered banking licensing framework that would allow new players to enter the banking system, and establishing three levels of supervision and regulation in accordance with the size of the banks. These processes may create "regulatory arbitrage" between entities supervised by the Securities Authority and entities supervised by the Banking Supervision Department.
- Capital planning: the Bank's business development consistently reduces its dependence on raising capital needed to finance its business activities. At the same time, until the move to a profitable marginal month takes place, capital raising rounds are performed from time to time and as needed by capital planning, where the scope and timing thereof are determined based on forward-looking capital planning, and while referring to various scenarios involving sensitivity to the main parameters, this in order to allow the fulfillment of the required capital adequacy ratios while managing and balancing resources.

The Bank concluded 2025 with a loss of 214 million NIS. This is a 20% drop in loss compared to 2024. As a new bank undergoing accelerated growth, the Bank has been accumulating losses from the start of its activity and the Bank's Management predicts that the Bank will accumulate additional losses in the near future, but at lower levels due to increase in revenues while continuing to improve operational efficiency. In 2025 the Bank raised capital to the sum of 135.6 million NIS from shareholders.

Macro environment: the Israeli economy is continuing to face with the consequences of the Iron Swords War, Operation Rising Lion and Operation Roaring Lion, which led to an increase in government spending and an expansion of the deficit beyond projections. The ceasefire agreements have led to a decrease in the risk premium and a strengthening of the shekel, but uncertainty remains high. In November 2025, after almost two years, the Bank of Israel lowered interest rates by 0.25%, to 4.25%. Growth and inflation forecasts in Israel depend on geopolitical developments, with the expectation being for an interest rate cut of 25–75 percentage points in 2026. In January 2026, the Bank of Israel lowered the interest rate once again by 0.25% to a level of 4%.

For additional information see details in risk report.

### 3.4.2. Reputation Risk

Reputation risk is risk to the Bank's profits, stability or ability to achieve its goals due to damage to its reputation as a result of the Bank's conduct and its risk management effectiveness, its financial status or negative press (whether true or false).

The Bank is dedicated to transparent, open and fair conduct towards its customers, various stakeholders and the media, and maintains an ongoing process of identification, assessment, supervision and ongoing control with respect to the reputational risks inherent in its products, activities and material processes.

In accordance with the approach, the Bank's reputation risk management is carried by regularly monitoring various indices and indicators pertaining to the reputation exposures with the aim of identifying changes that may hint on harm to reputation which includes customer complaints, social network discussions and customer satisfaction surveys alongside events identified as having higher exposure to risk, which are managed closely by Bank Management.

The Bank monitors the media dialog on a regular basis and also examines processes that may impact the Bank's reputation.

For expansion and details on reputation risks and their management see Risk Report.

### 3.4.3. Credit Risk

Credit risk is the risk that a borrower or Bank counterparty, will not uphold their obligations toward the Bank. Credit risk is risk that is material to the Bank's activity, and is at the core of the banking activity. The risk is influenced by a number of primary factors, including business risk deriving from customer activity, centralization risks, risks deriving from exogenic changes in the macroeconomic environment, climate risks and operational risks. This risk also has reciprocal relations with other risks, such as market and interest risk, liquidity risk and compliance risks.

The Bank's credit portfolio focuses on the retail banking sector, and as of the report date is not backed by securities. The focus is on the segment of households and small businesses managed by individuals, which are segments characterized by a high level of distribution. The Bank offers all of the standard credit products to these customers – checking account facilities, credit card facilities, loans and guarantees. Most of the Bank's credit exposure is for non-balance sheet credit and originates from credit offered to retail customers, in order to allow credit activity and loans.

The Bank manages credit risks using underwriting and credit control processes designed to ensure the granting of responsible credit based on repayment ability. Most of the credit given customers is carried out using automated underwriting processes. Risk management is monitored in a continuous and controlled manner in accordance with procedure.

For information on opposite party insurance risk and its management see Note 9 to the Financial Statements and the Risk Report.

Credit balances by products (thousands of NIS):

	For the Year Ending December 31, 2025			For the Year Ending December 31, 2024		
	Commercial	Private other	Total	Commercial	Private other	Total
Mandatory checking	7,060	22,586	29,646	6,574	21,771	28,345
Credit cards	30,646	123,797	154,443	21,185	92,076	113,261
Loans	32,654	223,484	256,138	27,603	188,080	215,683
<b>Total balance sheet credit risk</b>	<b>70,360</b>	<b>369,867</b>	<b>440,227</b>	<b>55,362</b>	<b>301,927</b>	<b>357,289</b>
Checking facilities	36,169	145,816	181,985	32,355	133,962	166,317
Credit card frameworks	143,810	648,845	792,655	133,747	609,494	743,241
Guarantees	1,839	11,546	13,385	1,254	7,186	8,440
<b>Total off-balance sheet credit risk</b>	<b>181,818</b>	<b>806,207</b>	<b>988,025</b>	<b>167,356</b>	<b>750,642</b>	<b>917,998</b>
<b>Total comprehensive credit risk</b>	<b>252,178</b>	<b>1,176,074</b>	<b>1,428,252</b>	<b>222,718</b>	<b>1,052,569</b>	<b>1,275,287</b>

## Credit Quality Analysis – Products

### Credit to Private Customers

Credit is provided to private customers in accordance with credit policy and credit procedures. The credit policy determines the method for examining credit for customers' capabilities and needs. Most credit approval is carried out in an automated system by way of credit applications submitted on the Bank's application. The credit systems include models and business rules that examine customer requests and the risks arising from existing credit transactions, classifying the customer according to risk levels and making a decision based on repayment ability and additional conditions, using information gathered from the Bank's systems and the credit database.

Throughout the life span of the credit, ongoing controls and monitoring of credit performance are applied to various cross-sections at the portfolio level, primarily risk levels arising from the credit. This is in order to monitor and maintain portfolio quality in accordance with the credit policy and objectives of the Bank as a whole and at the individual borrower level. For this purpose, the Bank maintains risk rating models, control processes, operating processes, and indices and limits. All of these are described and established in the credit policy and associated procedures. In accordance with risk assessments, the Bank makes provisions for expected credit losses. Provisions are calculated in accordance with accepted rules and include reference to existing credit risks and, in addition, include references to the possible impact of the business environment on the Bank's customers.

The main parameters for determining the credit risk classification are the credit rating and the debt arrears period, which ensure consistency between the debt classification for the calculation of the group provision and the credit losses due to it.

A significant portion of the credit is provided at the bank using automated underwriting processes, which are consistent with the bank's credit risk management strategy and policy and enable effective control, monitoring and updating processes. The Bank applies underwriting, management and control processes at the individual borrower level, with constant monitoring of the credit provided in an automated manner as well as manually at the aggregative level, on the basis of internal indices updated from time to time in accordance with the development of the portfolio and the situation of the macroeconomic environment. The indices are monitored on a quarterly basis at least, and refer to various aspects and characteristics that reflect the risk profile in the retail credit portfolio and compliance with the limits of the risk appetite. The Bank implements the CECL model for the calculation of the provision for credit losses, in accordance with US GAAP accounting standards as per ASC 326. The provisions are based on the PD and LGD risk components in the portfolio, which are based on the Bank's internal models, macroeconomic adjustments and qualitative adjustments, as

required under the directive. The provisions for credit losses are calculated collectively, with different provision rates for each exposure rating group.

Note that in accordance with the public reporting regulations, the provisions for credit losses are carried to the statement of income on the date of provision of credit, while interest income from credit is carried to the statement of income throughout the credit period. Therefore, so long as the Bank's credit portfolio is growing at a high rate, a situation is possible in which the credit losses are greater than the interest income.

Some of the information presented in this chapter is "forward-looking information", as defined in the Securities Law and its meaning is detailed in the "Forward-Looking Information" chapter.

The balance of the provision on the cutoff date is mostly due to the collective provision for off-balance sheet balances, and provisions in respect to debts in arrears, as specified in the following table (thousands of NIS):

	Provision for credit losses			
	For the Year Ending December 31, 2025			
	Credit to the public			Total
Commercial	Private	Banks and governments		
Balance of provision for credit loss as of beginning of period	3,076	13,924	22	17,022
Expenses due to provision for credit losses	988	7,180	19	8,187
Accounting write-offs	(1,522)	(10,502)	-	(12,024)
Collection of debts written off for accounting purposes in prior years	261	2,269	-	2,530
Net accounting write-offs	(1,261)	(8,233)	-	(9,494)
<b>Balance of provision for credit losses at end of period</b>	<b>2,803</b>	<b>12,871</b>	<b>41</b>	<b>15,715</b>
Of which: due to off-balance sheet credit instruments:	483	1,454	-	1,937

### Changes in the Terms of Debts Following the Iron Swords War, Operation Rising Lion and Operation Roaring Lion

The impact of the war, inflation, interest rates in the market and unemployment, along with other macroeconomic trends, affect the borrowers' ability to repay. The Bank closely follows the impact of these factors on the state of borrowers and customers, and builds scenarios to examine the possible impacts on the quality of credit. The Bank regularly monitors the credit portfolio and the impact of these developments on the risk profile in the portfolio.

The effect of the reliefs and adjustments given as part of the Iron Swords War, Operation Rising Lion and Operation Roaring Lion to eligible borrowers are not material relative to the Bank's total credit portfolio.

### Credit exposure to foreign countries/foreign financial entities

In general, there is only exposure to foreign banks with international ratings of BBB+ or higher. As of the cutoff date there are balances of €2 million and \$8.9 million in a foreign bank. In addition, there is a balance of \$2.5 million for balances in clearance and balances to guarantee customer activity in foreign securities, in a large U.S. securities company.

Engagement contracts for activities involving derivatives are made with counterparties in accordance with ISDA agreements which include a CSA annex, which are intended to reduce the risk associated with the activity.

There is no other exposure to foreign countries / financial entities.

### Counterparty Credit Risks

Activity in derivatives are made with counterparties in accordance with ISDA agreements which include a CSA annex, which are intended to reduce the risk associated with the activity. For further details regarding credit risks, see Note 9 to the Financial Statements.

Some of the information presented above constitutes "forward-looking information", as defined in the Securities Law and its meaning detailed is in the Forward-Looking Information chapter.

### 3.4.4. Operational Risks

Operating risk is the risk of loss due to inadequacy or failure of internal processes, people or systems, or due to external events. The Bank's exposure to operational risks includes, inter alia, information security and cybersecurity risks, legal risks, including outsourcing risks and cloud risks, business continuity and embezzlement and fraud risks. The principles and framework for operational risk management at the Bank support proactive and effective risk management.

Responsibility for the ongoing management of operational risk and the implementation of risk mitigation activities falls on the risk center managers. This responsibility is realized, among other things, through ongoing activity of risk controllers in the bank's divisions. The risk controllers are guided, in professional and methodological terms, in the context of managing the operating risk, by the risk management unit on the other line.

The management of operational risks includes conducting operational risk surveys for existing activities and new products, which include mapping the work procedures which are performed in the different risk centers, identification and assessment of the risks, as well as recommendations regarding mitigation of the risks and prioritization of actions. The surveys are conducted in accordance with a work plan, and are updated periodically. The Bank has also implemented a system which supports risk management, documentation of controls, documentation and monitoring of mitigation plans, and failure events. The Risk Management Division works on the implementation of an advanced risk management culture, including reporting and investigating events by the managers of the risk centers. In order to reduce potential damages upon the materialization of risk, the Bank purchased a risk varied and comprehensive series of insurance policies for operational risks, including, inter alia, a banking insurance policy, directors' and officers' insurance policy, and cybersecurity insurance policy.

For details and expansion on the subject of operational risk see the Risk Report

### 3.4.5. Information Security and Cybersecurity Risks Management

Cyber risk is the risk of damage including monetary damage, information theft or information disruption, disruption of activity and functional continuity and even damage to the Bank's reputation as a result of a cyber event.

Cyber risk is characterized by a constant increase in the sophistication and complexity of attacks and the variety of methods, and in the degree of involvement of organized crime and government proxies. In recent years there has been an increase in attacks on the chain of supply of financial services providers, alongside the development of the use of artificial intelligence capabilities to carry out attacks. This trend has implications on the risk

management processes the Bank is realizing, in light of the Bank's adoption of a business-operational model supported by outsourcing. Outsourcing is expressed both in its engagement with the TCS IT services bureau providing the core banking infrastructure, and due to the use of cloud computing services (IaaS, SaaS) for the independent data systems and infrastructure.

The Bank assigns supreme importance to the management of cybersecurity risks, information security, data protection and cyberspace security in the Bank, in terms of ensuring the confidentiality, integrity and availability of the information. Accordingly, the Bank uses generally accepted methodologies, procedures, technological tools and accepted standards, and implements the best industry practices in the management of cybersecurity and information security. Additionally, in light of the importance of the implementation of a culture of risk management in the organization, the Bank uses various methods (including information distribution, training, educational software and drills on different levels) to increase employee and customer awareness of cybersecurity risks. Information security and cybersecurity risks are managed by the Cybersecurity Administrator, who is subordinate to the Bank's Chief Technology Officer. The Cybersecurity Administrator is responsible for characterizing the threats, defining the controls and evaluating their implementation, while the relevant professional entities are responsible for planning and choosing the solutions that meet those requirements, and establishing the work plan for their implementation.

The Bank applies cybersecurity processes designed to minimize the risk of penetration and unauthorized access to information systems or the occurrence of attacks and damages, and to ensure the confidentiality, integrity and availability of the databases. Concurrently, the Bank implements processes to detect and identify cybersecurity incidents throughout all hours of the day, 24/7, including through a SOC (Security Operating Center). The Bank continuously works to identify defense, threat and risk objectives in order to evaluate the effectiveness of the defense, and builds the work plan with the aim of improving the defense system accordingly. The Bank routinely updates its assessment of risks in respect to insights based on cybersecurity incidents in Israel and abroad which are relevant to the Bank's systems and to its business activity. The Bank's assessment of cybersecurity risks is also adjusted for threats due to work in a hybrid model.

The service center manages an independent information security and cybersecurity system, and is responsible for ensuring compliance with generally accepted standards, and for conducting independent tests. The Bank initiates routine processes to monitor the service center's information security and cybersecurity system, which is intended to evaluate the allocation of resources to address the risk, and ensure constant improvement in the quality of the center's risk management.

The war, Operation Rising Lion and Operation Roaring Lion led to an increase in attempted attacks on organizations in Israel, including denial-of-service attacks (DDOS) and fraud combined with social engineering. These attempts had no business impact on the Bank.

During 2025, no cyber events were discovered to have any impact on the Bank's Financial Statements.

For expansion and details on information security and cyberattack risks and their management see Risk Report.

#### **3.4.6. Information Technology Risk Management**

Information technologies risk is risk deriving from technological failure, from malfunctions in information systems or from the shutdown of technological services. Alongside the core banking system, provided by the IT Services Bureau, the Bank is developing advanced cloud-based technological infrastructure and is implementing innovative solutions in order to support its business activity.

In general, the Bank implements new technologies and works to leverage its competitive advantage as a new and digital bank. The Bank has adopted a business-operational model which relies on outsourcing, both in its engagement with the IT services bureau of TCS Ltd., which won a tender of the Ministry of Finance to provide the core banking infrastructure to new financial entities, and for the purpose of cloud computing services (IaaS, SaaS) for the independent data systems and infrastructure.

The Bank considers it highly important for the technological infrastructure which serves its customers and employees to allow business and operational availability and continuity, and invests significant resources for this purpose.

Banking service bureau: The service bureau is managed by TCS Ltd., which provides the Bank with a core system for the management and registration of banking products and processes. The engagement with the bureau is in effect for ten years starting 2020 with an option to extend by up to twenty years. The management of risks associated with outsourcing is carried out through ongoing work processes to coordinate interfaces, including the holding of joint steering committees, periodic controls and exercises, reporting systems, as well as SOC 1 and SOC 2 reports. The Bank also ensures complete separation between data, trade secrets, and unique financial product development capabilities, and full separation of information between the Bank and other customers of the bureau.

Use of artificial intelligence: the realization of the Bank's value offer is supported by advanced and innovative technological services. Within this framework, the Bank is adopting the use of artificial intelligence. This technology involves risks such as data privacy, security breaches,

generative model “delusions” and algorithmic deviations. These risks are managed by the Bank in order to ensure reliability, integrity and trustworthiness. The development, control, and validation processes of artificial intelligence products are risk-based and managed from a risk-based perspective.

For more information and details on information technology risks and their management, see the Risk Report.

#### **3.4.7. Model Risks**

A model risk is the risk of negative implications as a result of decisions or actions based on incorrect model products or the incorrect use of model products.

The growing emphasis on digital banking, alongside increasing customer expectations for customized, available, and immediate products, is leading organizations to implement more advanced models based on artificial intelligence and machine learning. On August 21, 2025 a new directive for model risk management (NBT 369) came into effect. As part of risk management, processes have been formulated for approving and validating models that adhere to criteria for the informed use of models. Model validation is carried out on the basis of a regular methodology which is designed to test the quality of the model's development and maintenance.

For more information and details on model risks and their management, see the Risk Report.

#### **3.4.8. Compliance Risks**

Compliance risk is the risk of imposing legal or regulatory sanctions, a material financial loss, or reputational damage that the banking corporation may incur as a result of not complying with compliance provisions.

The Bank operates in a highly regulated environment, which applies to its various processes and products, including in the matter of fairness and decency risks with an emphasis on bank/customer relations, money laundering and terror financing prohibition (including cross-border risks), privacy, accessibility and more. The implications of the realization of the compliance risks in general, and in the field of prevention of money laundering and terror financing in particular (including cross-border risks) may lead to the imposition of sanctions on banking corporations in Israel, and investigations conducted on these matters against global banking corporations have led foreign regulators to impose sanctions at even larger scales. Alongside the regular risk management, the Bank's compliance unit is working to analyze breakdown events realized at other banking corporations. For this purpose, it reviews and challenges the quality of risk management at the Bank, including in the matter of risk restrictions as established by the Board of Directors, among other things by conducting independent controls and in accordance with work plans, surveys conducted and so on. As part

of risk management, elements were appointed to be responsible for the business lines, operating regularly with the compliance function. Operating alongside them are regular forums with the participation of the risk takers, held at variable frequency, which discuss the key compliance risks, failure events identified in the activity of the business lines and treatment to prevent their recurrence, and the Bank's preparations for the implementation of new regulation is tested.

The Bank works on the promotion, implementation, adoption and enforcement of the compliance culture, and compliance with the regulatory directives in all banking activities, including all of the Bank's procedures, operations and products, in order to reduce the Bank's exposure to compliance risks and the consequences of the materialization of such risks.

For more on compliance risks including money laundering risks, terror financing risks and cross-border risks see Risk Report.

#### **3.4.9. Business Continuity Risks and Emergency Preparedness Management**

Business continuity risk is the risk deriving from the shutdown of the Bank's activity as a result of severe external or internal events, such as wars, natural disasters or significant technological mishaps. The Bank works to ensure business continuity using contingency plans and emergency plans, which include scenarios for dealing with various emergency situations. These plans include training teams, performing exercises, and preparing for a rapid and focused response during emergencies.

The Bank is engaged with several providers that grant services that are material to its operating activities. At the heart of the activity to maintain operational resilience and prepare for business continuity, are redundancy and backup for the infrastructure and essential technological systems used by the Bank, and accordingly, the Bank also monitors the functional continuity capability of its essential suppliers.

The Bank has formulated and approved a BCP plan, under the leadership of the business continuity manager in the Retail Division, which is intended to ensure the continuity of the Bank's operations in business processes and services defined as critical. As part of the Bank's business model, which includes reliance on outsourcing, a dependence is created on service providers and their operational continuity capabilities for the implementation of its disaster recovery and business continuity plan. For more information, see the Risk Report.

The business continuity preparations are supported by critical backup technologic infrastructure used by the Bank, and accordingly, the Bank also monitors the operational continuity capabilities of the above providers.

The Bank conducts periodic emergency drills which include both operational scenarios and business scenarios.

The formation of the Bank included planning its entire IT infrastructure to allow the execution of work procedures independently of any particular physical facility, with the intent of allowing business and operational continuity, and to provide a continuous response to the Bank's customers from anywhere, and at all times, including in times of crisis.

Following the Iron Swords War, Operation Rising Lion and Operation Roaring Lion, the Bank has been increasing controls and supervision in order to ensure continued functional activity during emergency situations as well.

### 3.5. Risk Factors Table

The following table specifies the impact of the different risk factors on the Bank's activity:

Risk Factor	Estimated impact
Total impact of credit risks	Medium
– Borrower quality and collateral risk	Medium
– Sectoral centralization risk	Low
– Centralization risk in respect to individual borrowers / groups of borrowers	Low
Total impact of market risks	Low-Medium
– Interest rate risk	Low-Medium
– Inflation risk	Low
– Exchange rate risk <sup>(1)</sup>	Low-Medium
Liquidity risk	Low
Total impact of operational risks	Medium-High
– Information technology risk	Medium-High
– Information security and cybersecurity risk	Medium-High
Legal risk	Low-Medium
Compliance risk	Medium-High
Reputation risk	Medium-High
Strategic risk <sup>(2)</sup>	Medium-High
Model risks	Medium

(1) The level of foreign exchange risk increased from “low” to “low–medium,” in light of the potential impact of exchange rate volatility on operating results.

(2) The level of strategic risk decreased from “high” to “medium–high,” in light of the continued growth trend in business activity and its positive effect on the scope of additional capital required, alongside the controlling shareholder’s ongoing support for the Bank’s capital needs and the likelihood that regulatory changes will support strengthening the value proposition.

Some of the information presented in this chapter is “forward-looking information”, as defined in the Securities Law and its meaning is detailed in the “Forward-Looking Information” chapter.

### 3.6. Leading and emerging risks

The Bank, being new and growing bank, and which operates under a business model which is innovative in the banking market, faces the risks which are characteristic of this stage. The leading and emerging risks are: strategic risk, credit risk, reputation risk, cyber risk, information technology risk, model risk, compliance risk, and business continuity risk. See details above.

## 4. Policy and critical accounting estimates, controls and procedures

### 4.1. Policy and critical accounting estimates

#### Costs of Internal-Use Software

Internal-Use software costs are presented within the framework of buildings and equipment. The Bank capitalizes costs connected to the development of software for its own use only when the preliminary project stage of the project has been completed, and Management, with the proper authority, has approved and undertaken to finance, directly or indirectly, a software development project, and the development is expected to be completed. The Bank estimates the costs that need to be capitalized (whether they are costs connected to the Bank's employees or other costs) and tests the date on which the asset is ready for use, the capitalization rate and the need for impairment when events occur or changes exist in circumstances that indicate that the amortized cost is not recoverable.

For additional details on internal-use software cost assets, see Note 1.c.(6) and Note 10.

#### Provision for Credit Losses

The Bank has established procedures for the classification of and measuring the provision for credit loss in order to maintain a provision at a level suitable to cover expected credit losses referring to its credit portfolio.

In light of the nature of credit at the Bank, comprised of small debts with similar risk characteristics, the provision for credit losses at the Bank is calculated on the basis of distributing the credit portfolio to groups sharing similar risk characteristics. The Bank calculates the provision for credit loss in accordance with accounting rules acceptable in the U.S. banks on the subject of provisions to credit losses (provisions for expected credit losses – CECL), in accordance with Accounting Standard ASU 2016-13. For the purpose of the calculation, the Bank used the expected loss (EL) approach. This approach was used to set the required parameters for calculations (LGD, PD, EAD) for at-risk groups and similar characteristics. In addition, at the individual borrower level, the life span of the credit was determined in accordance with the product and the exposure, so that the provision for credit loss expresses the expected loss over the course of the credit's life span while making significant use of forward-looking information and assumptions reflecting reasonable forecasts supporting future economic events.

The provision estimated on a group basis for off-balance sheet credit instruments was also calculated using the expected loss method and in accordance with parameters defined for the relevant risk group. In the absence of internal history, the estimate for the exercise rate during failure due to exposure for the extra-balance sheet credit, was determined in accordance with

accepted practice and estimates in financial institutions in Israel regarding the exercise rate for the expected credit of the extra-balance sheet credit risk given borrower failure.

The impact of a 1% growth in each of the primary macroeconomic parameters the model is sensitive to: the unemployment rate and the Bank of Israel interest rate, will lead to a provision increase of 0.3 million NIS and 1 million NIS, respectively. Due to reorganization debts, the Bank makes a detailed provision as needed while using estimates to assess the chances of the debt's redemption.

**For further details on accounting policy and critical estimates see Note 1 to the Bank's December 31, 2025 Annual Financial Statements.**

## 4.2. Controls and Procedures

The Bank is exempt from the application of SOX processes in 2025, but at the same time, the Bank implemented controls over disclosure in accordance with Section 302 of the Sarbanes-Oxley Law. For the purpose of internal control over financial reporting, significant issues pertaining to the disclosure which is given in the financial statements are discussed in a designated management meeting and by the audit committee. The issues presented also include the auditor's professional comments. These fundamental issues include issues which have a major impact on the financial statements, issues of interest to the public, issues required for reporting to the public, material changes to the implementation of the accounting policy, requests or requirements of oversight authorities, and issues on which there is disagreement between the Bank's management and the auditors.

### Changes in Internal Controls

Over the course of 2025 the Bank strengthened the internal control mechanism of financial reporting as part of its preparations for the full implementation of SOX processes. The Bank believes that strengthening the control environment in this manner will decrease the chance of making a material mistake in financial reports.

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**Shouky Oren**  
Chairman of the Board  
of Directors

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**Eyal Gafni**  
Chief Executive  
Officer

## Report of the Board of Directors and Management on Their Responsibility for the Annual Report

The Annual Report has been prepared by Bank Management and it is responsible for the report's propriety. This report includes financial statements prepared in accordance with generally accepted accounting principles and with the reporting rules set in the directives and guidelines of the Supervisor of Banks, additional information prepared accordingly as well as other information. Preparing periodic Financial Statements also requires that estimates be made in order to determine certain sums and items in the statements. These estimates were made by Management according to its best judgement.

In order to ensure the propriety of the Bank's financial reporting, Bank Management conducts a comprehensive system of internal controls designed to ensure that all transactions at the Bank are conducted in accordance with proper authorizations and that the Bank's assets are protected, their integrity is guaranteed, and that the accounting records constitute a reliable basis for preparing the Financial Statements. The system of internal controls is restricted by its nature, in that it does not grant absolute security but rather reasonable security only regarding its ability to discover and prevent errors and irregular actions. The reasonable assurance principle is based on recognition of the fact that the decision regarding the amount of resources that will be invested in activating the means of control must naturally consider the benefit that will arise from activating these measures.

The Bank's Board of Directors, which is responsible for preparing the Financial Statements and approving them in accordance with Section 92 of the Companies Law, establishes the accounting policy and supervises its implementation and establishes the structure of the internal controls system and supervises its functioning. The General Manager is responsible for the ongoing management of the Bank's affairs within the framework of the policy set by the Board of Directors and subject to its instructions. Bank Management operates according to the policy set by the Board of Directors. The Board of Directors, through its committees, meets regularly with the Bank's management as well as with the internal auditor and with the Bank's auditing accountants with the aim of reviewing the scope of their work and its results.

Kesselman & Kesselman (PwC) Israel, the Bank's independent auditors, audited the Bank's Annual Financial Statements in accordance with generally accepted auditing standards including standards set in the Accountants' Regulations (the Accountant's Method of Operation) and certain auditing standards, published by the U.S. Bureau of Certified Public Accountants, and implementation of which is required in accordance with the Supervisor of Banks' directives.

The purpose of the audit is to allow the independent auditors to express their opinion on how much these reports reflect, in accordance with generally accepted accounting principles and the reporting rules set in the Supervisor of Banks' directives and guidelines, the Bank's financial status, its operating results, changes in equity and cash flows. In accordance with Section 170

of the Companies Law, the independent auditors are responsible for the Bank and its shareholders for that stated in the opinion on the Financial Statements. The independent auditors' opinion is attached to the Annual Financial Statements.

In addition, the information in the Board of Directors and Management Report (hereinafter "the Associated Information") has been transferred to the auditors' to study so that they can announce on whether there are any material discrepancies between the information in the Financial Statements and the Associated Information, or whether the Associated Information includes information that is materially incompatible with evidence or other information that has come to the attention of the auditors over the course of the audit. No such announcement was received from the independent auditors. The auditors did not apply any additional auditing procedures for this purpose beyond those they were required to take in order to audit the Financial Statements.

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**Shouky Oren**  
Chairman of the Board  
of Directors

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**Eyal Gafni**  
Chief Executive Officer

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**Maor Elhadad**  
Chief Financial Officer, Head  
Accountant

Report publication approval date: March 26, 2026

# Statements on Internal Control of Financial Reporting

- Report of the Board of Directors and Management on Their Responsibility for the Annual Report
- CEO's Statement
- Chief Accountant's Statement

## Certification.

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

I, Eyal Gafni, do hereby declare that –

1. I reviewed the annual report of One Zero Digital Bank Ltd. (hereinafter: "the Bank") for 2025 (hereinafter: "the Report").
2. To the best of my knowledge, the Report does not include any incorrect representation of any material fact, and is not missing any representation of any material fact, which is required in order to ensure that the representations included therein, in light of the circumstances in which those representations were included, are not misleading with reference to the period covered by the Report.
3. To the best of my knowledge, the Financial Statements and other financial information included in the Report adequately reflect, in all material aspects, the financial status, operating results, and changes in equity and cash flows of the Bank as of the dates and for the periods reported in the Report.
4. I and others at the Bank making this statement are responsible for establishing and upholding controls and procedures for the purpose of disclosure required in the Bank's report. And:
  - A. We have established such controls and procedures, or caused the establishment under our supervision of such controls and procedures, intended to ensure that material information pertaining to the Bank is brought to our attention by others at the Bank and these corporations, particularly during the preparation period of the Report.
  - B. We have assessed the effectiveness of the controls and procedures regarding the Bank's disclosure and presented our conclusions on the effectiveness of the controls and procedures regarding the disclosure, for the end of the period covered by the Report based on our assessment; and
  - C. We have disclosed in the Report any change in the internal controls of the Bank on financial reporting occurring over the course of 2025 that had a material impact, or are expected to have a material impact, on the Bank's internal controls of financial reporting.
5. I and others at the Bank making this statement have disclosure to the independent auditor, the Board of Directors and the Audit Committee of the Board of Directors, based on my most up-to-date evaluation internal controls of financial reporting:
  - A. All material deficiencies and material weaknesses in the determination or operation of internal controls over financial reporting that are reasonably likely to impair the Bank's ability to record, process, summarize and report financial information; and
  - B. Any fraud, material or not, involving Management or involving other employees who have a significant role in the Bank's internal controls over financial reporting.

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Eyal Gafni  
Chief Executive Officer

March 26, 2026

## Certification

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

I, Maor Elhadad, do hereby state that:

1. I reviewed the annual report of One Zero Digital Bank Ltd. (hereinafter: "the Bank") for 2025 (hereinafter: "the Report").
2. To the best of my knowledge, the Report does not include any incorrect representation of any material fact, and is not missing any representation of any material fact, which is required in order to ensure that the representations included therein, in light of the circumstances in which those representations were included, are not misleading with reference to the period covered by the Report.
3. To the best of my knowledge, the Financial Statements and other financial information included in the Report adequately reflect, in all material aspects, the financial status, operating results, and changes in equity and cash flows of the Bank as of the dates and for the periods reported in the Report.
4. I and others at the Bank making this statement are responsible for establishing and upholding controls and procedures for the purpose of disclosure required in the Bank's report. And:
  - A. We have established such controls and procedures, or caused the establishment under our supervision of such controls and procedures, intended to ensure that material information pertaining to the Bank is brought to our attention by others at the Bank and these corporations, particularly during the preparation period of the Report.
  - B. We have assessed the effectiveness of the controls and procedures regarding the Bank's disclosure and presented our conclusions on the effectiveness of the controls and procedures regarding the disclosure, for the end of the period covered by the Report based on our assessment; and
  - C. We have disclosed in the Report any change in the internal controls of the Bank on financial reporting occurring over the course of 2025 that had a material impact, or are expected to have a material impact, on the Bank's internal controls of financial reporting.
5. I and others at the Bank making this statement have disclosed to the independent auditor, the Board of Directors and the Audit Committee of the Board of Directors, based on my most up-to-date evaluation of internal controls of financial reporting:
  - A. All material deficiencies and material weaknesses in the determination or operation of internal controls over financial reporting that are reasonably likely to impair the Bank's ability to record, process, summarize and report financial information; and
  - B. Any fraud, material or not, involving Management or involving other employees who have a significant role in the Bank's internal controls over financial reporting.

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Maor Elhadad  
Chief Financial Officer, Head  
Accountant

March 26, 2026

# Audited Financial Statements

## As of December 31, 2025

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To:

The Shareholders of  
One Zero Digital Bank Ltd.

Dear Sir/Madam,

Re: Independent Auditors' Report to the Shareholders of One Zero Digital Bank Ltd.

### Opinion

We have audited the financial statements of One Zero Digital Bank Ltd. (hereinafter: "the Bank"), which include the Balance Sheet as of December 31 2025, and the Statements of Operations, Reports on Changes in Equity and Cash Flow Reports for the year ending that date, and the Notes to the Financial Statements, including the principal accounting policies.

In our opinion, the attached Financial Statements adequately reflect, in all material respects, the financial status of the Bank as of December 31 2025 and its monetary results and cash flows for the year ending that date in accordance with the directives and guidelines of the Supervisor of Banks (hereinafter: "the Directives").

As noted in Note 1 to the Financial Statements, the Directives are mainly based on US GAAP.

### Purpose of the Opinion

We prepared our audit in accordance with generally accepted Israeli accounting standards, including standards defined in the Accounting Regulations (Accountant's Method of Operation), 1973 and certain auditing standards implementation of which in the audit of banking corporation is determined in accordance with the directives of the Supervisor of Banks. Our obligations in accordance with these standards are described in Auditors' Obligations for the Audit of the Financial Statements in this Report. We are not dependent of the Bank in accordance with the provisions of the law applicable in Israel regarding the independence and prevention of conflicts of interest of auditors in Israel. We have also fulfilled our other ethical obligations in accordance with the Accountants' Law, 1955, and regulations thereunder. We believe that the audit evidence we have obtained is adequate and sufficient to provide a basis for our opinion.

### Key Issues of Audit

Key issues of the audit detailed below are the issues that were communicated, or which should have been communicated, to the Bank Board of Directors and which, according to our professional judgement, were highly significant in the auditing of the Financial Statements for the current period. These issues include, among other things, any matter that (1) refers to, or may refer to, items or material disclosures in the Financial Statements and (2) our judgment regarding which was challenging, subjective or particularly complex. A response was given to these issues within the framework of our audit and the formulation of our opinion on the Financial Statements as a whole. Communicating these issues below does not change our opinion on the Financial Statements as a whole and we are not using it to provide an additional opinion on these issues or on the items or disclosures to which they refer.

### Software Costs for Internal-Use

As detailed in Notes 1c(5) and 10 of the Financial Statements, under the Buildings and Equipment item, the bank has software costs assets for self-use to the net sum of NIS 136,704 thousands as of December 31 2025. The Bank capitalizes costs connected to self-development only after the research stage has been completed, when the resources for development exist and the development is expected to be completed. The Bank estimates the costs that need to be capitalized (whether they are costs connected to the Bank's employees or other costs) and tests the date on which the asset is ready for use, the capitalization rate as well as the need for impairment when events occur or changes exist in circumstances that indicate that the amortized cost is not recoverable.

The primary considerations behind our determination that implementing processes pertaining to self-developed software cost assets is a key audit matter due to the significant judgment used by Management in determining various estimates and their consecutive measurement, among other things, the date the asset is ready for use, the depreciation rate and the examination of the need for impairment.

The audit for the self-used software costs asset involves the implementation of procedures and assessment of auditing evidence in connection with the formulation of our comprehensive opinion of the Financial Statements.

### Auditing procedures carried out as a response to the key matter of the audit.

The following are the key procedures we implemented in connection with this key matter in our audit:

- Examination of the management process for identifying the discountable costs.
- Examination of a sampling of capitalized costs and their examination against establishing documents.
- Examination of Management's estimate in connection with the timing of the asset's preparedness for use and the start of its amortization date.
- Examination of the depreciation rate set for each asset.
- Examination of Management's process for examining the impairment of the various assets, which include among other things talks with the Bank's Management and VP of Technology.
- Examination of the feasibility of Management's calculations and estimates when examining the asset's recoverable sum.

### Duties of the Board of Directors and Management for the Financial Statements

The Board of Directors and Management are responsible for the preparation and proper presentation of the Financial Statements in accordance with the directives of the Supervisor of Banks, which adopt, in principle, the generally accepted US accounting principles (US GAAP), and for the internal control necessary in accordance with the determination of the Board of Directors and Management to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and Management are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting, unless the Board of Directors and Management either intend to liquidate or cease operations, or have no realistic alternative but to do so.

### Auditors' Obligations for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance that the Financial Statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of confidence, but it is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Israel will always detect a material misstatement when one exists. Misstatements can arise from fraud or deception and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

In an audit performed in accordance with generally accepted Israeli auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition, we:

- Identify and assess the risks of material misstatement in the Financial Statements, whether due to fraud or error, design and conduct audit procedures in response to those risks, and obtain sufficient appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, malicious misrepresentation, or bypassing internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal controls.
- Evaluate the adequacy of the accounting policies applied and the reasonableness of the accounting estimates and related disclosures made by the board of directors and management.
- We reach conclusions on the appropriateness of the Board of Directors' and Management's determination regarding the existence of the going concern assumption, and, based on

the audit evidence we have obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Statements or, if those disclosures are inadequate, to include a modification of the standard wording in our opinion. Our conclusions are based on audit evidence obtained as of the date of our Auditor's Report. However, future events or conditions may cause the Bank to cease to operate as a going concern.

- Evaluate the presentation as a whole, the structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements reflect the underlying transactions and events in a manner that achieves fair presentation.

We communicate to the Board of Directors and Management, among other things, the planned scope and timing of the audit and significant audit findings, including significant deficiencies in internal control that the Auditor identifies during the audit.

From the matters communicated, or which were required to be communicated, to the Board of Directors and Management, we determined those matters that were of most significance in the audit of the Financial Statements for the current period and are therefore the key audit issues. We describe these matters in our auditor's report unless legal or regulatory provisions prevent disclosure to external parties regarding that matter.

Tel-Aviv,	Kesselman and Kesselman	Member Firm of
March 26, 2026	Certified Public Accountants	A PricewaterhouseCoopers International Limited

The year in which the accounting firm of Kesselman & Kesselman (PwC) Israel became the Bank's accountant is 2020.

# Statement of Operations

In Thousands of NIS	Note	For the Year Ending December 31,		
		2025	2024	2023
Interest income	2	139,754	103,741	70,523
Interest expenses	2	(79,191)	(64,088)	(43,081)
Interest income, net		60,563	39,653	27,442
Expenses on credit losses	9	(8,187)	(18,810)	(18,235)
<b>Interest income, net, after expenses on credit losses</b>		<b>52,376</b>	<b>20,843</b>	<b>9,207</b>
Non-interest income				
Non-interest financial income (expenses)	3	159	(78)	(1,129)
Fees	4	56,584	34,200	15,401
<b>Total non-interest income</b>		<b>56,743</b>	<b>34,122</b>	<b>14,272</b>
Operating and other expenses				
Payroll and related expenses	5	(120,081)	(131,730)	(150,518)
Building maintenance, depreciation and equipment		(78,263)	(76,584)	(70,469)
Other expenses	6	(124,688)	(114,505)	(159,949)
<b>Total operating and other expenses</b>		<b>(323,032)</b>	<b>(322,819)</b>	<b>(380,936)</b>
Profit before taxes		(213,913)	(267,854)	(357,457)
Provision for taxes on gains	7	-	-	-
<b>Net loss</b>		<b>(213,913)</b>	<b>(267,854)</b>	<b>(357,457)</b>

Financial Statements Approval Date: March 26, 2026

The Notes constitute an inseparable part of the Financial Statements.

# Balance Sheet

In Thousands of NIS		As of December 31 2025	As of December 31 2024
<b>Assets</b>			
Cash and bank deposits	8	3,153,185	2,240,600
Credit to the public	9	444,171	366,578
Provision for credit losses	9	(13,737)	(14,606)
Credit to the public, net		430,434	351,972
Buildings and equipment <sup>(1)</sup>	10	152,981	150,669
Assets due to derivative instruments	19	721	8,844
Other assets	11	142,924	170,723
<b>Total assets</b>		<b>3,880,245</b>	<b>2,922,808</b>
<b>Liabilities and equity</b>			
Deposits from the public	12	3,567,677	2,578,139
Liabilities due to derivative instruments	19	5,612	-
Other liabilities <sup>(2)</sup>	13	261,130	232,171
<b>Total liabilities</b>		<b>3,834,419</b>	<b>2,810,310</b>
Equity attributed to shareholders of the Bank	16	45,826	112,498
<b>Total liabilities and equity</b>		<b>3,880,245</b>	<b>2,922,808</b>

1. Self-use software cost assets to the sum of NIS 150,991 thousand and NIS 146,327 thousand as of December 31 2025 and 2024, respectively (mainly capitalizing self-developed costs).
2. Provision for credit losses for off-balance sheet credit instruments to the sum of NIS 1,937 thousand and NIS 2,394 thousand as of December 31 2025 and 2024, respectively.

The Notes constitute an inseparable part of the Financial Statements.

<hr/> <b>Shouky Oren</b> Chairman of the Board of Directors	<hr/> <b>Eyal Gafni</b> Chief Executive Officer	<hr/> <b>Maor Elhadad</b> Chief Financial Officer, Head Accountant
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Financial Statements Approval Date: March 26, 2026

## Report on Changes in Equity

In Thousands of NIS

	Paid-up share capital	Proceeds on account of shares	Capital Reserves		Total paid-up share capital and capital reserves	Accrued Deficits	Total
			From premium	From benefit due to share-based payment transactions			
<b>Balance as of December 31 2022</b>	<b>1,016</b>	<b>-</b>	<b>576,205</b>	<b>12,847</b>	<b>590,068</b>	<b>(445,947)</b>	<b>144,121</b>
Issue of ordinary shares	199	-	214,593	(498)	214,294	-	214,294
Raising capital using SAFE agreement	-	80,708	-	-	80,708	-	80,708
Benefit related to share-based payment	-	-	-	9,803	9,803	-	9,803
Yearly loss	-	-	-	-	-	(357,457)	(357,457)
<b>Balance as of December 31 2023</b>	<b>1,215</b>	<b>80,708</b>	<b>790,798</b>	<b>22,152</b>	<b>894,873</b>	<b>(803,404)</b>	<b>91,469</b>
Issue of ordinary shares	8	-	4,274	(2,206)	2,076	-	2,076
Raising capital using SAFE agreement	-	277,298	-	-	277,298	-	277,298
Benefit related to share-based payment	-	-	-	9,509	9,509	-	9,509
Yearly loss	-	-	-	-	-	(267,854)	(267,854)
<b>Balance as of December 31 2024</b>	<b>1,223</b>	<b>358,006</b>	<b>795,072</b>	<b>29,455</b>	<b>1,183,756</b>	<b>(1,071,258)</b>	<b>112,498</b>
Issue of ordinary shares	17	-	14,895	(14,247)	665	-	665
Raising capital using SAFE agreement	-	134,965	-	-	134,965	-	134,965
Benefit related to share-based payment	-	-	-	11,611	11,611	-	11,611
Yearly loss	-	-	-	-	-	(213,913)	(213,913)
<b>Balance as of December 31 2025</b>	<b>1,240</b>	<b>492,971</b>	<b>809,967</b>	<b>26,819</b>	<b>1,330,997</b>	<b>(1,285,171)</b>	<b>45,826</b>

The Notes constitute an inseparable part of the Financial Statements.

# Cash Flow Report

In Thousands of NIS	For the Year Ending December 31 2025	For the Year Ending December 31 2024	For the Year Ending December 31 2023
Cash flows from current activity			
Loss for the period	(213,913)	(267,854)	(357,457)
Adjustments required to present cash flows from operating activity			
Depreciation and amortization of buildings and equipment	50,642	41,408	30,618
Impairment of software	-	-	999
Expenses on credit losses	8,187	18,810	18,235
Expenses deriving from share-based payment transactions	10,194	9,509	9,803
Activity with derivative instruments presented under financing activity	927	-	2,832
Net change in current assets:			
Assets due to derivative instruments	8,332	(8,802)	(42)
Other assets	27,799	(25,118)	(24,525)
Net change in current liabilities:			
Liabilities due to derivative instruments	4,693	(1,123)	1,123
Other liabilities	27,639	(11,895)	33,079
<b>Net cash used in operating activity</b>	<b>(75,500)</b>	<b>(245,065)</b>	<b>(285,335)</b>
Cash flows from investment activity			
Net change in credit to the public	(86,649)	(125,825)	(187,531)
Acquisition of buildings and equipment (excluding software assets)	(866)	(698)	(13,145)
Investment in software assets	(50,768)	(49,922)	(61,450)
<b>Net cash used in investment activity</b>	<b>(138,283)</b>	<b>(176,445)</b>	<b>(262,126)</b>
Cash flows from financing activity			
Change in deposits from the public, net	989,538	743,348	927,667
Assets due to derivative instruments	(217)	-	(2,832)
Raising capital using SAFE agreement	134,965	277,298	80,708
Proceeds from issue of share capital and receipts on account of shares	2,082	2,076	214,294
<b>Net cash deriving from financing activities</b>	<b>1,126,368</b>	<b>1,022,722</b>	<b>1,219,837</b>
Increase in cash and cash equivalents	912,585	601,212	672,376
Balance of cash and cash equivalents at the beginning of the year	2,240,600	1,639,388	967,012
<b>Balance of cash and cash equivalents at the end of the year</b>	<b>3,153,185</b>	<b>2,240,600</b>	<b>1,639,388</b>
Non-cash investment and financing activities during the reported period			
Right-of-use asset and lease liabilities recognized in respect of new operating leases	-	-	85,478
In respect to acquisition of buildings and equipment (excluding software assets)	486	(2,246)	(2,039)
In respect to investment in software assets	834	120	(5,982)

The Notes constitute an inseparable part of the Financial Statements.

# Note 1 – Principal Accounting Policies

## Overview

One Zero Digital Bank Ltd. (hereinafter: the “Bank” or “One Zero”) was established in 2019, and is controlled by Professor Amnon Shashua through Fin-Digit Ltd. (“the Controlling Shareholder”).

Over the course of 2020, the Bank completed the operational, managerial and regulatory preparations for the commencement of banking activity. Starting March 2021, the Bank operated under a restricted license (in accordance with Proper Conduct of Banking Business Directive 480 – under the definition of a “banking corporation in formation”), this within the framework of a pilot with a limited number of customers.

On January 9, 2022, the Governor of the Bank of Israel notified the Bank of its fulfillment, to his satisfaction, of the conditions for removing the restrictions from the Bank’s license, and of the removal of those restrictions. Since then, the Bank has been considered a “new banking corporation” as defined in Proper Conduct of Banking Business Directive 480: “Adjustments to Proper Conduct of Banking Business Directives Applicable to New Banking Corporations”. Since November 2022 the Bank has allowed accounts to be opened independently.

One Zero is the first entity to receive a bank license from the Bank of Israel in over 40 years.

As of the publication of the Statements, the Bank is operating in a single operating segment, which is the Israeli retail segment.

The Bank concluded 2025 with a loss of 214 million NIS. As a new bank undergoing accelerated growth, the Bank has been accumulating losses from the start of its activity and the Bank’s Management predicts that the Bank will accumulate additional losses in the near future. During 2025, the Bank continued to reduce its net loss as a result of increased revenue while maintaining the scope of operating expenses, a trend that is expected to continue into 2026. In accordance with the business plan and regulatory requirements, an increase will be needed in the Bank’s equity, primarily in order to expand the product portfolio and deepen credit activity, as well as for the additional investment that will be required to achieve operating profitability that will allow the Bank to grow independently.

As detailed in Note 16(a), during 2025, the Bank raised capital in the amount of 135 million NIS from the controlling shareholder and other existing shareholders of the Bank, and at the beginning of 2026, the Bank entered into a 2026 SAFE agreement with the controlling shareholder, under which the controlling shareholder undertook to inject into the Bank during 2026 a total of 100 million NIS (including a sum of 55 million NIS, which was already transferred to the bank during the first quarter of 2026).

As of the approval date of the Financial Statements and looking forward to the next 12 months at least, Bank Management and the Board of Directors predict with a high level of certainty that the Bank will succeed in raising the additional required measures, whether from potential investors or from existing shareholders, in order to support the development and growth efforts according to the business plan.

The Bank’s Financial Statements are prepared in accordance with the Bank Supervisor’s public reporting directives and guidelines including relief for new banks. These directives mainly adopt US GAAP.

The Financial Statements were approved for publication by the Bank’s Board of Directors on March 26, 2026.

## Implications of Iron Swords War, Operation Rising Lion and Operation Roaring Lion

On October 7, 2023, war was declared in Israel following the terrorist attack by Hamas, in which many hundreds of Israelis were murdered and kidnapped. The war caused significant damage to the economy, with an emphasis on the construction industry, which is suffering from a personnel shortage, and the internal tourism industry, as well as many businesses, mainly in towns near the front that have been evacuated. In addition, in June 2025, Operation Rising Lion began, with the aim of stopping Iran’s nuclear and missile program. Furthermore, subsequent to the balance sheet date, on February 28, 2026, Israel and the United States launched an attack on Iran (Operation Roaring Lion). Iran responded with a counter-missile attack on Israel and US military bases. As of the end of 2025 and the beginning of 2026, the direct effects of the above on the Bank’s operations are estimated to be low.

## Note 1 – Material Accounting Policies (Continued)

### A. Definitions

In these Financial Statements:

- The Bank – One Zero Digital Bank Ltd.
- Functional currency – the currency of the primary economic environment in which the Bank is active. This is generally the currency of the environment in which the Bank produces and spends most of the cash.
- Presentation currency – the currency in which the Financial Statements are presented.
- Related and interested parties – as defined in Section 80 of the Public Reporting Directives.
- CPI – the Consumer Price Index in Israel as published by the Central Bureau of Statistics.
- Cost – cost in reported sum.
- Fair value – the price that would have been received from the sale of an asset or the sum that would be paid for the transfer of a liability, in an orderly transaction between market participants in the date of measurement.
- Generally accepted accounting principles for US banks – the accounting principles that American banks traded in the US are required to implement. These rules are established by the authorities supervising U.S. banks, the U.S. SEC, the U.S. Accounting Standards Board and additional U.S. bodies, and are implemented in accordance with a hierarchy set in U.S. Accounting Standard 168 (Sub-Subject 105-10 in codification), the codification of the accounting standards of the U.S. Accounting Standards Board and the hierarchy of generally accepted accounting practices. In addition, as determined by the bank supervision guidelines, in spite of the hierarchy set in U.S. Standard 168, it is hereby made clear that any position submitted to the public by the U.S. bank supervision authorities or by the U.S. bank supervision authorities' team regarding the implementation of generally accepted U.S. accounting practices is an accounting rule practiced at U.S. banks.

### B. Basis for the preparation of the Financial Statements:

#### (1) Financial Reporting Principles

The Bank's Financial Statements are prepared in accordance with the Bank Supervisor's public reporting directives and guidelines. These directives mainly adopt US GAAP.

#### (2) Functional Currency and Presentation

The Financial Statements are presented in thousands of NIS, which is the Bank's functional currency, and are rounded to the closest thousand, unless noted otherwise. The NIS is the currency that represents the primary economic environment in which the Bank operates.

#### (3) Basis of Measurement

The Statements have been prepared on the basis of historical cost, with the exception of assets due to derivative instruments presented at fair value.

#### (4) Use of Estimates

In preparing these Financial Statements Bank in accordance with the Banking Supervision's directives and guidelines, Management is required to exercise its judgment in the form of estimates, assessments and assumptions that influence the implementation policy and sums of assets and liabilities, revenues and expenses. Note that actual results may differ from these estimates.

When formulating accounting estimates used in preparing the Financial Statements, Bank management must make assumptions with regard to circumstances and events that involve significant uncertainty. In its judgment in determining the estimates, Bank Management relies on various facts, external factors and reasonable assumptions according to the circumstances appropriate to each estimate.

The assessments and the assumptions underlying them are reviewed regularly. Changes in accounting estimates are recognized in the period in which the estimates were revised and in any influenced future period.

## Note 1 – Material Accounting Policies (Continued)

### C. Accounting policies applied in the preparation of the Financial Statements:

#### (1) Foreign Currency Transactions

On the recognition date of foreign currency transactions, any asset, liability, revenue, expense, profit or loss deriving from the transaction are translated upon the initial recognition date to the Bank's operating currency according to the exchange rate in effect on the transaction date. On each report date, assets and liabilities denoted in foreign currency on the report date, are translated to the operating currency according to representative rates of exchange published by an Israeli bank, as of the balance sheet date. Profits or losses from the translation of transactions in foreign currency and which derive from the fluctuations of the currencies between the transaction date and the clearance date/balance sheet date, are recognized in the Statement of Operations as profits or losses from exchange rate differences (financing revenues not from interest).

#### (2) Basis of Recognition of Income and Expenses

Interest income and expenses are included on an accrued basis with the exception of:

- A. Interest accumulated on problematic debts that have been classified as non-cumulative debts, is recognized as income on a cash basis when there are no doubts on the collection of the remaining registered balance of non-cumulative debt. In these situations, the sum collected on account of the interest that will be recognized as interest income, is limited to the sum that would have been accumulated for the reporting period in the remaining registered balance of the debt according to the contractual interest rate. Interest revenues on a cash basis are classified in the Statement of Operations as interest income in the relevant section. When doubts exist regarding the collection of the remaining registered balance, all payments collected are used to reduce the loan principal until doubt is removed.
- B. In cases of refinancing or reorganization of non-problematic debts, we shall test to see whether the change in the terms of the loan is material or not. In cases in which the change is material (not minor), all of the fees that have not yet been depreciated as well as early redemption commissions charged from customers due to changes in credit terms are charged to gain and loss. Otherwise, these commissions are included as part of the new investment in the new loan and are recognized as a yield adjustment as noted above. In this regard, the Bank assumes that changes in debt conditions are not material (are minor).
- C. Revenues from commissions for the provision of services (such as from securities activity from credit cards, credit treatment, conversion differences, foreign currency activity and subscription fees) are charged to gain/loss in the period in which the right to receive them is created for the Bank

#### (3) Customer Acquisition Costs

The Bank bears incremental costs for securing new customers (such as seller commissions that are stipulated on performing a binding sales transaction). In accordance with Accounting Standard ASC 340-40, costs that arose in order to secure the customer, which would not have arisen if the contract had not been signed and the Bank expects to recover them, are recognized as an asset and amortized across a period set as the life span of the customer and the life span of the technology developed by the Bank, whichever is shorter. As of 2025 this period has been set at five years.

#### (4) Non-Cumulative Debts, Credit Risk, Provision for Credit Loss and Accounting Write-Offs

##### A. Identification and classification of non-cumulative debts

The Bank has established procedures for identifying problematic debt and classifying debts as non-cumulative. In accordance with these procedures, the Bank shall classify all of its problematic debts and its off-balance sheet credit items with the following classifications: special supervision, inferior or non-accruing debt. A debt is classified as a non-accruing debt when it is expected, based on up-to-date information and events, that the Bank will not be able to collect all of the sums owed it in accordance with the contractual conditions of the debt arrangement. In addition, any debt the terms of which have been altered within the framework of changes in debt terms for borrowers with financial difficulties (rescheduling of a problematic debt) shall be classified as non-accruing debt.

##### B. Provision for credit losses

The Bank implements accounting rules accepted at banks in the United States in the matter of measuring credit losses deriving from financial instruments as detailed in Subject 326 of the codification (ASC 326) – Financial Instruments – Credit Losses.

The Bank has established procedures for the classification of credit and measuring the provision for credit loss in order to maintain a provision at a level suitable to cover expected credit losses referring to its credit portfolio. These procedures also include a reference to the provision needed in order to cover expected credit losses connected to off-balance sheet credit instruments (including unused credit frameworks and guarantees) as a separate liability account

## Note 1 – Material Accounting Policies (Continued)

In light of the nature of credit at the Bank, which consists of small debts with similar risk characteristics, the provision for credit losses at the bank is calculated based on the division of the credit portfolio into groups that share similar risk characteristics. The provision for credit losses consists of both a quantitative and a qualitative component, as follows: for the purpose of the calculation, the Bank used the expected loss (EL) approach. This approach was used to set the required parameters for calculations (LGD, PD, EAD) for at-risk groups and similar characteristics. In addition, at the individual borrower level, the life span of the credit was determined in accordance with the product and the exposure, so that the provision for credit loss expresses the expected loss over the course of the credit's life span while making significant use of forward-looking information and assumptions reflecting reasonable forecasts supporting future economic events.

The provision estimated on the basis of the distribution of the credit portfolio to groups sharing similar risk characteristics for off-balance sheet credit instruments was also calculated using the expected loss method and in accordance with parameters defined for the relevant risk group. In the absence of internal history, the estimate for the exercise rate during failure due to exposure for the extra-balance sheet credit, was determined in accordance with accepted practice and estimates in financial institutions in Israel regarding the exercise rate for the expected credit of the extra-balance sheet credit risk given borrower failure.

### C. Accounting write-offs

The Bank writes off any debt or portion thereof that is not considered to be collectable and has a low value so that leaving it as an asset is not justified, or when the debt becomes a debt in arrears of 150 days or more. To be clear, accounting write-offs do not involve a legal waiver and they decrease the balance of the debt reported for accounting purposes only, while creating a new cost basis for the debt in the Bank's books. A debit balance recorded in the books is defined as debit balance, after deducting accounting write-offs but before deducting a provision for credit losses for this debt.

### (5) Buildings and Equipment

#### A. Recognition and Measurement

Fixed assets are measured at cost less accrued depreciation and accrued impairment losses. Cost includes expenses that may be directly attributed to the asset's purchase. The cost of assets developed independently includes direct labor costs as well as any additional costs that may be directly attributed to bringing the asset to the location and state required for it to operate in the manner intended by Management.

The cost of purchased software, constituting an inseparable part of operating the related equipment, is recognized as part of the cost of this equipment. In addition, in accordance with the public reporting directives, the bank classifies under buildings and equipment the costs for software assets purchased or costs classified as an asset for software developed internally for self-use (see 6 below).

The profit or loss generated from the disposal of a fixed asset is determined by comparing the compensation from the disposed asset to its carrying amount, and are recognized on a net basis under other revenues in the Statement of Operations.

#### B. Depreciation

Depreciation is charged to the Statement of Operations according to the Straight Line Method across the estimated useful life span of each of the fixed asset items, as this method reflects the projected consumption pattern of future economic benefits embodied in the asset in the best possible manner. Leasehold improvements are amortized across the lease period or the useful life span, whichever is shorter.

An asset is amortized when it is available for use, meaning when it reaches the location and state needed for it to operate in the manner intended by management.

The fixed assets present at the Bank are furniture, software, computers and peripherals, the estimated useful life span for the current period and for comparative periods is three to ten years.

Estimates regarding the depreciation method, useful life span and residual value are reexamined when events or changes in circumstances indicated that the current estimates are no longer adequate and are adjusted as needed.

## Note 1 – Material Accounting Policies (Continued)

### C. Impairment

The Bank examines a non-current asset (or group of assets) for the purpose of impairment when events or changes in circumstances occur that indicate that the amortized cost may not be recoverable.

In order to test and measure impairment, the bank collects an asset (or group of assets) along with other assets and liabilities to the lowest level producing cash flows that are not dependent on the cash flows of other groups of assets and liabilities. The carrying amount is non-recoverable when it exceeds the total non-capitalized cash flows expected to be derived from the use of the asset and its realization. Impairment losses recognized shall be charged to an asset (or group of assets) under the incidence of Accounting Standard ASC 360 of the codification only.

Impairment losses are equal to the difference between the carrying amount of the non-current asset (or group of assets) and its fair value and are charged to the Statement of Operations.

When an impairment loss is recognized, the adjusted carrying amount of the non-current asset (or group of assets) constitutes a new cost basis. These losses are not written off in consecutive periods even if there is an increase in value.

### (6) Cost of Internal-Use Software

#### A. Recognition and Measurement

The Bank capitalizes costs connected to the development of software for its own use only when the preliminary project stage (the stage of research prior to the start of characterization and development) of the project has been completed, Management has approved and undertook to finance, directly or indirectly, a software development project, and the development is expected to be completed (cumulative terms).

The Bank capitalizes the following costs: software purchased, direct costs of services consumed, labor costs for workers directly connected to development costs or securing the software. Other costs for development activities are charged to gain/loss when incurred. These assets are presented in the Balance Sheet under "buildings and equipment" in the "software" group.

#### B. Depreciation

Intangible assets created from a software project are amortized to gain/loss using the straight-line method across the asset's estimated useful life span, starting from the date the software is ready for its intended use. In this context, the software is ready for its

intended use when all material tests have been completed. Software assets are amortized for five-year periods in accordance with the software's useful life span.

### C. Impairment

The Bank examines intangible assets remaining from a software project for impairment when events or changes in circumstances occur that indicate that the amortized cost may not be recoverable. Impairment losses are only recognized when the carrying amount of the intangible asset is not recoverable and exceeds its fair value. The carrying amount is non-recoverable when it exceeds the total cash flows in non-capitalized values expected to be derived from the use of the asset and its final realization.

Impairment losses are equal to the difference between the carrying amount of the intangible asset and its fair value and are charged to the Statement of Operations. When an impairment loss is recognized, the adjusted carrying amount of the intangible asset constitutes a new cost basis. These losses are not written off in consecutive periods even if there is an increase in value.

Examples of events of changes in circumstances that indicate an impairment of internal-development costs of IT software:

- The software is not expected to provide significant potential services.
- There has been a material change in the manner or scope of use of software or the expected use of software.
- A material change has been made to the software or will be made in the future.
- The costs for developing or converting the software intended for internal-use significantly exceed the sums predicted in advance.

When it is no longer expected that software development will be completed, the Bank updates the carrying amount of the software so that it is the lower of the carrying amount or its fair value less sales costs.

Capitalizing software costs constitutes a critical accounting estimate.

## Note 1 – Material Accounting Policies (Continued)

### (7) Leases

Contracts granting the Bank control of the use of an asset within the framework of a lease for a period of time in return for compensation, are treated as leases. Upon initial recognition, a liability is recognized (under Other Liabilities) at a sum equal to the current value of future leasing payments during the lease period (these payments do not include certain variable leasing fees), while at the same time a usage right asset (presented under Other Assets) is recognized at the level of a liability due to the lease, adjusted due to lease payments paid in advance.

The lease period is established as the period in which the lease cannot be cancelled, along with periods covered by an option to extend or cancel the lease if it is reasonably certain that the lessee will or will not exercise the option, respectively, and along with the period covered by an option to extend or not cancel the lease when the realization right is controlled by the lessor. After initial recognition, an operational lease liability is measured at depreciated cost according to the effective interest method. In addition, the Bank is reviewing a usage right asset for the purpose of impairment in accordance with the rules for impairment of buildings and equipment.

Lease payments are charged to profit and loss according to the straight line method across the leasing period (under Building Maintenance, Depreciation and Equipment Expenses).

### (8) Pending Liabilities

The Bank is party to various legal proceedings within the framework of its occupation in a variety of financial services, including customer suits and motions to approve suits as class actions. The Bank implements the directives of the Supervisor of Banks in the matter of pending liabilities based on Accounting Standard ASC 450. These proceedings are examined in a detailed manner with the assistance of the outside legal counsel serving the Bank in proceedings, which need to assess the risk that the exposure will be realized. In the assessment of the risk in the matter of these exposures, the Bank relies on estimates by management and the factors dealing with exposure, while taking into account the materiality and the concreteness of the threat, and the chances that a suit will succeed and its possible results. In the event that according to the Bank's estimates based on the opinion of the outside legal counsel representing the Bank in the proceedings, the sum of a loss cannot be estimated reliably, a range of exposure scenarios is prepared and if any sum in the range constitutes as of that date an estimate that is better than the others for the same range, the sum in question shall be accrued as a provision.

### (9) Taxes on Income

The provision for taxes on income of the Bank, which is a financial institution for VAT purposes, includes a capital gains tax imposed on revenues according to the Value Added Tax Law. Value Added Tax imposed on salaries (hereinafter – "Payroll Tax") in financial institutions is included in the Statement of Operations under "Payroll and Related Expenses").

- A. Current taxes: current taxes are sums of taxes on income paid or which will be paid in the future (or repaid) for the current period, as determined by implementing the provisions of the tax laws passed on taxable income. Current taxes also include changes in tax payments referring to previous years.
- B. Deferred taxes: the Bank does not recognize a deferred tax assets due to temporary differences as well as due to carried-over losses, as the terms required by ASC 740 to provide deferred taxes have not been met, and in particular the existence of accrued losses.

### (10) Share-Based Payment

The Bank recognizes share-based payment transactions in the Financial Statements, including transactions with workers or third parties cleared using capital instruments.

When granted RSUs (restricted share units) and options for the bank's shares to employees, the Bank records as salary expenses, with a concurrent increase in capital, the benefit created in accordance with the fair value of the options on the granting date, while using the Black & Scholes model. Payroll expenses are spread out across the vesting period of the options based on the Bank's estimates regarding the number of options that are expected to vest in accordance with the terms of implementation set in the granting agreements, when the granting terms include vesting in batches, and in addition, the expense implementation terms are recognized according to the acceleration method and not according to the straight line method. Expenses for RSUs for directors are recognized in accordance with the number of units expected to vest in accordance with the terms of implementation set in the granting agreement. Expenses are included under other expenses against capital reserves.

## Note 1 – Material Accounting Policies (Continued)

### (11) Post-Employment Benefits – Defined Deposit Plan

A defined deposit plan is a post-employment plan according to which the Bank makes fixed payments to a separate entity without having a legal or implied obligation to make additional payments. The Bank's commitments to deposit in a defined contribution plan, are charged as expenses to gain or loss in the period in which the workers provided related services. The Bank's current deposits in pension funds and compensation insurance policies that come under Section 14 of the Compensation Law exempts it from any additional obligation to employees for the sums deposited as noted above. Therefore, these deposits constitute a defined deposit plan and are recognized as an expense during the deposit to the plan concurrently with the receipt of the work services from the employee.

### (12) Employee Benefits – Provision for Grants

The Bank accumulates its liabilities across the period granting the benefit. All of the components of the cost of the benefit for the period are charged to gain/loss with the exception of components capitalized to software.

### (13) Capital Adequacy and Leverage

The Bank operates under the definition of a "new banking corporation," in accordance with Proper Conduct of Banking Business Directive 480. As of December 31, 2025, the Bank is not required to comply with a capital adequacy ratio or leverage ratio. The Bank must hold a sum of Tier 1 equity of no less than 50 million NIS. For further details on capital requirements and leverage see Note 16b – Capital Adequacy and Leverage.

### (14) Fair Value of Derivative Financial Instruments

The fair value of financial derivatives with an active market has been determined according to market prices quoted in a primary market. In cases where a quoted market price is not available, the fair value estimate is prepared using models that take into account the risks inherent in the derivative instrument. Changes to fair value due to derivative instruments are charged to the Statement of Operations under non-interest financing income.

The bank does not perform accounting hedges and therefore the Bank has no embedded derivatives.

### (15) Receipts on Account of Shares

Receipts received in the issue of a SAFE instrument to investors are classified to the Bank's equity, as the instrument does not have codification 480, and meets all of the rules listed in Subject 815 for classification in the Bank's equity.

## Note 2 – Interest Income and Expenses

In Thousands of NIS	For the Year Ending December 31 2025	For the Year Ending December 31 2024	For the Year Ending December 31 2023
<b>A. Interest income</b>			
From credit to the public	21,417	17,964	9,918
From deposits with banks	1,765	1,391	700
From deposits with the Bank of Israel	116,572	84,386	59,905
<b>Total interest income</b>	<b>139,754</b>	<b>103,741</b>	<b>70,523</b>
<b>B. Interest expenses</b>			
On deposits from the public	(79,191)	(64,088)	(43,075)
On deposits from the Bank of Israel	-	-	(6)
<b>Total interest expenses</b>	<b>(79,191)</b>	<b>(64,088)</b>	<b>(43,081)</b>
<b>Total interest income, net</b>	<b>60,563</b>	<b>39,653</b>	<b>27,442</b>

## Note 3 – Non-Interest Financial Income (Expenses)

In Thousands of NIS	For the Year Ending December 31 2025	For the Year Ending December 31 2024	For the Year Ending December 31 2023
Total from activity with derivative instrument <sup>(1)</sup>	(15,998)	(1,825)	(1,857)
Foreign exchange gains and losses, net	16,157	1,747	728
<b>Total non-interest financial income (expenses)</b>	<b>159</b>	<b>(78)</b>	<b>(1,129)</b>

(1) See Note 19 below.

## Note 4 – Fees

In Thousands of NIS	For the Year Ending December 31 2025	For the Year Ending December 31 2024	For the Year Ending December 31 2023
Account management fees	16,683	14,532	8,803
Credit card fees	10,821	5,593	2,965
Securities activity	7,050	2,741	508
Fees from distribution of financial	464	316	147
Conversion differences	19,052	9,554	2,943
Other fees	2,514	1,464	35
<b>Total fees</b>	<b>56,584</b>	<b>34,200</b>	<b>15,401</b>

## Note 5 – Payroll and Related Expenses

In Thousands of NIS	For the Year Ending December 31 2025	For the Year Ending December 31 2024	For the Year Ending December 31 2023
Payroll	84,143	95,893	107,900
Expense arising from share-based payment transactions <sup>(1)</sup>	10,194	9,274	8,060
Other related expenses, including education fund and paid leave	4,959	4,636	6,839
Social Security and payroll tax <sup>(2)</sup>	3,910	3,963	10,117
Pension expenses (including severance pay and post-employment benefits) <sup>(3)</sup> : defined contribution	16,474	16,822	17,359
Other post-employment benefits	401	1,142	243
<b>Total payroll and related expenses</b>	<b>120,081</b>	<b>131,730</b>	<b>150,518</b>

(1) All transactions are cleared using capital instruments. For further information see Note 15 on "Share-Based Payment Transactions."

(2) Primarily social security expenses. In the matter of payroll tax in 2025, 2024 and 2023, the Bank paid a total payroll tax of 25.9, 24.5 and 26.9 million NIS, respectively. As the bank concluded these years with losses, these sums were not recorded as expenses but rather as advance payments to income tax that will be expected to be repaid over the course of coming years.

(3) See Note 14 on "Employee Rights."

## Note 6 – Other Expenses

In Thousands of NIS	For the Year Ending December 31 2025	For the Year Ending December 31 2024	For the Year Ending December 31 2023
Marketing and advertising	34,935	26,416	52,751
Communications (mail, telephones, delivery and so on)	1,310	2,302	5,430
IT (excluding payroll, depreciation and amortization)	48,358	49,235	59,067
Office expenses	5,393	2,121	6,506
Insurance	2,336	2,700	2,341
Professional services	16,500	22,551	22,199
Directors' compensation	1,100	949	1,191
Fees	11,379	5,919	4,764
Other	3,377	2,312	5,700
<b>Total other expenses</b>	<b>124,688</b>	<b>114,505</b>	<b>159,949</b>

## Note 7 – Taxes on Income

### A. Details on the Tax Environment in which the Bank is Active

The taxes applicable to the profits of banking corporations include corporate tax imposed according to the Income Tax Ordinance and gains tax imposed according to the Value Added Tax Law (and in 2025 and 2024, an additional tax according to the Special Tax Payment Law). The following are the statutory tax rates applicable to banking corporations:

- Corporate tax rate: 23%
- Gains tax rate: 18% and 17% in 2025 and 2024, respectively.
- Special tax rate: 6% and 4.5% in 2025 and 2024, respectively.

Total tax rate: 34.75% and 34.19% in 2025 and 2024, respectively.

### B. Special Payment Law for Achieving Budget Goals (Temporary Provision - Iron Swords), 2024 and Change in Wage and Profit Tax Rate

On March 17 2024, as part of the Balanced Plan Law (Legislative Amendments to Achieve Budget Goals for the 2024 Budget Year) 2024, the Special Payment for Achieving Budget Targets Law (Temporary Provision - Iron Swords), 2024 (hereinafter: "the Law") was published, according to which a bank that does not have a small scope of activity (a bank whose assets value is higher than 5% of the assets value of all banks in Israel, a "Paying Bank") shall pay the State Treasury, for the period from April 1 2024 to December 31 2025 ("the Determining Period"), an annual payment in an amount equal to 6% of the profit it generated from its activities in Israel ("the Annual Payment Sum"). This law had no material impact on the Bank's Financial Statements.

On February 28, 2024 Value Added Tax Order (Tax Rate on Transaction and on the Import of Goods) (Amendment), 2024 was published, according to which starting January 1, 2025 the value added tax rate would increase to 18%. Accordingly, on March 11, 2024 the Knesset approved the Value Added Tax Ordinance (Tax Rate on Non-Profits and Financial Institutions) (Amendment), 2024 according to which the payroll tax and the capital gains tax shall be adapted in accordance with the rate of increase of VAT in 2025 (hereinafter: "the Added Ordinance") The Added Ordinance was published in the records on April 14, 2024.

The bank has no tax assessments that are considered final.

### C. Losses, Deductions and Additions for Tax Purposes Carried Over to Subsequent Years

The Bank has carried-forward losses for tax purposes of 1,130 million NIS for which 260 million NIS were not recognized as a deferred tax asset.

## Note 8 – Cash and Bank Deposits

In Thousands of NIS	As of December 31 2025	As of December 31 2024
Cash and deposits with Bank of Israel	3,062,174	2,172,853
Deposits with commercial banks*	91,011	67,747
<b>Total cash and bank deposits</b>	<b>3,153,185</b>	<b>2,240,600</b>
Of which: cash, bank deposits and deposits in central banks for an original maturity of up to three months.	3,114,111	2,205,120
* Less collective provision for credit losses	41	22

## Note 9 – Credit Risk, Credit to the Public and Provision for Credit Loss

### A. Debts<sup>(1)</sup>, credit to the public and balance of provision for credit losses

In Thousands of NIS	As of December 31 2025					As of December 31 2024				
	Public – commercial	Public – other private	Total public	Banks and governments	Total	Public – commercial	Public – other private	Total public	Banks and governments	Total
<b>Recorded debt balance:</b>										
Debts examined on a specific basis <sup>(2)</sup>	4,097	1,035	5,132	91,052	96,184	9,413	1,465	10,878	67,767	78,645
Debts examined on a collective basis <sup>(3)</sup>	70,207	368,832	439,039	-	439,039	55,238	300,462	355,700	-	355,700
<b>Total recorded debit balance<sup>(4)</sup></b>	<b>74,304</b>	<b>369,867</b>	<b>444,171</b>	<b>91,052</b>	<b>535,223</b>	<b>64,651</b>	<b>301,927</b>	<b>366,578</b>	<b>67,767</b>	<b>434,345</b>
<b>Of which:</b>										
Other non-accruing debts	74	499	573	-	573	124	1,465	1,589	-	1,589
<b>Total non-accruing debts</b>	<b>74</b>	<b>499</b>	<b>573</b>	<b>-</b>	<b>573</b>	<b>124</b>	<b>1,465</b>	<b>1,589</b>	<b>-</b>	<b>1,589</b>
Debts in arrears of 90 days or more	186	1,734	1,920	-	1,920	251	1,836	2,087	-	2,087
Debts in arrears of 30 to 89 days	1,014	4,730	5,744	-	5,744	321	1,626	1,947	-	1,947
Other problematic debts	1,978	8,526	10,504	-	10,504	1,279	5,838	7,117	-	7,117
<b>Total problematic debts</b>	<b>3,252</b>	<b>15,489</b>	<b>18,741</b>	<b>-</b>	<b>18,741</b>	<b>1,975</b>	<b>10,765</b>	<b>12,740</b>	<b>-</b>	<b>12,740</b>
<b>Balance of provision for credit losses:</b>										
Due to debts examined on a specific basis <sup>(2)</sup>	89	363	452	41	493	73	1,032	1,105	22	1,127
Due to debts examined on a collective basis <sup>(3)</sup>	2,231	11,054	13,285	-	13,285	2,400	11,101	13,501	-	13,501
<b>Total balance for credit losses</b>	<b>2,320</b>	<b>11,417</b>	<b>13,737</b>	<b>41</b>	<b>13,778</b>	<b>2,473</b>	<b>12,133</b>	<b>14,606</b>	<b>22</b>	<b>14,628</b>
<b>Of which:</b>										
Due to non-accruing debts	29	180	209	-	209	60	1,000	1,060	-	1,060

(1) Credit to the public, commercial bank deposits and other debts.

(2) Bank deposits, deposits in financial institution (due to clearing customer securities) and restructured debts.

(3) No debts were examined according to the depth of the arrears.

(4) Including standard debts not classified as problematic debts, with the deferral of payments of 180 days or more that has not yet been completed, given during the Iron Swords War to borrowers who were not in financial difficulty to the sum of NIS 101 thousand and NIS 132 thousand as of December 31 2025 and December 31 2024, respectively.

## Note 9 – Credit Risk, Credit to the Public and Provision for Credit Loss (Continued)

### B. Movement in Balance of Provision for Credit Losses

Provision for credit losses  
In Thousands of NIS

	December 31 2025				December 31 2024			
	Public – commercial	Public – other private	Banks and governments	Total	Public – commercial	Public – other private	Banks and governments	Total
Balance of provision for credit loss as of beginning of period	3,076	13,924	22	17,022	2,647	11,673	4	14,324
Expenses on credit losses	988	7,180	19	8,187	2,010	16,782	18	18,810
Accounting write-offs	(1,522)	(10,502)	-	(12,024)	(1,681)	(15,092)	-	(16,773)
Collection of debts written off for accounting purposes in prior years	261	2,269	-	2,530	100	561	-	661
Net accounting write-offs	(1,261)	(8,233)	-	(9,494)	(1,581)	(14,531)	-	(16,112)
<b>Balance of provision for credit losses as of end of period</b>	<b>2,803</b>	<b>12,871</b>	<b>41</b>	<b>15,715</b>	<b>3,076</b>	<b>13,924</b>	<b>22</b>	<b>17,022</b>
Of which: due to off-balance sheet credit instruments:	483	1,454	-	1,937	604	1,790	-	2,394

Provision for credit losses  
In Thousands of NIS

	December 31 2023			
	Public – commercial	Public – other private	Banks and governments	Total
Balance of provision for credit loss as of beginning of period	498	2,348	2	2,848
Expenses on credit losses	2,567	15,666	2	18,235
Accounting write-offs	(418)	(6,341)	-	(6,759)
Collection of debts written off for accounting purposes in prior years	-	-	-	-
Accounting write-offs, net	(418)	(6,341)	-	(6,759)
<b>Balance of provision for credit losses as of end of period</b>	<b>2,647</b>	<b>11,673</b>	<b>4</b>	<b>14,324</b>
Of which: due to off-balance sheet credit instruments:	955	2,763	-	3,718

In accordance with the public reporting regulations, the provisions for credit losses are carried to the statement of income on the date of provision of credit, while interest income from credit is carried to the statement of income throughout the credit period. Therefore, so long as the Bank's credit portfolio is growing at a high rate, a situation is possible in which the credit losses are greater than the credit interest income.

## Note 9 – Credit Risk, Credit to the Public and Provision for Credit Loss (Continued)

### C. Credit Quality and Arrears

In Thousands of NIS	December 31 2025					
	Recorded debt balance				Accumulating debts - additional information	
	in order.	Problematic Accruing	Problematic Not Accruing	Total	In arrears for 90 days or more	In arrears for 30 to 89 days
<b>Borrower activity in Israel</b>						
<b>Public – commercial</b>						
Construction and real estate – construction	2,625	525	-	3,150	5	119
Construction and real estate – real estate activities	2,394	143	15	2,552	1	132
Financial services	5,232	203	-	5,435	3	111
Commercial – other	56,856	2,308	59	59,223	177	1,283
<b>Total commercial</b>	<b>67,107</b>	<b>3,179</b>	<b>74</b>	<b>70,360</b>	<b>186</b>	<b>1,645</b>
Private individuals – other	354,380	14,988	499	369,867	1,734	7,384
<b>Total credit to the public – activity in Israel</b>	<b>421,487</b>	<b>18,167</b>	<b>573</b>	<b>440,227</b>	<b>1,920</b>	<b>9,029</b>
<b>Borrowers' activity abroad</b>						
Other commercial	3,944	-	-	3,944	-	-
<b>Total credit to the public – activity abroad</b>	<b>3,944</b>	<b>-</b>	<b>-</b>	<b>3,944</b>	<b>-</b>	<b>-</b>
<b>Total credit to the public</b>	<b>425,431</b>	<b>18,167</b>	<b>573</b>	<b>444,171</b>	<b>1,920</b>	<b>9,029</b>

## Note 9 – Credit Risk, Credit to the Public and Provision for Credit Loss (Continued)

### C. Credit Quality and Arrears (Continued)

In Thousands of NIS	December 31 2024					
	Recorded debt balance				Accumulating debts - additional information	
	in order.	Problematic Accruing	Problematic Not Accruing	Total	In arrears for 90 days or more	In arrears for 30 to 89 days
<b>Borrower activity in Israel</b>						
<b>Public – commercial</b>						
Construction and real estate – construction	2,485	407	17	2,909	-	-
Construction and real estate – real estate activities	1,476	14	7	1,497	-	-
Financial services	4,875	22	-	4,897	-	-
Commercial – other	44,550	1,409	100	46,059	251	321
<b>Total commercial</b>	<b>53,386</b>	<b>1,852</b>	<b>124</b>	<b>55,362</b>	<b>251</b>	<b>321</b>
Private individuals – other	291,138	9,324	1,465	301,927	1,836	1,627
<b>Total credit to the public – activity in Israel</b>	<b>344,524</b>	<b>11,176</b>	<b>1,589</b>	<b>357,289</b>	<b>2,087</b>	<b>1,948</b>
<b>Borrowers' activity abroad</b>						
Other commercial	9,289	-	-	9,289	-	-
<b>Total credit to the public – activity abroad</b>	<b>9,289</b>	<b>-</b>	<b>-</b>	<b>9,289</b>	<b>-</b>	<b>-</b>
<b>Total credit to the public</b>	<b>353,813</b>	<b>11,176</b>	<b>1,589</b>	<b>366,578</b>	<b>2,087</b>	<b>1,948</b>

## Note 9 – Credit Risk, Credit to the Public and Provision for Credit Loss (Continued)

### D. Quality of Credit by Credit Granting Years

As of December 31 2025 In Thousands of NIS	Recorded debt balance of fixed term credit to the public provided in				Recorded debt balance on renewing loans	Total
	2025	2024	2023	2022		
Borrower activity in Israel						
Commercial – other	19,939	10,907	4,796	202	34,516	70,360
Credit not in arrears and with implementation rating	18,035	9,505	3,510	111	28,835	59,996
Credit not in arrears and without implementation rating	1,792	981	998	35	4,110	7,916
Accruing problematic credit	106	353	288	56	1,571	2,374
Non-accruing credit	6	68	-	-	-	74
Accounting write-offs over the course of the year	84	122	117	-	1,443	1,766
Private individuals – other	135,944	65,948	27,746	3,131	137,098	369,867
Credit not in arrears and with implementation rating	126,748	58,881	22,528	2,197	115,656	326,010
Credit not in arrears and without implementation rating	8,163	6,528	4,561	837	14,151	34,240
30-89 days in arrears	336	415	449	97	6,087	7,384
Over 90 days in arrears	252	70	208	-	1,204	1,734
Non-accruing credit	445	54	-	-	-	499
Accounting write-offs over the course of the year	278	605	1,292	213	9,650	12,038
<b>Total credit to the public – activity in Israel</b>	<b>155,883</b>	<b>76,855</b>	<b>32,542</b>	<b>3,333</b>	<b>171,614</b>	<b>440,227</b>
Borrower's activity abroad	3,944	-	-	-	-	3,944
Non-problematic credit <sup>(1)</sup>	3,944	-	-	-	-	3,944
<b>Total credit to the public</b>	<b>159,827</b>	<b>76,855</b>	<b>32,542</b>	<b>3,333</b>	<b>171,614</b>	<b>444,171</b>

(1) Liability of a financial institution for the clearance of customers' foreign securities

## Note 9 – Credit Risk, Credit to the Public and Provision for Credit Loss (Continued)

### D. Quality of Credit by Credit Granting Years (Continued)

As of December 31 2024 In Thousands of NIS	Recorded debt balance of fixed term credit to the public provided in			Recorded debt balance on renewing loans	Total
	2024	2023	2022		
<b>Borrower activity in Israel</b>					
Commercial – other	21,782	7,838	376	25,366	55,362
Credit not in arrears and with implementation rating	20,218	6,622	260	21,843	48,943
Credit not in arrears and without implementation rating	1,037	956	44	2,340	4,377
Accruing problematic credit	403	260	72	1,183	1,918
Non-accruing credit	124	-	-	-	124
Accounting write-offs over the course of the year	77	195	-	1,555	1,827
<b>Private individuals – other</b>	<b>135,706</b>	<b>55,324</b>	<b>7,122</b>	<b>103,775</b>	<b>301,927</b>
Credit not in arrears and with implementation rating	123,745	48,946	6,165	92,067	270,923
Credit not in arrears and without implementation rating	9,955	5,376	957	9,788	26,076
30-89 days in arrears	208	513	-	906	1,627
Over 90 days in arrears	333	489	-	1,014	1,836
Non-accruing credit	1,465	-	-	-	1,465
Accounting write-offs over the course of the year	380	3,547	617	11,194	15,738
<b>Total credit to the public – activity in Israel</b>	<b>157,488</b>	<b>63,162</b>	<b>7,498</b>	<b>129,141</b>	<b>357,289</b>
<b>Borrower's activity abroad</b>	<b>9,289</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,289</b>
Non-problematic credit <sup>(1)</sup>	9,289	-	-	-	9,289
<b>Total credit to the public</b>	<b>166,777</b>	<b>63,162</b>	<b>7,498</b>	<b>129,141</b>	<b>366,578</b>

(1) Liability of a financial institution for the clearance of customers' foreign securities

## Note 9 – Credit Risk, Credit to the Public and Provision for Credit Loss (Continued)

### E. Credit to the Public – Additional Information – Non-Accruing Debt

In Thousands of NIS

As of December 31 2025

	Balance of non - accruing debts for which a provision exists	Balance of provision	Balance of non - accruing debts for which no provision exists	Total balance of non-accruing debts	Contractual principal balance of non- accruing debts	Interest income recorded	Balance of non - accruing debts for which a provision exists
<b>Borrower Activity in Israel</b>							
Commercial – other	74	29	-	74	99	-	-
Private individuals – other	499	180	-	499	548	-	-
<b>Total activity in Israel</b>	<b>573</b>	<b>209</b>	<b>-</b>	<b>573</b>	<b>647</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>573</b>	<b>209</b>	<b>-</b>	<b>573</b>	<b>647</b>	<b>-</b>	<b>-</b>

In Thousands of NIS

As of December 31 2024

	Balance of non - accruing debts for which a provision exists	Balance of provision	Balance of non - accruing debts for which no provision exists	Total balance of non-accruing debts	Contractual principal balance of non- accruing debts	Interest income recorded	Balance of non - accruing debts for which a provision exists
<b>Borrower Activity in Israel</b>							
Commercial – other	124	60	-	124	148	-	-
Private individuals – other	1,465	1,000	-	1,465	1,415	-	-
<b>Total activity in Israel</b>	<b>1,589</b>	<b>1,060</b>	<b>-</b>	<b>1,589</b>	<b>1,563</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1,589</b>	<b>1,060</b>	<b>-</b>	<b>1,589</b>	<b>1,563</b>	<b>-</b>	<b>-</b>

## Note 9 – Credit Risk, Credit to the Public and Provision for Credit Loss (Continued)

### F. Credit Quality and Delinquency Status of Debts of Borrowers in Financial Difficulties that Underwent a Change in Terms

In Thousands of NIS

	December 31 2025				
	Recorded debt balance				
	Problematic		Not problematic		
	Not accumulating	Accrued Interest Revenues	In arrears for 30 days or more	Not in arrears	Total
<u>Borrower Activity in Israel</u>					
Commercial	74	144	-	60	278
Private individuals – other	499	680	-	341	1,520
Total credit to the public – activity in Israel	573	824	-	401	1,798
Total credit to the public – activity abroad	-	-	-	-	-
<b>Total credit to the public</b>	<b>573</b>	<b>824</b>	<b>-</b>	<b>401</b>	<b>1,798</b>

	December 31 2024				
	Recorded debt balance				
	Problematic		Not problematic		
	Not accumulating	Accrued Interest Revenues	In arrears for 30 days or more	Not in arrears	Total
<u>Borrower Activity in Israel</u>					
Commercial	124	-	-	290	414
Private individuals – other	1,465	157	-	265	1,887
Total credit to the public – activity in Israel	1,589	157	-	555	2,301
Total credit to the public – activity abroad	-	-	-	-	-
<b>Total credit to the public</b>	<b>1,589</b>	<b>157</b>	<b>-</b>	<b>555</b>	<b>2,301</b>

## Note 9 – Credit Risk, Credit to the Public and Provision for Credit Loss (Continued)

### G. Credit Quality and Delinquency Status of Debts of Borrowers in Financial Difficulties that Underwent a Change in Terms During the Reported Year

In Thousands of NIS

	Debts of borrowers in financial difficulties that have undergone a change in terms in 2025					Accounting write-offs 2025
	Recorded debt balance					
	Problematic		Not problematic			
	Not accumulating	Accrued Interest Revenues	In arrears for 30 days or more December 31 2025	Not in arrears	Total	
<u>Borrower Activity in Israel</u>						
Commercial	68	79	-	-	147	190
Private individuals – other	445	311	-	44	800	55
Total credit to the public – activity in Israel	513	390	-	44	947	245
Total credit to the public – activity abroad	-	-	-	-	-	-
<b>Total credit to the public</b>	<b>513</b>	<b>390</b>	<b>-</b>	<b>44</b>	<b>947</b>	<b>245</b>

	Debts of borrowers in financial difficulties that have undergone a change in terms in 2024					Accounting write-offs 2024
	Recorded debt balance					
	Problematic		Not problematic			
	Not accumulating	Accrued Interest Revenues	In arrears for 30 days or more December 31 2024	Not in arrears	Total	
<u>Borrower Activity in Israel</u>						
Commercial	124	-	-	290	414	69
Private individuals – other	1,465	157	-	163	1,785	1
Total credit to the public – activity in Israel	1,589	157	-	453	2,199	70
Total credit to the public – activity abroad	-	-	-	-	-	-
<b>Total credit to the public</b>	<b>1,589</b>	<b>157</b>	<b>-</b>	<b>453</b>	<b>2,199</b>	<b>70</b>

## Note 9 – Credit Risk, Credit to the Public and Provision for Credit Loss (Continued)

### H. Credit Quality and Delinquency Status of Debts of Borrowers in Financial Difficulties that Underwent a Change in Terms During the Reported Year

In Thousands of NIS

	Debts of borrowers in financial difficulties that have undergone a change in terms					
	Total		Type of Change			
	Recorded debt balance	% of Total	Waiver of principal	Waiver of interest	Period extension	Deferral of payments
				In 2025		
<u>Borrower Activity in Israel</u>						
Commercial	147	0.20%	-	-	147	-
Private individuals – other	800	0.22%	-	-	800	-
Total credit to the public – activity in Israel	947	0.21%	-	-	947	-
Total credit to the public – activity abroad	-	-	-	-	-	-
<b>Total credit to the public</b>	<b>947</b>	<b>0.21%</b>	<b>-</b>	<b>-</b>	<b>947</b>	<b>-</b>

	Financial effects of changing the terms of debts of borrowers in financial difficulties			
	Type of Change			
	Waiver of principal (Thousands of NIS)	Average interest waiver %	Average period extension Months	Average deferral of payments Months
<u>Borrower Activity in Israel</u>				
Commercial	-	-	40	-
Private individuals – other	-	-	19	-
Total credit to the public – activity in Israel	-	-	24	-
Total credit to the public – activity abroad	-	-	-	-
<b>Total credit to the public</b>	<b>-</b>	<b>-</b>	<b>24</b>	<b>-</b>

## Note 9 – Credit Risk, Credit to the Public and Provision for Credit Loss (Continued)

### H. Credit Quality and Delinquency Status of Debts of Borrowers in Financial Difficulties that Underwent a Change in Terms During the Reported Year (Continued)

In Thousands of NIS

	Debts of borrowers in financial difficulties who defaulted <sup>(1)</sup> in the reported year after undergoing a change in terms				
	Total	Type of Change			
	Recorded debt balance	Waiver of principal	Waiver of interest	Period extension	Deferral of payments
			In 2025		
<u>Borrower Activity in Israel</u>					
Commercial	98	-	-	98	-
Private individuals – other	215	-	-	215	-
Total credit to the public – activity in Israel	313	-	-	313	-
Total credit to the public – activity abroad	-	-	-	-	-
<b>Total credit to the public</b>	<b>313</b>	<b>-</b>	<b>-</b>	<b>313</b>	<b>-</b>

(1) Debts of borrowers in financial difficulties that became debts in arrears of 30 days or more during the reporting year, which underwent a change in terms during the 12 months preceding the date on which they became a debt in arrears.

In Thousands of NIS

	Debts of borrowers in financial difficulties that have undergone a change in terms					
	Total	Type of Change				
	Recorded debt balance	% of Total	Waiver of principal	Waiver of interest	Period extension	Deferral of payments
			In 2024			
<u>Borrower Activity in Israel</u>						
Commercial	414	0.64%	-	-	414	-
Private individuals – other	1,785	0.59%	-	-	1,785	-
Total credit to the public – activity in Israel	2,199	0.60%	-	-	2,199	-
Total credit to the public – activity abroad	-	-	-	-	-	-
<b>Total credit to the public</b>	<b>2,199</b>	<b>0.60%</b>	<b>-</b>	<b>-</b>	<b>2,199</b>	<b>-</b>

## Note 9 – Credit Risk, Credit to the Public and Provision for Credit Loss (Continued)

### H. Credit Quality and Delinquency Status of Debts of Borrowers in Financial Difficulties that Underwent a Change in Terms During the Reported Year (Continued)

	Financial effects of changing the terms of debts of borrowers in financial difficulties			
	Type of Change			
	Waiver of principal	Average interest waiver	Average period extension	Average deferral of payments
	(Thousands of NIS)	%	Months	Months
	In 2024			
<u>Borrower Activity in Israel</u>				
Commercial	-	-	39	-
Private individuals – other	-	-	39	-
Total credit to the public – activity in Israel	-	-	39	-
Total credit to the public – activity abroad	-	-	-	-
<b>Total credit to the public</b>	<b>-</b>	<b>-</b>	<b>39</b>	<b>-</b>

	Debts of borrowers in financial difficulties who defaulted <sup>(1)</sup> in the reported year after undergoing a change in terms				
	Total Recorded debt balance	Type of Change			
		Waiver of principal	Waiver of interest	Period extension	Deferral of payments
		In 2024			
<u>Borrower Activity in Israel</u>					
Commercial	33	-	-	33	-
Private individuals – other	222	-	-	222	-
Total credit to the public – activity in Israel	255	-	-	255	-
Total credit to the public – activity abroad	-	-	-	-	-
<b>Total credit to the public</b>	<b>255</b>	<b>-</b>	<b>-</b>	<b>255</b>	<b>-</b>

- (1) Debts of borrowers in financial difficulties that became debts in arrears of 30 days or more during the reporting year, which underwent a change in terms during the 12 months preceding the date on which they became a debt in arrears.

## Note 9 – Credit Risk, Credit to the Public and Provision for Credit Loss (Continued)

### I. Credit to the public – Additional Information on Non-Non-Accruing Credit in Debt

In Thousands of NIS Recorded debt balance	As of December 31 2025				
	Not in arrears for 90 days or more	In arrears for 90 days to 179 days	In arrears for 180 days to one year	In arrears for over one year and up to 3 years	Total
<b>Borrower Activity in Israel</b>					
Commercial – other	36	38	-	-	74
Private individuals – other	467	32	-	-	499
<b>Total</b>	<b>503</b>	<b>70</b>	<b>-</b>	<b>-</b>	<b>573</b>

In Thousands of NIS Recorded debt balance	As of December 31 2024				
	Not in arrears for 90 days or more	In arrears for 90 days to 179 days	In arrears for 180 days to one year	In arrears for over one year and up to 3 years	Total
<b>Borrower Activity in Israel</b>					
Commercial – other	124	-	-	-	124
Private individuals – other	1,420	45	-	-	1,465
<b>Total</b>	<b>1,544</b>	<b>45</b>	<b>-</b>	<b>-</b>	<b>1,589</b>

## Note 9 – Credit Risk, Credit to the Public and Provision for Credit Loss (Continued)

### J. Balances of credit to the public and off-balance sheet credit risk by size of borrower credit individual borrower:

In Thousands of NIS	As of December 31 2025			As of December 31 2024		
	No. of borrowers <sup>(1)</sup>	Credit <sup>(2)</sup>	Non-balance sheet credit risk <sup>(3)</sup>	No. of borrowers <sup>(1)</sup>	Credit <sup>(2)</sup>	Non-balance sheet credit risk <sup>(3)</sup>
Credit for borrower						
Credit per borrower of up to 10	53,972	23,631	149,199	39,831	16,994	70,408
Credit per borrower from 10 to 20	13,020	37,012	153,434	9,695	26,671	118,169
Credit per borrower from 20 to 40	13,001	69,248	287,578	12,295	54,415	294,869
Credit per borrower from 40 to 80	6,687	86,450	275,376	7,220	70,735	314,668
Credit per borrower from 80 to 150	1,842	101,409	93,173	1,736	88,123	94,819
Credit per borrower from 150 to 300	650	103,551	26,173	550	87,589	23,422
Credit per borrower from 300 to 600	64	18,926	3,092	41	12,762	1,643
Credit per borrower from 600 to 2,000	-	-	-	-	-	-
Credit per borrower from 2000 to 4000	1 <sup>(4)</sup>	3,944	-	-	-	-
Credit per borrower from 4,000 to 8,000	-	-	-	-	-	-
Credit per borrower from 8,000 to 20,000	-	-	-	1 <sup>(4)</sup>	9,289	-
<b>Total credit to the public</b>	<b>89,237</b>	<b>444,171</b>	<b>988,025</b>	<b>71,369</b>	<b>366,578</b>	<b>917,998</b>

(1) The number of borrowers is calculated according to both the off-balance credit risk and credit risk, based on the recognized debt.

(2) Off-balance credit risk and credit risk are presented according to the impact of the provision for credit loss, and according to the impact of collaterals that are deductible for the purpose of the indebtedness of borrower or a group of borrowers.

(3) Credit risk in off-balance sheet instruments as calculated for the purpose of the limit on the indebtedness of borrower

(4) Obligation to financial Bank in respect of customers' foreign securities settlement

### k. Off-Balance Financial Instruments

In Thousands of NIS	As of December 31 2025		As of December 31 2024	
	Balance	Provision for credit losses	Balance	Provision for credit losses
Unused limits on credit cards	792,655	589	743,241	598
Unused checking accounts and other on-call credit facilities	181,985	1,216	166,317	1,716
Guarantees	13,385	132	8,440	80
<b>Total off-balance financial instruments</b>	<b>988,025</b>	<b>1,937</b>	<b>917,998</b>	<b>2,394</b>

## Note 10 – Buildings and Equipment

### A. Composition

In Thousands of NIS	Equipment and furnishings <sup>(2)</sup>	Computers and peripherals	Software costs <sup>(1)</sup>	Total
<b>Cost of assets</b>				
Balance as of December 31 2023	5,713	17,861	172,159	195,733
Additions	-	698	50,216	50,914
Amortizations	(2,246)	-	(174)	(2,420)
Balance as of December 31 2024	3,467	18,559	222,201	244,227
Additions	195	1,157	51,602	52,954
Balance as of December 31 2025	3,662	19,716	273,803	297,181
<b>Accumulated depreciation</b>				
Balance as of December 31 2023	2,249	10,355	39,546	52,150
Additions	664	4,416	36,328	41,408
Balance as of December 31 2024	2,913	14,771	75,874	93,558
Additions	514	3,190	46,938	50,642
Balance as of December 31 2025	3,427	17,961	122,812	144,200
<b>Carrying amount</b>				
Balance as of December 31 2023	3,464	7,506	132,613	143,583
Balance as of December 31 2024	554	3,788	146,327	150,669
Balance as of December 31 2025	235	1,755	150,991	152,981
<b>Weighted depreciation rate</b>				
As of December 31 2023	30.6%	45.6%	16.5%	19.5%
As of December 31 2024	9.7%	24.3%	18.4%	18.6%
As of December 31 2025	14.4%	16.7%	18.9%	18.7%

- (1) Including capitalized expenses in relation with the development costs of proprietary software for internal-use the cost of which (before depreciation) amounted to a total of NIS 248,757 thousand as of December 31 2025 (as of December 31 2024 –NIS 200,361 thousand), and whose cost after depreciation amounted to NIS 136,704 thousand as of December 31 2025 (as of December 31 2024 –NIS 131,477 thousand).
- (2) Including installations and leasehold improvements

## Note 10 – Buildings and Equipment (Continued)

### B. Information on Leases

The rental agreement of the Bank's offices is classified as an operating lease (hereinafter the Lease). The term of the Lease is determined using the non-cancellable period of the lease plus periods covered by an option to extend if the lessee is reasonably certain to exercise the extension option. Since the interest rate implicit in a lease is not readily determined, the incremental interest rate is used, which is the rate the Bank would pay if engaging on the date of the agreement in a transaction to finance the non-cancellable lease payments, with the asset and the relevant term of the transaction serving as the sole collateral. For additional information about the lease agreement, see also Note 17.

The Bank does not have lease arrangements classified as financial leases.

The Bank moved to new offices over the course of 2023. The lease agreement is treated as a lease in the Financial Statements.

As of the balance sheet date, some of the office space rented by the Bank is subleased to a secondary tenant. The balance of the impairment provision for these areas as of December 31 2025 and 2024 is 1.2 million NIS and 4.8 million NIS, respectively.

In February 2026, subsequent to the balance sheet date, the Bank signed an update to the lease agreement with the lessor to reduce the leased area and to vacate floor 1 of the 4 floors leased by the Bank up to that date.

#### 1. Lease expenses

In Thousands of NIS

Operating lease expenses

<u>As of December 31 2025</u>	<u>As of December 31 2024</u>	<u>As of December 31 2023</u>
15,464	21,323	22,196

#### 2. Additional information on leases

In Thousands of NIS

Cash paid on balances included in measurement of lease liabilities:

Cash flow used in operating activity in respect of operating leases

Right-of-use assets recognized in respect of new operating leases

Weighted average of remaining terms of operating lease (in years)

Weighted average of discount rate on operating leases (%)

<u>As of December 31 2025</u>	<u>As of December 31 2024</u>	<u>As of December 31 2023</u>
19,173	21,926	17,697
-	-	85,478
2.2	2.6	3.0
6.6	6.7	6.8

## Note 10 – Buildings and Equipment (Continued)

### 3. Non-discounted cash flows – liabilities for subleases

In Thousands of NIS	As of December 31 2025		As of December 31 2024	
	Non-capitalized cash flows	Liabilities due to leases	Non-capitalized cash flows	Liabilities due to leases
Up to One Year	14,927	14,649	16,678	15,017
From 1 to 2 Years	14,927	13,715	14,892	13,715
From 2 to 3 Years	14,927	12,840	14,892	12,840
From 3 to 4 Years	14,927	12,021	14,892	12,021
From 4 to 5 Years	4,976	3,834	14,892	11,254
Over 5 Years	-	-	4,964	3,589
<b>Total</b>	<b>64,684</b>	<b>57,059</b>	<b>81,210</b>	<b>68,436</b>

## Note 11 – Other Assets

In Thousands of NIS	As of December 31 2025	As of December 31 2024
Right of use assets in respect of operating lease <sup>(1)</sup>	53,839	62,780
Income tax advances, net	47,580	75,281
Other receivables and debit balances	41,505	32,662
<b>Total other assets</b>	<b>142,924</b>	<b>170,723</b>

(1) For additional information, see Note 10B on "Information regarding leases".

## Note 12 – Deposits from the Public

### A. Types of deposits by type of depositor, in Israel

In Thousands of NIS	As of December 31 2025	As of December 31 2024
On demand		
Non-interest-bearing	1,289,199	820,754
Interest-bearing	227,989	175,721
Total on demand deposits	1,517,188	996,475
For fixed term	2,050,489	1,581,664
<b>Total deposits from the public</b>	<b>3,567,677</b>	<b>2,578,139</b>
Of which: deposits by individuals	2,922,700	2,127,114
Of which: deposits of others (dealers)	644,977	451,025

### B. Deposits of the public by size, in Israel

In Thousands of NIS	As of December 31 2025	As of December 31 2024
Cap on deposits in million NIS		
Up to 1	3,063,221	2,181,748
From 1 to 10	504,456	396,391
<b>Total deposits from the public</b>	<b>3,567,677</b>	<b>2,578,139</b>

## Note 13 – Other Liabilities

In Thousands of NIS	As of December 31 2025	As of December 31 2024
Payables for payroll <sup>(1)</sup>	18,985	20,022
Accrued expenses <sup>(2)</sup>	39,566	34,002
Payables for credit card activity	141,966	100,793
Operating lease liabilities <sup>(3)</sup>	57,059	68,436
Provision for credit losses for off-balance sheet credit risk	1,937	2,394
Other payables and credit balances	1,617	6,524
<b>Total other liabilities</b>	<b>261,130</b>	<b>232,171</b>

(1) Of this, NIS 4,415 thousand for a vacation and convalescence provision (in 2024 –NIS 5,274 thousand)

(2) Of which, NIS 2,469 thousand for buildings and equipment (including software assets) and NIS 12,472 thousand accrued expenses for the banking IT services bureau (in 2024 NIS 4,266 thousand and NIS 14,886 thousand respectively), see Note 17(a).

(3) For additional information, see Note 10B on "Information regarding leases".

## Note 14 – Employee Rights

**Labor and pay agreements at the bank** – All employees work under individual contracts.

**Retirement benefits** – the Bank has committed to all employees to transfer to their possession all retirement benefits accumulated in recognized severance pay and pension funds (under Section 14 to the Severance Pay Law) upon the end of employment for any reason, with some very rare exceptions. The Bank has no defined benefit plan.

**Vacations** – according to the law and labor agreements, Bank employees are entitled to annual vacation days. According to the Bank's policy, as a rule, up to 10 vacation days can be accumulated by the end of the year. The balance of the vacation provision as of the balance sheet date amounts to 4.4 million NIS (4.9 million NIS in 2024), and is included in the financial statements in the "Employees for Payroll" section and under "Other Liabilities."

**Share-based payment** – For information about share-based payment, see note 15.

### Retirement Agreement of Former CEO

On December 31, 2024, Gal Bar Dea ended his term as Bank CEO ("the Retiring CEO"), and on June 30 2025, his employment at the Bank ended. The Retiring CEO is entitled to retirement terms as stipulated in the employment agreement and the retirement agreement between him and the Bank, and is also subject to a non-compete period as stipulated in the retirement agreement. In addition, the Bank accelerated the vesting of the remaining RSU units that were granted to the Retiring CEO as part of his employment agreement with the Bank and that had not yet vested at the termination of his employment.

### Bank Compensation Policy

On March 18, 2024 the Bank Board of Directors approved a compensation policy for a 3-year period.

The Bank's compensation policy combines the directives of the Supervisor of Banks on the subject of "Compensation Policy in Banking Corporation", and Proper Bank Management Directive A301 which establishes rules intended to ensure that the compensation arrangements in the banking corporation will be consistent with the risk management framework and with the long-term goals of the banking corporation.

The compensation policy is also subject to the Compensation of Officers in Financial Corporations Law (Special Approval and Non-Deductibility of Tax Expense due to Unusual Benefits), 2016, hereinafter the Executive Compensation in Financial Corporations Law. This law establishes, among other things, that an engagement of a financial corporation that includes the issue of remuneration, the projected expenses of which, as calculated as of the approval date in accordance with generally accepted accounting principles, is expected to exceed 2.5 million NIS per year (CPI-linked), will not be approved, unless the ratio between the projected expenses due to the compensation in question, and the expense due to the lowest compensation paid by the financial corporation for a corporation worker in the year prior to the engagement year, is smaller than 35. In this regard, compensation includes, among other things, retirement compensation that is not pension payment and which is no severance pay in accordance with the law. In addition, the law sets rules in the matter of not permitting the deduction of the surpluses expense for the purpose of calculating the income liable for income tax.

## Note 15 – Share-Based Payment Transactions

The Bank has granted a share-based payment to Bank directors, senior management and employees (classification to populations is based on the employee's status upon granting) as follows:

Serial no.	Granting Year	Population	Instrument Type	Total	Vesting Timetable	Implementation Conditions
A.	2020	CEO	Options	500,000	50% on January 1 2021, 6.25% each additional quarter	An unrestricted bank license, meeting revenue targets or customer recruitment targets
B.	2020	CEO	RSU	500,000	Starting on March 31 2023, 6.25% each additional quarter	An unrestricted bank license, meeting revenue targets or customer recruitment targets
C.	2020	Management	Options	1,340,000	50% after two years, 25% each additional year	An unrestricted bank license, meeting revenue targets or customer recruitment targets
D.	2020	Employees	Options	1,335,000	50% after two years, 25% each additional year	None
E.	2021	Employees	Options	1,848,500	50% after two years, 25% each additional year	None
F.	2022	Employees	Options	134,000	50% after two years, 25% each additional year	None
G.	2022	Management	Options	330,000	6.25% each quarter	Compliance with regulatory relationships
H.	2022	Management	Options	136,000	50% after two years, 6.25% each additional quarter	Compliance with regulatory relationships
I.	2023	Management	Options	50,000	50% after two years, 6.25% each additional quarter	Compliance with regulatory relationships
J.	2022	Employees	Options	963,000	50% after two years, 6.25% each additional quarter	None
K.	2022	Employees	Options	247,000	6.25% each quarter	None
L.	2023	CEO	Options	50,000	6.25% each quarter	Compliance with regulatory relationships
M.	2023	Employees	Options	443,000	50% after two years, 6.25% each additional quarter	None
N.	2023	Employees	Options	828,400	6.25% each quarter	None
O.	2024	Employees	RSU	1,351,204	80% on April 1 2025, 18% on April 1, 2026, 2% on April 1, 2027	None
P.	2024	Employees	RSU	124,500	50% after two years, 6.25% each additional quarter	None
Q.	2024	Management	RSU	504,225	1/3 on April 1, 2025, 1/3 on October 6, 2026, 1/3 on October 6, 2027	Compliance with regulatory relationships
R.	2024	Management	RSU	36,667	1/3 on April 1, 2025, 1/3 on November 13, 2026, 1/3 on November 13, 2027	Compliance with regulatory relationships
S.	2024	Management	RSU	50,000	50% after two years, 6.25% each additional quarter	Compliance with regulatory relationships
T.	2024	CEO	RSU	250,000	1/3 every year	Compliance with regulatory relationships
U.	2025	Employees	RSU	255,900	50% after two years, 6.25% each additional quarter	None

V. On November 13 2024, the Bank's Board of Directors approved a resolution to provide capital remuneration to the Chairman of the Board of Directors. On December 19 2024, the General Meeting approved the remuneration. Accordingly, the Bank Chairman was granted shares worth NIS 42 thousand per month, for the period from August 2024 to June 2025. Within this framework, the Chairman of the Board of Directors was granted up 51,333 RSU units.

## Note 15 – Share-Based Payment Transactions (Continued)

The following are details on share-based payment transactions discharged using capital instruments<sup>(1)</sup>:

Number of Units as of December 31, 2025	Chief Executive Officer		Chairman of the Board of Directors		Members of Management <sup>(2)</sup>		Employees		Total
	RSU	Options	RSU	Options	RSU	Options	RSU	Options	
Outstanding at the beginning of the year	500,000	550,000	23,333	850,000	590,892	1,178,750	1,410,860	2,831,221	7,935,056
Granted during the year	-	-	28,000	-	-	-	227,900	-	255,900
Realized/vested during the year	(333,333)	-	(51,333)	-	(180,291)	-	(996,113)	(180,143)	(1,741,213)
Cancelled during the year	-	(550,000)	-	-	(148,150)	(144,613)	(144,760)	(577,589)	(1,565,112)
<b>Outstanding at the end of the year</b>	<b>166,667</b>	<b>-</b>	<b>-</b>	<b>850,000</b>	<b>262,451</b>	<b>1,034,137</b>	<b>497,887</b>	<b>2,073,489</b>	<b>4,884,631</b>
Of these: exercisable	-	-	-	850,000	-	931,873	-	1,784,486	3,566,359
<u>Additional Data</u>									
Average value for granting this year	-	-	9.00	-	-	-	9.00	-	9.00
Average value for cancellations this year	-	2.52	-	-	9.00	3.56	9.00	5.21	4.82
The weighted average of the balance of the life span	-	-	-	4.73	-	4.22	-	5.28	3.96
Average exercisable fair value	-	-	-	2.01	-	4.56	-	4.99	4.17
Weighted average of the balance of the exercisable life span	-	-	-	4.73	-	3.92	-	4.99	4.65

Number of Units as of December 31 2024	CEO		Chairman of the Board of Directors		Members of Management <sup>(2)</sup>		Employees		Total
	RSU	Options	RSU	Options	RSU	Options	RSU	Options	
Outstanding at the beginning of the year	500,000	550,000	-	850,000	-	2,016,375	-	3,948,398	7,864,773
Granted during the year	250,000	-	23,333	-	590,892	-	1,475,704	-	2,339,929
Realized during the year	(250,000)	-	-	-	-	(263,550)	-	(304,057)	(817,607)
Cancelled during the year	-	-	-	-	-	(574,075)	(64,844)	(813,120)	(1,452,039)
<b>Outstanding at the end of the year</b>	<b>500,000</b>	<b>550,000</b>	<b>23,333</b>	<b>850,000</b>	<b>590,892</b>	<b>1,178,750</b>	<b>1,410,860</b>	<b>2,831,221</b>	<b>7,935,056</b>
Of these: exercisable	-	518,750	23,333	850,000	-	881,873	-	1,802,960	4,076,916
<u>Additional Data</u>									
Average value for granting this year	9.00	-	9.00	-	9.00	-	9.00	-	9.00
Average value for cancellations this year	-	-	-	-	-	4.13	9.00	6.60	5.73
The weighted average of the balance of the life span	-	5.94	-	5.72	-	6.06	-	6.58	4.27
Average exercisable fair value	-	2.21	9.00	2.01	-	3.86	-	4.27	3.47
Weighted average of the balance of the exercisable life span	-	5.80	-	5.72	-	5.49	-	5.91	5.73

1. The classification to populations is based on the employee's status upon granting

2. Including key employees

## Note 16 – Equity, Capital Adequacy, Leverage and Liquidity

### A. Equity

Regular shares worth 0.01 NIS NV	Registered	Issued and Paid - Up
As of December 31 2025*	1,000,000,000	124,076,558
As of December 31, 2024	1,000,000,000	122,335,345
As of December 31, 2023	200,000,000	121,517,738

\* On December 19 2024, the Bank's General Meeting approved the increase in the Bank's registered capital to 10 million NIS, divided into 1 billion shares, worth 0.01 NV.

#### (1) Stock offering

On February 28 2023 some 19.7 million shares were issued in return for 214 million NIS.

#### (2) Option Exercises and Blocked Share Unit Vesting

Over the course of 2023 179,000 option units were exercised by departing workers in return for 0.6 million NIS. In addition, over the course of 2023 blocks were removed from 125,000 RSUs of the former CEO.

During 2024, 567,607 option units were exercised by employees who left in exchange for approximately 2.1 million NIS.

Over the course of 2024 a block was removed from 125,000 RSU of the former CEO.

During 2025, 180,143 option units were exercised by employees who left in exchange for approximately 0.7 million NIS.

Over the course of 2025 a block was removed from 1,561,070 RSU (see Note 15 for details)

#### (3) SAFE Offering

In 2023 the Bank raised capital from existing Bank shareholders through a SAFE agreement (hereinafter "SAFE 2023"). According to the terms of SAFE 2023 agreement, the shareholder injected capital to the Bank without determining a value for the Bank/per share, with the allocation of shares to a shareholder taking part in the offering only taking place upon the occurrence of events defined in the SAFE ("Conversion Event").

Until the Conversion Event occurs, the shareholder shall not be entitled to receive dividends or other payments from the Bank.

Within the framework of SAFE 2023 80.7 million NIS (some \$21.7 million) was transferred to the Bank by the bank's existing shareholders at the end of 2023, with this sum appearing under "Receipts on Account of Shares" in the Report on Changes in Equity.

Over the course of January to November 2024 the Bank raised a cumulative sum of 219 million NIS (some \$60 million) from existing shareholders using a SAFE agreement, most of which (except for a negligible sum) was invested by the controlling shareholder through SAFE agreement under SAFE 2023 agreement terms (hereinafter "SAFE 2024").

In December 2024 the Bank raised a sum of 60 million NIS (some \$16.3 million) from the Bank's controlling shareholder through a SAFE agreement, as part of raising a total sum of 195 million NIS (hereinafter: "SAFE 2025").

## Note 16 – Equity, Capital Adequacy, Leverage and Liquidity (Continued)

At the beginning of 2025, the Bank completed the SAFE 2025 offering agreement as noted above, by entering into SAFE agreements with the controlling shareholder and a number of additional investors, in which the controlling shareholder and additional investors invested an amount of 135 million NIS in the Bank on several dates during 2025 (in addition to the amount of 60 million NIS invested by the controlling shareholder in December 2024, as detailed above). The SAFE 2025 agreements are under the same terms as the SAFE 2024 and SAFE 2023 agreements, with the exception of changes in the stock conversion price in the event of a conversion event.

In the first quarter of 2026, the Bank raised a sum of 55 million NIS (some \$18 million) from the Bank's controlling shareholder as part of the controlling shareholder's commitment under the SAFE agreement entered into with the Bank, to invest a total amount of NIS 100 million in the Bank during 2026 ("SAFE 2026"). SAFE 2026 is on the same terms as SAFE 2025. To the extent that other shareholders participate in the SAFE 2026 financing round, the amounts invested by them will be deducted accordingly from the controlling shareholder's total commitment, to the extent not yet invested by him.

As part of the SAFE 2026 agreement, the SAFE 2023 and SAFE 2024 agreements in which the controlling shareholder invested, were updated with respect to the extension of the automatic conversion date. A similar update was offered to all holders of SAFE 2023 and SAFE 2024 agreements.

### B. Shareholder Rights

The regular shares grant their holders the right to vote and participate in the shareholder meetings, a right to receive profits and a right to participate in surplus assets when the Bank is liquidated.

### C. Capital Adequacy and Leverage – General

Within the framework of the regulatory adjustments the Bank received as a "new banking corporation", the Bank is not required to meet a capital adequacy ratio or leverage ratio until it reaches a credit risk asset balance of 600 million NIS. In this period, the Bank must hold Tier 1 capital at a sum of no less than 50 million NIS.

Starting from reaching a credit risk asset balance of 600 million NIS to credit risk asset balance of 2,000 million NIS or until the end of 2026 (whichever comes earliest), the minimum capital ratio the Bank will be required to achieve is a Tier 1 equity ratio of 8%. During this period, the Bank will not be required to meet a leverage ratio.

Following this, Proper Conduct of Banking Business Directive 480 shall apply.

As of December 31, 2025 the Bank is in compliance with the minimal capital requirements (Tier 1 capital of some 58 million NIS against a minimal capital requirement of 50 million NIS).

## Note 16 – Equity, Capital Adequacy, Leverage and Liquidity (Continued)

### D. Capital Adequacy

The following is data on the risk assets and regulatory capital calculated according to Proper Bank Management Directives no. 201-211, on “Measurement and Capital Adequacy”.

In Thousands of NIS	As of December 31, 2025	As of December 31, 2024
<b>1. Capital for calculation of capital ratio</b>		
Tier 1 capital ratio, after regulatory adjustment and deductions	58,251	127,384
Additional Tier 1 capital, after deductions	-	-
Tier 2 capital, after deductions	6,963	5,995
<b>Total capital</b>	<b>65,214</b>	<b>133,379</b>
<b>2. Weighted balance of risk assets</b>		
Credit risk	559,786	488,746
Market risks	25,025	1,575
Operating risk	130,769	66,841
<b>Total weighted balances of risk assets</b>	<b>715,580</b>	<b>557,162</b>
<b>3. Ratio of capital to risk components</b>		
Minimum tier 1 capital ratio required by the Supervisor of Banks	N/A	N/A
Minimum total capital ratio required by the Commissioner of Banks	N/A	N/A
<b>E. Capital elements for calculation of capital ratio</b>		
<b>1. Tier 1 equity</b>		
Equity	45,826	112,498
Unrealized gains and losses resulting from changes in the fair value of liabilities deriving from changes in the banking corporation's self credit risk	(47)	-
Difference between equity and Tier 1 equity <sup>(1)</sup>	12,472	14,886
<b>Total tier 1 capital, before regulatory adjustments and deductions</b>	<b>58,251</b>	<b>127,384</b>
Regulatory adjustments and deductions		
Total regulatory adjustments and deductions	-	-
<b>Total tier 1 capital after regulatory adjustments and deductions</b>	<b>58,251</b>	<b>127,384</b>

(1) For the purpose of calculating the capital basis, the bank recognizes expenses due to the Banking Service Bureau on a cash basis and not on a cumulative basis in accordance with the Bank Commissioner's approval.

## Note 16 – Equity, Capital Adequacy, Leverage and Liquidity (Continued)

	As of December 31, 2025	As of December 31, 2024
2. Tier 2 capital		
Tier 2 capital: instruments before deductions	-	-
Tier 2 capital: provisions for credit loss, before deductions	6,963	5,995
Total Tier 2 capital, before deductions	6,963	5,995
Deductions		
Total deductions – tier capital	-	-
Total tier 2 capital	6,963	5,995
Total capital	65,214	133,379

### F. Leverage ratio

Tier 1 capital	58,251	127,384
Total exposures	3,880,089	2,912,317
Minimum leverage ratio required by the Commissioner of Banks	N/A	N/A

### G. Liquidity ratios:

	For the Three Months Ending December 31	
	2025	2024
1. Liquidity Coverage Ratio (LCR)	887%	860%
Minimum liquidity coverage ratio required by the banking supervision authority	100%	100%
2. Net Stable Funding Ratio (NSFR)	571%	406%
Minimum net stable financing ratio required by the Commissioner of Banks	100%	100%

## Note 17 – Contingent Liabilities and Special Commitments

### A. The following are the Bank's material engagements:

1. In 2019 the Bank engaged with Citi Bank to receive correspondence services in foreign currency.
2. In January 2020, a master service agreement (MSA) was signed between TCS (Tata Consultancy Services), an Indian Bank with a branch in Israel, and the Bank, in order to realize a term sheet signed on March 20 2019 as part of a tender process of the Ministry of Finance, for the purpose of a long-term engagement for BSSB (banking software service bureau) banking services. According to the proposal, the Ministry of Finance will give a grant to the Bank establishing the BSSB banking services, so long as the latter meets the terms of the tender that include the Bank as an approving body. In 2024 the parties signed an update to the agreement in which the Bank improved some of the commercial terms of the agreement in order to adapt the costs to the services received from the service bureau.

The IT Bureau will maintain a technological architecture and operational model that will allow the provision of service to several banks simultaneously from one core banking product and by a central operational unit.

TCS undertook that the IT services that it provided shall be those that allow banks that engage with it to uphold all of the liabilities required by law, including all relevant Bank of Israel regulation rules, the regulations and supervision directives applicable to banks in Israel while distinguishing between the rules that apply to an existing bank and those that apply to a new bank.

The purpose of the agreement is to allow the Bank to provide full banking service to households and the self-employed. The engagement period was set for ten years starting March 1 2021, with the Bank given an option to extend by up to 50 years.

Payment for the use of Bureau services began in March 2023.
3. In March 2020 the Bank entered into an agreement with SWIFT allowing it to become a user in the global financial messages network, to make money transfers in Israel and abroad and be part of the RTGS (real item gross settlement system) of the Bank of Israel.
4. In May 2020, the Bank signed an agreement with IsraCard Ltd. (hereinafter "IsraCard") for the issuance and operation of credit cards for the Bank's customers. The agreement period is seven years from the signing date, and during this period IsraCard has the

exclusive right to issue cards to Bank customers. Within the framework of the agreement, it was ruled that the Bank and IsraCard would serve as the card's joint issuers, with IsraCard serving as the issuing operator, and providing the Bank's customers with an array of IsraCard services in connection with the cards issued.

5. In November 2021 the Bank entered into an enterprise agreement with AWS (Amazon Web Services) to receive cloud computing services. Within the framework of the agreement, the Bank is entitled to support and availability services that are compatible with the Bank's standards.
6. The Stock Exchange – in December 2020 the Board of Directors of the Tel Aviv Securities Exchange Ltd. (hereinafter: "the Stock Exchange") approved the Bank's membership on the Stock Exchange. In November 2021 the Board of Directors of the Tel Aviv Securities Exchange Ltd. clearinghouse (hereinafter: "the Clearinghouse") approved the Bank's membership in the Clearinghouse. The membership on the Stock Exchange and Clearinghouse came into effect in May 2022.

For the purpose of the Bank's activity as clearinghouse member, the Bank signed lien agreements and made deposits in accordance with the Clearinghouse's requirements. In accordance with Section 49.a.(b) of the Securities Law, in December 2021 the Securities Authority granted the Bank a permit to make a proposal to provide securities trading services outside of Israel.

## Note 17 – Pending Liabilities and Special Commitments (Continued)

7. In October 2021 the Bank entered into an agreement with a foreign broker (ViewTrade) and clearinghouse/custodian (Apex Trading Ltd.) for the purpose of conducting trading activity with securities and foreign financial assets for the Bank and its customers. The services the Bank receives within the framework of these engagements in addition to the commercial activities include custody services, treatment of Bank events, clearing transactions, issuing messages and updates and so on.
8. On August 24 2022 the Bank entered into an agreement to rent offices with the aim of replacing the offices from which the Bank is active. The offices were received over the course of the second quarter of 2023. The rental period was set for seven years and the option exists to extend the agreement by three further years. As of the balance sheet date, it cannot be estimated whether the Bank will exercise the option. Starting from the date possession was received of the asset, this agreement has been treated as a lease in the Financial Statements.

**B. As of December 31, 2025, the Bank's commitments for payment for rental agreements and agreements to receive software services in coming years are at the following sums:**

In Thousands of NIS	2025	2024
First Year	36,139	38,206
Second Year	36,139	36,098
Third Year	36,139	36,098
Fourth Year	36,139	36,098
Fifth year onward*	27,485	63,569

\* On a cumulative basis for the fifth year to the end of the agreements period.

### C. Lawsuits :

1. On April 4 2023 a motion was filed against the Bank to approve a class action to the sum of 2.5 million NIS (the minimal threshold to file a suit before the District Court). The motion deals on the date the deposit interest was updated after the interest rate was changed by the Bank of Israel. On December 21, 2025, the first hearing in the proceedings was held. A class action lawsuit on the same matter was also filed against Bank Hapoalim, Discount Bank, and the International Bank. The attorneys representing the Bank estimate the risk in the motion as weak, at this stage.
2. On February 25, 2024 a motion was filed against the Bank to approve suit as a class action at a sum estimated according to the applicant's best belief at over 3 million NIS. The motion is based on the claim that the Bank does not disclose in its rate book the "margin" or "conversion differences" in foreign currency conversion transactions, which the applicant claims constitute a commission.

## Note 17 – Pending Liabilities and Special Commitments (Continued)

On October 31, 2024 a ruling was made to reject the motion to approve a class action, with the applicant and their representative found liable for the Bank's expenses. On December 18, 2024 the claimant filed an appeal before

the Supreme Court A hearing on the appeal was set for July 8, 2026. The attorneys representing the Bank estimate the chance the appeal will be accepted at his stage is small.

3. On September 7 2025, a motion was filed against the Bank to approve a claim as a class action, for a sum that cannot yet be estimated, claiming that the Bank's refusal to open accounts for minors (16-18) and foreign residents/citizens constitutes an unreasonable refusal under Section 2 of the Banking (Customer Service) Law, 1981 ("**Banking Customer Service Law**"), and also constitutes prohibited discrimination and a violation of the Law Prohibiting Discrimination in Products, Services and Entrance to Entertainment and Public Places, 5761. This application constitutes a consolidation of two motions to approve claims as class actions in accordance with the Court's decision (motion dated September 8 2024 and motion dated September 9 2024). Given the preliminary stage of the class action motion, it is not possible to assess its chances of success and the degree of exposure it will cause.

On March 1, 2026, a motion was filed against the Bank to approve a claim as a class action, to an amount estimated at over 2.5 million NIS and which cannot yet be accurately estimated, claiming that the Bank was charging fees for the use of foreign currency despite having undertaken not to do so. Given the preliminary stage of the class action motion, it is not possible to assess its chances of success and the degree of exposure it will cause.

4. On March 15, 2026, a motion was filed against the Bank to approve a claim as a class action to an estimated amount of 150 million NIS, claiming that at certain hours of the day, the Bank limits the access of its customers who hold instant debit cards to funds in their accounts. Given the preliminary stage of the class action motion, it is not possible to assess its chances of success and the degree of exposure it will cause.

**D. Executive indemnification** – on July 1 2020 the Bank's General Meeting decided to approve an exemption from liability due to the violation of the caution obligation toward the Bank, as

well as giving an advance commitment to indemnification for Directors and other officers serving at the Bank and who serve at it from time to time (hereinafter "the Officers"). The indemnification obligation is for any liability or expense imposed on the officer as a result of an action performed by the officer or which will be performed by them in the future by virtue of them being Bank officers, an action connected, directly or indirectly, to one or more of the events detailed in the addendum to the Indemnification Letter of Undertaking. On December 19 2024, the General Meeting issued permission to the bank to increase the indemnification sum from 20 million NIS to 30 million NIS.

**E. Insurance** – the Bank has purchased insurance policies from Menorah Insurance Ltd. to cover its various risks including elementary insurance, banking/professional liability insurance, cyber insurance and director and executive insurance. The Bank updates the scope of coverage from time to time in accordance with changes in the scope and nature of its activity. The scope of coverage in the Board of Directors an officer policy for 2025 is \$30 million.

## Note 18 – Liens, Restrictive Conditions and Securities

- A. The Bank has entered into a mortgage agreement and a guaranteed debenture with the Bank of Israel to receive credit from the Bank of Israel. As a security for Bank's obligations toward the agreement, the Bank mortgages and pledges via first degree lien and assignment by way of lien in favor of the Bank of Israel, the assets detailed in the agreement, all according to the terms detailed in the agreement. As of the balance sheet date, no credit has been provided by the Bank of Israel and therefore there have been no sums pledged under this agreement.
- B. The Bank has engaged in an agreement with the clearinghouse of the Tel Aviv Securities Exchange Ltd, in an agreement according to which the Bank pledged via fixed first-degree lien and assignment by way of a lien, various assets to uphold the Bank's commitments to the Stock Exchange, all in accordance with legislative arrangements. The Bank had no obligations toward the stock exchange clearinghouse.
- C. The Bank has engaged with a party in agreements designed to minimize the mutual credit risks created as a result of activity with derivative trading. According to the agreements, the fair value of the liabilities and opposite party rights pertaining to derivative transactions are measured on a periodic basis, and if the net exposure of the opposite party passes a predetermined threshold, that party will transfer to the other party a transfer to delineate the exposure until the next measurement date. As of December 31, 2025 the Bank has provided the opposite party with \$2.6 million of securities.
- D. The Bank participates in settlement and payment system default arrangements in Israel, which are intended to handle cases of clearance default resulting from liquidity default and/or credit default on behalf of one or more participants. Within the framework of the failure arrangement, use may be made of money deposited by participants in the security account in order to complete the clearance, in cases in which the system operator will not have the option of clearing the required sum from the participating account as well as charging the participating accounts in the event that the money in the security accounts is not sufficient to cover the liabilities of the failed participant (mutual assurance mechanism). The Bank deposited the amounts required of it according to the arrangements for the benefit of the default arrangements only.
- E. The Bank has an "exit plan" as required by Proper Banking Management Ordinance 480. The exit plan is a "contingency" plan, which is intended to allow the banking corporation to conclude its activity without adversely affecting its customers and the banking system, including allowing the continued management of critical processes and services, as defined in Proper Conduct of Banking Business Directive 355, until the conclusion of its activity.

Beyond this, the Bank has no liens, other securities or restrictive conditions.

## Note 19 – Derivative Instrument Activity: Scope, Credit Risks and Redemption Dates

### A. Denoted Sum of Derivatives

In Thousands of NIS	As of December 31, 2025	As of December 31, 2024
Interest contracts: swaps	-	325,000
Foreign currency contracts:		
Forward contracts	315,392	108,287
Options written	31,900	-
Options purchased	31,900	-
Total	379,192	108,287
Total nominal sum	379,192	433,287

### B. Gross fair value of derivatives <sup>(1)</sup>

In Thousands of NIS	As of December 31, 2025		As of December 31, 2024	
	Assets	Liabilities	Assets	Liabilities
Interest contracts	-	-	6,477	-
Foreign currency contracts	721	5,612	2,367	-
Total	721	5,612	8,844	-

### C. Influence of derivatives not designated as hedging instruments for the Statement of Operations <sup>(2)</sup>

In Thousands of NIS	For the Year Ending December 31, 2025	For the Year Ending December 31, 2024
Interest contracts	(375)	(1,612)
Foreign currency contracts	(15,623)	(213)
Total	(15,998)	(1,825)

(1) All of the transactions were carried out against a counterparty that is a bank.

(2) Profit (loss) recognized in income (expenses) from activity with derivatives. This profit (loss) was included under non-interest financial income (expenses)

## Note 19 – Derivative Instrument Activity: Scope, Credit Risks and Redemption Dates (Continued)

### D. Redemption date details – denoted sums:

In Thousands of NIS	As of December 31, 2025				
	Up to 3 months	From over 3 months to a year	From over 1 year to 5 years	Over 5 years	Total
Balances at the end of the year					
Interest contracts:					
– NIS – CPI	-	-	-	-	-
– Other	-	-	-	-	-
Foreign currency contracts	315,392	63,800	-	-	379,192
<b>Total</b>	<b>315,392</b>	<b>63,800</b>	<b>-</b>	<b>-</b>	<b>379,192</b>

In Thousands of NIS	As of December 31, 2024				
	Up to 3 months	From over 3 months to a year	From over 1 year to 5 years	Over 5 years	Total
Balances at the end of the year					
Interest contracts:					
– NIS – CPI	-	-	-	-	-
– Other	125,000	100,000	100,000	-	325,000
Foreign currency contracts	108,287	-	-	-	108,287
<b>Total</b>	<b>233,287</b>	<b>100,000</b>	<b>100,000</b>	<b>-</b>	<b>433,287</b>

## Note 20 – Cash Flows in Accordance with Projected Repayment Date

As of December 31, 2025	Cash flows in accordance with projected repayment date								Balance sheet balance		Effective yield rate
	Upon request and up to one day	From over one day and up to one week	From over a week to a month	From over 1 month to 3 months	From over 3 months to a year	From over 1 year to 3 years	From over 3 to 5 years	Over 5 years	No redemption date	Total	
In Thousands of NIS											
<b>Cash, deposits and tradable securities</b>											
Cash and bank deposits	3,153,185	-	-	-	-	-	-	-	-	3,153,185	4.00%
<b>Total cash, deposits and tradable securities</b>	<b>3,153,185</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,153,185</b>	<b>4.00%</b>
<b>Other monetary assets</b>											
Credit to the public	3,632	40,997	80,632	31,466	77,822	123,446	79,069	-	29,659	430,434	4.71%
Other monetary assets, with the exception of derivatives	158	28	4,815	52,884	3,627	-	-	-	-	61,512	-
<b>Total monetary assets, with the exception of derivatives</b>	<b>3,156,975</b>	<b>41,025</b>	<b>85,447</b>	<b>84,350</b>	<b>81,449</b>	<b>123,446</b>	<b>79,069</b>	<b>-</b>	<b>29,659</b>	<b>3,645,131</b>	<b>4.08%</b>
<b>Monetary liabilities</b>											
Deposits from the public	1,280,229	48,849	171,331	311,486	1,759,611	36,961	-	-	-	3,567,677	2.21%
Of which: households and small businesses	1,280,229	48,849	171,331	311,486	1,759,611	36,961	-	-	-	3,567,677	2.21%
Other monetary liabilities with the exception of derivatives	7,975	30,785	93,343	20,913	30,123	33,496	24,711	949	-	242,295	-
<b>Total other monetary liabilities with the exception of derivatives</b>	<b>1,288,204</b>	<b>79,634</b>	<b>264,674</b>	<b>332,399</b>	<b>1,789,734</b>	<b>70,457</b>	<b>24,711</b>	<b>949</b>	<b>-</b>	<b>3,809,972</b>	<b>2.07%</b>
<b>Employee rights and non-balance sheet items</b>											
Derivatives	-	78	-	(4,306)	(663)	-	-	-	-	(4,891)	-
Employee rights	(14,232)	-	-	-	(406)	-	-	-	-	(14,638)	-
<b>Impact of derivatives and employee rights</b>	<b>(14,232)</b>	<b>78</b>	<b>-</b>	<b>(4,306)</b>	<b>(1,069)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(19,529)</b>	<b>-</b>
<b>Total net cash flows (including in NIS and foreign currency)</b>	<b>1,854,539</b>	<b>(38,531)</b>	<b>(179,227)</b>	<b>(252,355)</b>	<b>(1,709,354)</b>	<b>52,989</b>	<b>54,358</b>	<b>(949)</b>	<b>29,659</b>	<b>(184,370)</b>	<b>-</b>
Of which:											
Total cash, deposits and tradeable debentures in foreign currency	20,202	-	-	-	-	-	-	-	-	20,202	-
Total additional monetary assets in foreign currency	783	-	-	-	-	-	-	-	-	783	-
Total monetary liabilities in foreign currency	1,203	-	-	-	-	-	-	-	-	1,203	-
<b>Total net cash flows in foreign currency</b>	<b>19,782</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,782</b>	<b>-</b>

## Note 20 – Cash Flows in Accordance with Projected Repayment Date (Continued)

As of December 31, 2024	Cash flows in accordance with projected repayment date								Balance sheet balance		Effective yield rate
	Upon request and up to one day	From over one day and up to one week	From over a week to a month	From over 1 month to 3 months	From over 3 months to a year	From over 1 year to 3 years	From over 3 to 5 years	Over 5 years	No redemption date	Total	
In Thousands of NIS											
<b>Cash, deposits and tradable securities</b>											
Cash and bank deposits	2,240,860	-	-	-	-	-	-	-	-	2,240,600	4.32%
<b>Total cash, deposits and tradable securities</b>	<b>2,240,860</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,240,600</b>	<b>4.32%</b>
<b>Other monetary assets</b>											
Credit to the public	10,254	33,660	57,531	26,286	60,006	103,203	52,056	21,786	26,572	351,972	5.62%
Other monetary assets, with the exception of derivatives	153	-	1,764	76,884	3,642	-	-	-	-	82,443	-
<b>Total monetary assets, with the exception of derivatives</b>	<b>2,251,267</b>	<b>33,660</b>	<b>59,295</b>	<b>103,170</b>	<b>63,648</b>	<b>103,203</b>	<b>52,056</b>	<b>21,786</b>	<b>26,572</b>	<b>2,675,015</b>	<b>5.32%</b>
<b>Monetary liabilities</b>											
Deposits from the public	830,411	37,583	132,082	254,353	1,329,599	26,063	-	-	-	2,578,139	2.33%
Of which: households and small businesses	830,411	37,583	132,082	254,353	1,329,599	26,063	-	-	-	2,578,139	2.33%
Other monetary liabilities with the exception of derivatives	11,314	30,128	62,120	16,461	26,143	33,101	30,361	10,026	-	219,654	-
<b>Total other monetary liabilities with the exception of derivatives</b>	<b>841,725</b>	<b>67,711</b>	<b>194,202</b>	<b>270,814</b>	<b>1,355,742</b>	<b>59,164</b>	<b>30,361</b>	<b>10,026</b>	<b>-</b>	<b>2,797,793</b>	<b>2.33%</b>
<b>Employee rights and non-balance sheet items</b>											
Derivatives	-	-	2,115	2,367	3,521	843	-	-	-	8,844	-
Employee rights	13,736	-	-	-	1,123	-	-	-	4,916	19,775	-
<b>Impact of derivatives and employee rights</b>	<b>13,736</b>	<b>-</b>	<b>2,115</b>	<b>2,367</b>	<b>4,644</b>	<b>843</b>	<b>-</b>	<b>-</b>	<b>4,916</b>	<b>28,619</b>	<b>-</b>
<b>Total net cash flows (including in NIS and foreign currency)</b>	<b>1,423,278</b>	<b>(34,051)</b>	<b>(132,792)</b>	<b>(165,277)</b>	<b>(1,287,450)</b>	<b>44,882</b>	<b>21,695</b>	<b>11,760</b>	<b>31,488</b>	<b>(94,159)</b>	<b>-</b>
Of which:											
Total cash, deposits and tradeable debentures in foreign currency	40,484	-	-	-	-	-	-	-	-	40,484	-
Total additional monetary assets in foreign currency	-	-	-	2,367	-	-	-	-	-	2,367	-
Total monetary liabilities in foreign currency	155,507	2,263	201	82	-	-	-	-	-	158,053	-
<b>Total net cash flows in foreign currency</b>	<b>(115,023)</b>	<b>(2,263)</b>	<b>(201)</b>	<b>2,285</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(115,202)</b>	<b>-</b>

## Note 21 – Assets and Liabilities by Linkage Bases

As of December 31, 2025

In Thousands of NIS

	Israeli currency		Foreign currency				Total
	Unlinked	Linked to the CPI	USD	Euro	Other	Non-monetary items	
<u>Assets</u>							
Cash and bank deposits	3,132,983	-	15,517	3,755	930	-	3,153,185
Credit to the public, net	426,491	-	3,943	-	-	-	430,434
Buildings and equipment	-	-	-	-	-	152,981	152,981
Assets due to derivative instruments	634	-	79	9	(1)	-	721
Other assets	57,688	3,041	783	-	-	81,412	142,924
<b>Total assets</b>	<b>3,617,796</b>	<b>3,041</b>	<b>20,322</b>	<b>3,764</b>	<b>929</b>	<b>234,393</b>	<b>3,880,245</b>
<u>Liabilities</u>							
Deposits from the public	3,301,552	-	220,657	44,494	974	-	3,567,677
Liabilities due to derivative instruments	5,608	-	4	-	-	-	5,612
Other liabilities	241,078	14,246	934	249	20	4,603	261,130
<b>Total liabilities</b>	<b>3,548,238</b>	<b>14,246</b>	<b>221,595</b>	<b>44,743</b>	<b>994</b>	<b>4,603</b>	<b>3,834,419</b>
<u>Difference</u>	69,558	(11,205)	(201,273)	(40,979)	(65)	229,790	45,826
Impact of non-hedging derivatives:							
Derivatives (other than options)	(240,815)	-	201,735	39,080	-	-	-
<b>Grand total</b>	<b>(171,257)</b>	<b>(11,205)</b>	<b>462</b>	<b>(1,899)</b>	<b>(65)</b>	<b>229,790</b>	<b>45,826</b>

## Note 21 – Assets and Liabilities by Linkage Bases (Continued)

As of December 31, 2024

In Thousands of NIS

	Israeli currency		Foreign currency				Total
	Unlinked	Linked to the CPI	USD	Euro	Other	Non-monetary items	
<u>Assets</u>							
Cash and bank deposits	2,200,116	-	32,585	7,899	-	-	2,240,600
Credit to the public, net	342,695	-	9,277	-	-	-	351,972
Buildings and equipment	-	-	-	-	-	150,669	150,669
Assets due to derivative instruments	6,477	-	2,045	322	-	-	8,844
Other assets	82,443	-	-	-	-	88,280	170,723
<b>Total assets</b>	<b>2,631,731</b>	<b>-</b>	<b>43,907</b>	<b>8,221</b>	<b>-</b>	<b>238,949</b>	<b>2,922,808</b>
<u>Liabilities</u>							
Deposits from the public	2,422,992	-	117,037	38,110	-	-	2,578,139
Liabilities due to derivative instruments	-	-	-	-	-	-	-
Other liabilities	201,804	16,369	2,577	329	-	11,092	232,171
<b>Total liabilities</b>	<b>2,624,796</b>	<b>16,369</b>	<b>119,614</b>	<b>38,439</b>	<b>-</b>	<b>11,092</b>	<b>2,810,310</b>
<u>Difference</u>	6,935	(16,369)	(75,707)	(30,218)	-	227,857	112,498
Impact of non-hedging derivatives:							
Derivatives (other than options)	(105,409)	-	74,141	31,268	-	-	-
<b>Grand total</b>	<b>(98,474)</b>	<b>(16,369)</b>	<b>(1,566)</b>	<b>1,050</b>	<b>-</b>	<b>227,857</b>	<b>112,498</b>

## Note 22 – Interested and Related Parties

The controlling shareholder and some of the interested parties have a retail bank account at the Bank. All transactions with interested and related parties were conducted over the normal course of business.

During 2023 the Bank engaged in an agreement with AI21 Labs Ltd., in which AI21 granted the Bank a license to use its services, which serve as the basis for the Bank's new AI-based chat. During 2025 the agreement ended.

Note that AI21 is held indirectly by Mr. Amnon Shashua, who is also, indirectly, the Bank's Controlling Shareholder. The engagement was made under regular market conditions and was ratified by the Bank's Audit Committee as a related party transaction.

Over the course of 2023, 2024 and 2025, as well as early 2026 subsequent to the Balance Sheet Date, the Controlling Shareholder entered into SAFE agreements with the Bank as detailed in Note 16.

## Note 23 – Events Subsequent to the Balance Sheet Date

### Capital injections subsequent to the Balance Sheet Date:

For details on capital injections made after the balance sheet date, see Note 16(a).

### Leases:

For details on the update to the lease agreement made after the balance sheet date, see Note 10(b).

# Corporate Governance Report

For 2025

One Zero Digital Bank Ltd.

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## Corporate Governance

### The Board of Directors and Management

#### The Bank Board of Directors

<b>Name</b>	<b>Shouky Oren</b>
Start of service	September 2, 2019
Position	Chairman
Qualifications	Professional qualifications, accounting and financial expertise, expert director, possessing banking experience
Committee memberships	Information Technology and Technological Innovation
Additional positions	Serving as Chair of the Foreign Workers' Fund Investments Committee, serving on the Board of Directors of Melisron Ltd., serves as Chair of the Eran Association
Previous positions over the past five years:	Served on the Board of Directors of the following companies: C2 Community Services Ltd., Mirland Development Corporation PLC, Harel Group Credit Committee
Family member of other interested party in the corporation:	No
Education	BA – Economics – Hebrew University in Jerusalem, MBA with specialization in Marketing – Hebrew University in Jerusalem

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<b>Name</b>	<b>Eyal Desheh</b>
Start of service	December 15, 2020
Position	Director
Qualifications	Professional qualifications, accounting and financial expertise, expert director, possessing banking experience
Committee memberships	Audit, Information Technology and Technological Innovation
Additional positions	Serves on the boards of directors of the following companies: Chairman of Tevel Aerobotics Technologies Ltd.; Chairman of Migwax Ltd.; Chairman of Cytourizen Ltd.; Board member of Orcam Technologies Ltd.; Board member of Mobileye Ltd. as well as Chairman of the Audit Committee and Chairman of the Remuneration Committee at the company; Chairman of the Or Shalom Audit Committee; Board of Trustees of the Hebrew University; Member of the Advisory Committee for the Master's Program in Economics at the Interdisciplinary Center; Director and Chairman of the Investment Committee of the Investors Forum Ltd.
Previous positions over the past five years:	Served on the boards of directors of the following companies: Chairman of IsraCard Ltd. and subsidiaries of the IsraCard Group and Director of C-Stacks INC. Factory Ltd.
Family member of other interested party in the corporation:	No
Education	BA in economics– the Hebrew University in Jerusalem, M.B.A. – Hebrew University in Jerusalem.

<b>Name</b>	<b>Liz Cohen Yerushalmi</b>
Start of service	November 22, 2019
Position	Director
Qualifications	Professional qualifications, expert director
Committee memberships	No
Additional positions	Legal Counsel and VP of Mobileye First Director at One Zero Holdings Ltd., One Zero Technological Solutions Ltd.
Previous positions over the past five years:	-
Family member of other interested party in the corporation:	No
Education	BA in English literature and education management – Tel Aviv University, LLB from the College of Management Academic Program

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<b>Name</b>	<b>Carmela Avner</b>
Start of service	February 19, 2023
Position	External Director
Qualifications	Professional qualifications, expert director, with proven knowledge and experience in the fields of information technology
Committee memberships	Audit, Information Technology and Technological Innovation (Chair)
Additional positions	Member of management of the Industrial Management Engineers Union.
Previous positions over the past five years:	Deputy CEO, Resources and Technological Innovation Division – Bank of Jerusalem and VP of Business Transformation – Data and Digital Information Systems and Partnerships Management – Strauss Water, member of the Directorate of the Bureau of Information Technology, VP of Business Transformation at LIVEU
Family member of other interested party in the corporation:	No
Education	B.A. in Industrial and Management Engineering, Tel Aviv University, MBA from Executive MBA International Program, Tel Aviv University.

<b>Name</b>	<b>Oren Bar On</b>
Start of service	June 30, 2024
Position	External Director
Qualifications	Professional qualifications, accounting and financial expertise, expert director
Committee memberships	Audit Committee (Chair)
Additional positions	Director at Michpal Technologies Ltd.; observer on the Board of Directors of the Central Bottling Company Israel Ltd.; member of the Board of Directors at Yissum – the Hebrew University Research Development Company; consultant at a number of investment bodies and startups.
Previous positions over the past five years:	Senior partner in the field of technology companies auditing at EY Israel, member of the EY Israel Executive Committee
Family member of other interested party in the corporation:	No
Education	B.A. in economics and accounting, Ben Gurion University, and Certified in Diplomacy and Defense Studies at Tel Aviv University.

<b>Name</b>	<b>Michal Marom Brickman</b>
Start of service	December 3, 2024
Position	Director
Qualifications	Professional qualifications, accounting and financial expertise, expert director
Committee memberships	-
Additional positions	Member of Investments Committee, Managing Committee of Ichilov Hospital, Chair of the Audit Committee at Ormat Technologies, Director at Paz Retail and Energy Ltd., Director and Chair of the Audit Committee at Ayalon Insurance Co., Director at Isrotel Ltd., External Director at Ram Aderet, Director at Pacific Oak SOR, Member of Audit Committee at Global Keren Hayessod, financial consultant.
Previous positions over the past five years:	<b>Served as director and external director at various companies: Pacific Oak SOR, REE, Partner Communications, Halman-Aldubi Provident and Pension Funds Ltd., Dan Transportation, Cyber One OPC Energy, Moinian Group, Union Bank</b>
Family member of other interested party in the corporation:	No
Education	B.A. in Business Administration and Economics, specializing in Accounting – College of Management, Academic Program, certified in Finance – NYU Business College.

#### Report on Directors with Accounting and Financial Capabilities

According to Bank of Israel directives, each Bank must establish the “minimum appropriate number” of directors with “accounting and financial expertise”. It must take into account, among other things, the size of the Bank, its types of activity and complexity level, in such a manner that will allow the Bank Board of Directors to uphold its obligations, particularly taking into account its responsibility for checking the corporation's financial status, preparing the Financial Statements and approving them. A “director with accounting and financial expertise” has been defined as a director with no other duties at the Bank, and who due to their education, experience or qualifications, as will be detailed in the report, has high levels of expertise and understanding of business matters, accounting, internal auditing and financial statements. They must have an in-depth understanding of the Bank’s Financial Statements and place questions and issues on the Board of Directors’ agenda regarding the Bank’s financial reporting, in order to approve and publish adequate Financial Statements. The directive emphasizes that it is not intended to grant a special status to directors defined as “possessing accounting and financial expertise”, and it shall not change the responsibilities and other directors bear in accordance with the law.

The Bank Board of Directors has determined that the minimum appropriate number of directors with accounting and financial skills in the Bank is two directors.

As of December 31, 2025, the number of directors with accounting and financial expertise is 4.

#### Number of Board Meetings

The Bank held 21 meetings over the course of 2025.

The various Board of Directors committees (Audit Committee, Compensation Committee, Information Technology and Technological Innovation Committee) held a total of 7 meetings this year.

## Management

<b>Name</b>	<b>Eyal Gafni</b>
Start of service	January 1, 2025 (start of work at the Bank – November 1, 2019)
Position	CEO
Undergraduate degree	Law and Accounting – Tel Aviv University
Graduate degree	Business Administration specializing in Finance – Tel Aviv University
Prior employment over the past five years	VP of Finance and Strategy, VP of Products and Strategy and VP of Operations and Strategy at One Zero.

<b>Name</b>	<b>Maor Elhadad</b>
Start of service	March 13, 2024 – CFO; April 1, 2024 – Chief Accountant (start of work at the Bank – February 17, 2021)
Position	Chief Financial Officer, Head Accountant
Undergraduate degree	Business Administration with a primary specialization in accounting and secondary specialization in information technology – the Academic Program of the College of Management
Graduate degree	-
Prior employment over the past five years	Head Internal Auditor – One Zero

<b>Name</b>	<b>Arik Chikotay</b>
Start of service	April 1, 2024 (start of work at the Bank – April 1, 2020)
Position	Deputy CEO, Head of Retail Division
Undergraduate degree	Economics – Ben Gurion University
Graduate degree	M.B.A and finance – Ben Gurion University
Prior employment over the past five years	VP of Operations and Banking at One Zero, Bank Leumi – VP of Service and Banking, Pepper Company

\*Arik concluded his service on December 31, 2025.

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<b>Name</b>	<b>Roni Lichtenstein Shany</b>
Start of service	January 1, 2024 (starting date at the bank: June 12, 2022)
Position	VP of Resources and Strategic Projects
Undergraduate degree	Law and Management – Tel Aviv University
Prior employment over the past five years	VP of Resources and Strategic Projects – One Zero, VP of Customers and Human Resources – One Zero, VP of HQ, Innovation and Human Resources – Ayalon Insurance

\*Roni completed her tenure as VP of Resources and Strategic Projects On October 25, 2025 and was appointed to the position of Head of the Retail Division on February 16, 2026. The appointment was approved by the Bank of Israel.

<b>Name</b>	<b>Nirit Ben Kish</b>
Start of service	December 26, 2022
Position	VP of marketing and sales
Undergraduate degree	Economics and management – Tel Aviv-Yafo Academic College
Prior employment over the past five years	Chief Marketing Officer (CMO) Maccabi Health Services Group, Marketing Division Manager Pelephone Communications Ltd.

<b>Name</b>	<b>Alon Feder</b>
Start of service	May 7, 2024 (start of work at the Bank – March 20, 2022)
Position	VP, Chief Risk Manager and Compliance Officer
Undergraduate degree	Law - Academic Program, College of Management
Graduate degree	Business Administration – Academic Program, College of Management
Prior employment over the past five years	Compliance Officer and Responsible for Compliance with Money Laundering Prohibition Obligations – One Zero, partner (and owner) in Entropy (consulting services in the fields of risk management and corporate governance)

<b>Name</b>	<b>Marina Polonsky</b>
Start of service	February 1 2024 (start of work at the Bank – April 19 2020)
Position	VP, Head of Research and Development Division
Undergraduate degree	Computer Sciences and Mathematics – Bar Ilan University
Graduate degree	Management Sciences – Tel Aviv University
Prior employment over the past five years	Development Department Manager, Platform Development Manager, Development Team Leader – One Zero, Development Team Leader – Checkmarx, Development Team Leader – Payoneer

\* Marina concluded her service on December 31, 2025.

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<b>Name</b>	<b>Roy Chaimovich</b>
Start of service	April 18, 2024 (start of work at the Bank – November 14, 2021)
Position	VP, Head of Technological Operation Division
Undergraduate degree	Economics and Finance – Ruppin College
Prior employment over the past five years	Delivery Department Manager, Operations and Banking Manager – One Zero, TCS Service Desk Manager

\* Roy concluded his service on December 31, 2025.

<b>Name</b>	<b>Yaeli Dershowitz Tamary</b>
Start of service	February 1, 2024 (start of work at the Bank – June 14, 2020)
Position	VP, Product and Projects Division
Undergraduate degree	Economics and Business Administration – Bar Ilan University.
Graduate degree	Information Systems Management – Technion, Business Administration – Academic Program, College of Management
Prior employment over the past five years	Product Department Manager, Product Team Leader, Product Manager – OneZero, Product Manager – Payoneer

<b>Name</b>	<b>Esti Hadar</b>
Start of service	November 3, 2024 (start of work at the Bank – November 1, 2024)
Position	VP, Chief Legal Counsel, Head of Consulting Division and Bank Secretary
Undergraduate degree	Economics and Logistical Management – Bar Ilan University, Law – Academic College Kiryat Ono
Graduate degree	Business Administration – Ben Gurion University.
Prior employment over the past five years	Partner in the Banking and Finance Department at Herzog Fox Neeman

<b>Name</b>	<b>Racheli Bindman</b>
Start of service	April 1, 2024 (start of work at the Bank – January 3, 2021)
Position	VP of Communications and Regulation
Undergraduate degree	L.L.B – Tel Aviv University
Graduate degree	-
Prior employment over the past five years	Communications and Administrative Relations Manager – One Zero Digital Bank, Independent Communications and Content Consultant

<b>Name</b>	<b>Sharon Kozlovski</b>
Start of service	April 17, 2024 (start of work at the Bank – January 9, 2022)
Position	Head Internal Auditor and Public Complaints Commissioner
Undergraduate degree	Economics and Business Administration – Bar Ilan University
Graduate degree	Management Sciences specializing in technology and information systems – Bar Ilan University
Prior employment over the past five years	Internal Audit Manager – One Zero, Senior Manager at Consulting Division at BDO

<b>Name</b>	Yuval Birnbaum
Start of service	November 12, 2025
Position	Chief Technology Officer (CTO)
Undergraduate degree	Bachelor of Science (BSc) in Geophysics and Atmospheric and Space Sciences – Tel Aviv University.
Graduate degree	-
Prior employment over the past five years	Chief Technology Officer (CTO), Migdal Insurance and Finance, Director of R&D and Operations – AppsFlyer, Director of R&D and Operations – Liveperson, Director of R&D and Operations, Head of Digital and CRM – Menorah Mivtachim

### Changes in Officers

Arik Chikotay stepped down as Deputy CRO, Head of Retail Division (which consolidates the Banking Division and the Service Division), on December 31, 2025.

Ronny Shani Lichtenstein stepped down as VP of Resources and Strategic Projects at the Bank on October 25, 2025. On February 16, 2026, Roni Shani was appointed to the position of Head of the Retail Division. The appointment was approved by the Bank of Israel.

Roy Haimovitz stepped down as VP of Technology Operations on December 31, 2025.

Marina Polonsky stepped down as VP of Research and Development on December 31, 2025.

Yuval Birnbaum was appointed Chief Technology Officer (CTO) on November 12 2025. The appointment was approved by the Bank of Israel.

All of the following appointments have been approved by the Bank Board of Directors

### Legal Advisors

Meitar Law Offices

### Auditor

Kesselman & Kesselman (PwC)

## Internal Audit

### Details of Internal Auditor

Mr. Sharon Kozlovski, C.P.A., has served as the Bank's Chief Internal Auditor, and is employed full time as a member of Management.

Sharon has a M.Sc. in Management with a specialization in Technology and Information Systems from Tel Aviv University, a B.A. in Economics and Business Administration from Bar Ilan University, an Accounting graduate from Bar Ilan University, and holds a Certified Information Systems Auditor (CISA) certification from the ISACA. Sharon has experience in auditing work, and meets the conditions set in Section 3(a) of the Internal Audit Law, 1992 (hereinafter: "the Internal Audit Law").

The Internal Auditor meets all of the terms set in Section 146(b) of the Companies Law and Section 8 of the Internal Audit Law. The Chief Internal Auditor approves workers for the internal audit or dismisses them; audit workers receive orders on auditing matters from the Chief Internal Auditor only. In addition, the internal audit workers do not engage in any activity other than internal auditing and treatment of public requests, in accordance with legal directors on the matter.

### Appointment

Confirmation of the Internal Auditor was carried out in accordance with the recommendation of the Bank Audit Committee and the Bank Board of Directors' Approval from February 28, 2024. The approval of the appointment by the Board of Directors and the Audit Committee is based on the Auditor's education and professional experience. On April 17, 2024 the approval of the Supervisor of Banks was given for the appointment of the Auditor.

### The Internal Auditor's Supervisor

The supervisor of the Internal Auditor is the Chairman of the Bank's Board of Directors

### The Work Plan

The Internal Audit has an annual work plan and a four-year work plan. The work plan is established as a product of the risk assessment process carried out by the corporation's internal auditor, which is based on an organized methodology. The plan includes the tasks that need to be done, the timing and frequency of each subject, the breakdown of the definition of levels of risk for types of activities, as well as expected developments and innovations that need to be taken into account. The auditing recycling principle is preserved in the plan.

The plan is based, among other things, on the documents denoted in Directive 307 of the Bank Supervision.

The Internal Audit's annual work plan is derived from the multi-year plan, and is presented for discussion by the Audit Committee, which recommended its approval to the Board of Directors.

The 2025 work plan was discussed by the Audit Committee, which recommended approving it on December 25, 2024. The plan was approved by the Bank Board of Directors on January 19, 2025.

As part of the work plan, resources were allocated to the Internal Auditor for auditing tasks and special events. Any material deviation in the work plan needs to be reported to the Chair of the Audit Committee and the Chair of the Board of Directors, along with an explanation and grounds for the deviation. Within the framework of the internal auditing activity, material transaction approval processes are also examined, in accordance with the work plan based on the risk assessment process carried out or as needed.

### Scope of Employment

As a rule, the scope of the transaction was determined in accordance with the multi-year and annual work plan of the Internal Audit.

In 2025, the scope of positions in the Internal Audit Division was 4 positions, of which one position was assisted by service providers. These resources were also used to operate and manage public queries at the Bank, to the scope of one position.

### Conducting the Audit

The Internal Audit at the Bank operates in accordance with all legal requirements, including in accordance with the Internal Audit Law, the Banking Ordinance and the directives and guidelines of the Supervisor of Banks (including Proper Bank Management Directive 307 on the internal auditing function). The audit is conducted according to accepted professional

standards as set by the IIA (Institute of Internal Auditors), and in accordance with the guidelines issued by the Audit Committee and the Board of Directors.

The Board of Directors and the Audit Committee believe that the audit has been conducted in accordance with the professional standards detailed above in a manner that helps achieve the internal audit objectives, *inter alia*, based on the reports of the internal audit function and work plans that include references to these issues.

### Access to Information

Documents and information was presented to the Internal Audit as required, and full access was provided to information at the Bank, including constant and independent access to information systems, including monetary data, all in accordance with and as per Section 9 of the Internal Audit Law and Proper Bank Management Directive 307.

### Auditor's Reports

The Internal Auditor's reports are submitted in writing and are all passed on to the Chair of the Board of Directors, the Chair of the Audit Committee, the members of the Management Committee and the Bank CEO. The audit reports are also delivered to the audited entity and to the management of the audited entity, and as a rule are also transferred to other relevant entities, as needed and relevant, such as members of the Bank's Management, the Auditor, the Chief Risk Manager, the Bank's secretariat, and control entities (compliance, SOX, etc.). Audit reports are discussed in the Audit Committee, unless the Chair of the Audit Committee decides not to bring a report for discussion due to its lack of materiality. The report summarizing the internal auditing work for the first half of 2025 was discussed on the Audit Committee on August 14, 2025. The report summarizing the internal auditing work for 2025 was discussed on the Audit Committee on December 22, 2024. The periodic reports have reviewed the activity of the internal audit in the reported period, including primary findings and the list of reports distributed over the course of that period.

### Board of Directors' Assessment of the Internal Auditor's Activities

In the opinion of the Board of Directors and Audit Committee, the scope, nature and continuity of the internal auditing activities and work plan are reasonable under the circumstances, and they achieve the Bank's internal audit objectives.

### Compensation

The scope of the Internal Auditor's remuneration and its components were approved by the relevant organs, including in accordance with the Bank's remuneration policy.

The Bank's Board of Directors estimates that the Internal Auditor's compensation shall have no impact on the application of his professional judgement.

### **Disclosure with Regard to the Financial Statement Approval Process**

The Bank Board of Directors is the organization tasked with the Bank's oversight, as well as the approval of its Financial Statements. Additional entities and officers are involved in the audit: the Financial Statements are prepared at the Accounting Division headed by the Head Accountant, and in accordance with the instructions and guidelines of the Supervisor of Banks.

Upon the preparation of the Financial Statements and based on the draft statements transferred to them, all members of Management confirm that no information has come to their attention that may indicate that the data and the description in the Auditor's Report and in the Financial Statements pertaining to their areas of responsibility feature incorrect presentations or the lack of a material fact.

Significant issues pertaining to the disclosure which is given in the Financial Statements are discussed in a designated Management meeting. The issues presented also include the auditor's professional comments. These significant issues include issues which have a major impact on the financial statements, issues of interest to the public, issues required for reporting to the public, material changes to the implementation of the accounting policy, requests or requirements of oversight authorities, and issues on which there is disagreement between the Bank's management and the auditors.

The Financial Statements are discussed in-depth by the Audit Committee prior to discussion and approval by the Board of Directors quorum. Taking part in these meetings are also the CEO, the Head Accountant and the Internal Auditor. The Audit Committee examines Management's recommendations regarding the implementation of disclosure, and determines the required disclosure in the Financial Statements regarding subjects that require disclosure.

After the hearing at the Audit Committee and according to its recommendations, the Financial Statements are presented to the Bank Board of Directors for discussion and approval.

### **Independent Auditors Fees**

In 2025, the independent auditors' fees amounted to NIS 789 thousand (in 2024 –NIS 650 thousand). Of these, NIS 600 thousand was for auditing services (in 2024 –NIS 567 thousand), and NIS 189 thousand for additional services (in 2024 –NIS 83 thousand).

## Compensation of Interested Parties and Senior Executives

### Executive salaries table for 2025:

Name	Position	Salary	Bonus	Share-based payment <sup>(1)</sup>	Associated expenses <sup>(2)</sup>	Total payroll and related expenses	Loans under regular terms <sup>(3)</sup>
Eyal Gafni	CEO	1,309	-	1,294	234	2,837	20
Gal Bar Dea	The retiring CEO	1,166	-	1,217	420	2,803	33
Shouky Oren	Chairman of the Board of Directors	1,395	-	252	216	1,862	74
	Member of Management 1	919	-	319	192	1,429	17
	Member of Management 2	1,105	-	71	222	1,398	43

1. In accordance with accounting expense attributed to 2025.
2. Including provision for pension, education fund, vacation, illness, social security and other post-employment benefits
3. Including future credit card charges

### Executive salaries table for 2024:

Name	Position	Salary	Bonus	Share-based payment <sup>(4)</sup>	Associated expenses <sup>(5)</sup>	Total payroll and related expenses	Loans under regular terms <sup>(6)</sup>
Gal Bar Dea	The retiring CEO	1,228	-	238	993	2,460	26
Shouky Oren	Chairman of the Board of Directors	1,283	-	228	333	1,844	46
	Member of Management 1	1,025	-	559	151	1,735	119
	Member of Management 2	987	-	335	172	1,494	47
	Member of Management 3	822	-	378	214	1,414	5

4. In accordance with accounting expense attributed to 2024.
5. Including provision for pension, education fund, vacation, illness, social security and other post-employment benefits
6. Including future credit card charges

The Bank's compensation policy in effect as of the end of 2025 was approved on March 18 2025. The compensation plan for bank officers was approved on March 18, 2025. For further details see Notes 15 (Share-Based Payment) and 14 (Employee Rights).

## Transactions with Controlling Shareholders and Related Parties

On November 15 2023 the Audit Committee approved, and on November 20 2023, the Bank Board of Directors approved the Bank's engagement in an agreement with AI21, a company held by the Bank's Controlling Shareholder. Pursuant to the agreement, which was ended during 2025, AI21 granted the Bank a license to use its services, which serve as the basis for the Bank's new AI-based chat. The Bank used AI21 services alongside use with OpenAI services, as the services provided by either of the two companies – despite the resemblance between them – are complementary and allow the creation of a chat of the quality demanded by the Bank.

During 2023-2025 the Bank entered into SAFE agreements with the Controlling Shareholder. In early 2026, the Bank entered into an additional SAFE agreement and updated SAFE 2023 and SAFE 2024 agreements, as detailed in Note 16 to the Financial Statements.

All transactions with related parties were conducted over the normal course of the Bank's business. For additional information see Note 22 to the Financial Statements - Interested Parties and Related Parties.

## Additional information regarding the banking corporation’s business and the manner of its management

### Control of Bank

As of December 31, 2025, the Bank’s controlling shareholder is Professor Amnon Shasuha through Fin-Digit Ltd.

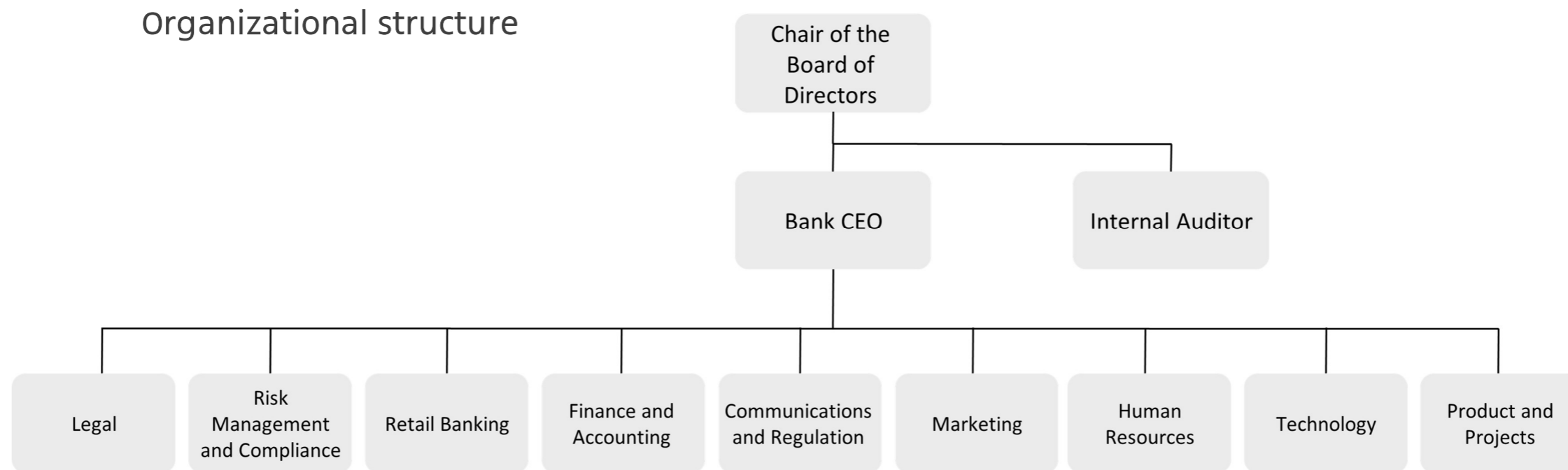
### Fixed Assets

Most of the Bank's fixed assets are self-developed software and software developed specifically for the Bank by third parties.

### Human Capital

#### Organizational Structure

The following chart describes the Bank’s organizational structure as of 2025:



## Branches

According to the Bank's strategy, the Bank's activity as an innovative Israeli bank in a digital format is without physical branches. Banking actions are carried out by our customers mainly through a designated application, while providing a response via chat response or human telephone response.

## Personnel

As of December 31, 2025, the Bank employs 393 employees, compared to 380 at the end of the previous year (of whom the following are outsourced employees: 39 in 2025 and 49 in 2024).

In 2025 the number of workers amounted to an average monthly basis of 382 employees compared to 385 employees in 2024.

In 2025 the number of positions based on a monthly average is 394 compared to 395 positions at the end of the previous year.

All employees employed directly by the bank work in Israel. In addition, as of 2025, the Bank is not part of any group of companies, so the number of jobs taken into account includes its employees only.

## Material Agreements

- In January 2020, a Master Service Agreement (MSA) was signed between TCS (Tata Consultancy Services), an Indian company with a branch in Israel, and the Bank. The agreement is intended to implement a previous agreement (term sheet), which was signed on March 20, 2019, as part of the Ministry of Finance's tender process for a long-term contract to provide BSSB (Banking Software Service Bureau) banking services. According to the proposal, the Ministry of Finance will give a grant to the company establishing the BSSB banking services, so long as the latter meets the terms of the tender that include the Bank as an approving body.

The IT Bureau will maintain a technological architecture and operational model that will allow the provision of service to several banks simultaneously from one core banking product and by a central operational unit.

TCS undertook that the IT services that will be provided it shall be those that allow banks that engage with it to uphold all of the liabilities required by law, including all relevant Bank of Israel regulation rules, regulations and supervision directives applicable to banks in Israel while distinguishing between the rules that apply to an existing bank and those that apply to a new bank. The purpose of the agreement is to allow the Bank to provide the Bank to provide full banking service to households and the self-employed. The engagement period was set for ten years starting March 1, 2021, with the Bank given an option to extend by up to 50 years. Payment for the use of Bureau services began in March 2023.

- In May 2020 the Bank signed an agreement with IsraCard Ltd. (hereinafter: "IsraCard") to issue and operate credit cards for Bank customers. The agreement period is 7 years from signing. Within the framework of the agreement, it was ruled that the Bank and IsraCard would serve as the card's joint issuers, and IsraCard would serve as the issuing operator, and provide the Bank's customers with an array of IsraCard services in connection with the cards issued. The agreement establishes an accounting mechanism between the parties, according to which IsraCard shall be entitled to payments depending on activity carried out by the Bank's customers in the cards issued. The Bank shall be entitled to payments in accordance with the cross commission IsraCard receives for the turnover of transactions carried out with the cards issued.
- The Bank has entered into an agreement with a foreign broker (ViewTrade) and clearinghouse/custodian (Apex Trading Ltd.) for the purpose of conducting trading activity with securities and foreign financial assets for the Bank and its customers. The services the Bank receives within the framework of these engagements in addition to the commercial activities include custody services, treatment of company events, clearing transactions, issuing messages and updates and so on.
- The Bank has entered into an enterprise agreement with AWS (Amazon Web Services) to receive cloud computing services. Within the framework of the agreement, the Bank is entitled to support and availability services that will be compatible with the Bank's standards.
- The Stock Exchange – in December 2020 the Board of Directors of the Tel Aviv Securities Exchange Ltd. (hereinafter: "the Stock Exchange") approved the Bank's membership on the Stock Exchange. In November 2021 the Board of Directors of the Tel Aviv Securities Exchange Ltd. clearinghouse (hereinafter: "the Clearinghouse") also approved the Bank's membership in the Clearinghouse. The membership in the Stock Exchange and Clearinghouse came into effect in May 2022.

For the purpose of the Bank's activity as clearinghouse member, the Bank signed lien agreements and made deposits in accordance with the Clearinghouse's requirements.

In accordance with Section 49.a.(b) of the Securities Law, in December 2021 the Securities Authority granted the Bank a permit to make a proposal to provide securities trading services outside of Israel. As of the report date, the Bank allows its customers to trade certain securities on the Tel Aviv Securities Exchange.

- MASAV failure arrangement – the Bank is part of the MASAV failure arrangement, which is designed to deal with cases of clearance failure deriving from the liquidity failure and/or credit failure of one or more of the participating banks. Within the framework of the failure arrangement, use may be made of money deposited by participants in the security account in order to complete the clearance, in cases in which the system operator will not have the

option of clearing the required sum from the participating account as well as charging the participating accounts in the event that the money in the security accounts is not sufficient to cover the liabilities of the failed participant (mutual assurance mechanism). In light of the failure arrangement, in March 2023 the Bank deposited the sum required from it according to the agreement in a special deposit account at the Bank of Israel, in favor of the failure arrangement only.

- On August 24, 2022 the Bank entered into an agreement to rent offices with the aim of replacing the offices from which the Bank is active. The Bank received the offices over the course of the second quarter of 2023. The rental period is for 7 years and there is an option to extend the agreement by 5 more years. As of the balance sheet date, it cannot be estimated whether the Bank will exercise the option.

## Restrictions, legislation, standardization and material special constraints applying to the banking corporation:

The bank follows the laws and other statutory provisions applicable to it and prepares for the implementation of new laws and directives according to the directive's date of implementation or the date of implementation relevant to the bank.

On January 9, 2022, the Bank of Israel granted the bank an unlimited banking license.

### Laws and Regulations

#### Amendment No. 13 to the Privacy Protection Law, 1981

Amendment No. 13 to the Privacy Protection Law was signed on August 5 2024. The amendment revised and clarified legislation in the field of privacy protection, establishes new and advanced arrangements, and grants effective enforcement tools, in a manner compatible with the challenges of the digital era, increasing protection on Israeli public's basic right to privacy and strengthen its response to increasing cyber threats.

The amendment includes the following key subjects: (1) expanding the supervision and enforcement authorities of the Privacy Protection Authority; (2) the obligation to appoint a Privacy Protection Supervisor to various organizations in the economy, including banking corporations; (3) establishing a special supervision arrangement in the field of privacy in defense bodes; (4) reducing the regulatory burden by significantly reducing obligations to register digital databases, so that in effect the registration obligation shall only apply to databases managed by those dealing in trading information and public bodies; (5) establishing a comprehensive prohibition on processing personal information gathered illegally and new criminal violations in databases; (6) adjusting all of the definitions in the law to technological, social and industry developments and to existing arrangements in modern privacy protection legislation in leading countries (including adjustment to arrangements present in GDPR rules); (7) expanding the authority of the Courts to award compensation with no proof of damages. The amendment came into effect on August 14 2025.

<sup>1</sup> Passed as part of the Economic Plan (Legislation Amendments for the Implementation of the Economic Policy for the Budget Years 2023 and 2024) Law, 2023, published in the records on June 6 2023.

#### Regulation of Payment Services and Payment Initiation Law, 5783-2023 <sup>1</sup>:

The purpose of the law, which is based, *inter alia*, on the equivalent European regulatory directives (the PSD2 Directive), is to enhance competition in the field of payments and to establish a new supervision and licensing regime to apply to non-bank payment service providers. The law primarily governs the licensing and regulation applying to non-bank entities who operate and/or wish to operate in the payment services field. The law thereby constitutes a supplementary arrangement to the Payment Services Law, 5779-2019, which prescribes the consumer duties applying to payment service providers toward their customers. The services governed by the law include the following: management of a payment account; issue of a means of payment; clearing of a payment action; and a new service - initiation of a payment, which, as a rule, is intended to enable the making of payments from account to account, online, simply and easily. The law further prescribes, for the first time, a duty of "connectivity" as regards payment transfers between people (a service provided by payment apps) - among the payment apps and between the payment apps and payment accounts (such as current accounts at the banks), all accomplished using a simple "identifying detail" such as a telephone number. The Law establishes an exemption from provisions regarding "connectivity" for the manager of a payment account with a small scope of activity. The Law came into effect on June 6 2024. Regarding basic initiation services, the law came into effect on December 6 2024.

#### Amendment No. 35 to the Banking (Service to Customer) Law, 1981 <sup>2</sup>:

This amendment establishes, *inter alia*, that a bank will send each customer, at the beginning of every month, a notice containing the following details: (a) the total amount of the fees collected by the bank from the customer in the month preceding the date on which such notice is sent, not including the amount of the commissions collected by it for the purpose of a housing loan; (b) the total amount of the interests collected by the bank from the customer in the month preceding the date on which such notice is sent, not including the amount of the interests collected by it for the purpose of a housing loan; (c) the total amount of the interests and commissions collected by the bank from the customer in the month preceding the date on which such notice was sent, for the purpose of a housing loan; (d) notifying the customer of their right to apply to the bank to obtain specification regarding the aforesaid commissions

<sup>2</sup> Passed as part of the Economic Plan (Legislation Amendments for the Implementation of the Economic Policy for the Budget Years 2023 and 2024) Law, 2023, published in the records on June 6 2023.

and interests. It was also decided that notice as per Subsection (D) will be sent to the customer in writing and in a manner allowing immediate and accessible communication, as much as possible, and that the supervisor will prescribe provisions regarding methods of delivery of such notice to the customer. Additionally, various provisions were prescribed with respect to allowing an operating entity to use information concerning a customer of a banking corporation, as well as provisions related to fee lists and the collection of fees, including a banking corporation's duty of notifying the customer, in the fee lists, that it is authorized to collect amounts or rates lower than the amounts or rates specified therein. The amendment came into effect on June 2 2024

#### **The Banking Law (Customer Service), (38th Amendment), 2025**

On May 14, 2025, the amendment was published compelling banks the asset value of which exceeds 5% of the asset value of all banks in Israel to allow money to be deposited for all customers, whether or not that customer has a current account at that bank. The purpose of the amendment is to increase competition in the deposits and savings plans market between the various banks, by allowing customers to transfer deposits between the various banks without the need to open a bank account with the receiving bank, while the banks will be able to compete for the customers' money by offering attractive interest rates. The amendment came into effect on December 1 2025.

#### **The Banking Law (Customer Service), (39th Amendment), 2025**

On May 21 2025, the 39th Amendment to the Banking Law (Customer Service) was published, adding Section 5.a.4, which requires banks to inform individual customers who hold a credit balance in a checking account exceeding 15,000 for a continuous period of at least a quarter of a year, of the credit balance and of the customer's investment options that may yield a higher return for him. The notice will initially be delivered quarterly and subsequently monthly, in writing and in a manner that allows immediate and accessible communication. The purpose of the amendment is to encourage conscious and informed financial management. This section takes effect on November 21, 2025.

#### **Bank of Israel Directives (Interest on Liquidity Deficits) (Amendment), 2025**

On July 22 2025, the Bank of Israel published an amendment to the Bank of Israel Directives (Interest on Liquidity Deficits), in which the addendum to the regulations was updated and the dates of the liquidity periods for 2026 were defined. The directives came into effect on September 2 2025.

## **The Ministry of Finance's 2026 Economic Plan**

In January 2026, the Economic Plan Bill passed its first reading in preparation for government resolutions as part of the state budget for 2026.

### **Advancement of Competition in the Banking Market**

As part of the economic plan, a number of legislative amendments have been proposed that are intended to promote competition in the Israeli banking system and in banking services provided to the retail sector, which includes households and small and medium-sized businesses, in particular. The proposed amendments are primarily based on recommendations included in the final report of the inter-ministerial team, jointly chaired by the Commissioner of Budgets at the Ministry of Finance and the Supervisor of Banks at the Bank of Israel, to study measures to increase competition in the banking system for the retail sector.

In order to promote competition in the banking market, the following amendments are proposed, among others:

- Three categories of banks were established:
  - Large bank – assets over 5% of the system's total assets.
  - Small bank – assets up to 5% and not controlled by a large bank.
  - Very small bank – assets up to 2.5% (can be expanded to 5% with the approval of the Commissioner and Minister of Finance).

These definitions are intended to allow regulatory relief for small and very small banks to facilitate their entry into the deposits market. A bank will only exit its definition after two consecutive years of exceeding the threshold, to ensure regulatory stability.

- The proposal seeks to authorize the Supervisor of Banks to expand the list of permitted activities for a bank that is not large (i.e., for small and very small banks), provided that these are not likely to harm the fulfillment of the bank's obligations or the interests of its customers, and do not raise concerns about conflicts of interest.
- Allowing control of a very small bank by an institutional holding group: in accordance with the recommendations of the summary report, the proposal includes a number of legislative amendments whose purpose is to allow those who control institutional entities to simultaneously control a very small bank (up to 2.5% of all assets in the system).
- Small bank holding permit: in accordance with the recommendations of the summary report, the proposal includes an amendment to Section 34 of the Banking Law (Licensing), so that in relation to a small bank as mentioned (asset value not exceeding 5% of the entire system), which has a controlling shareholder (who has received a control permit) who is an individual, a holding permit from the Commissioner of the Bank of Israel will be required only for holdings exceeding 10%. Thus, a person who holds a means of control in a small bank, as stated, at a rate exceeding 5% and up to 10% as stated, will not be required to

obtain a holding permit. This is in contrast to a large bank, whose threshold holding that requires obtaining a holding permit will remain at 5%, as is the current legal situation.

- The proposal establishes various reliefs for small and/or new banks, including with respect to due disclosure obligations, online migration between banks, and provisions regarding fee pricing.

## Bank of Israel and the Supervisor of Banks

### Bank of Israel Initiatives in the Field of Payments

- Immediate payments – a means of transferring payments from one account to another immediately, initiated and led by the Bank of Israel through MASAV Came into effect on January 1 2024.
- R2P – associated service on the immediate payments service allowing the beneficiary to ask payment from the payer digitally. Came into effect June 2024
- Transfer through identifying information – service for transferring money immediately between accounts via identifying information such as a mobile phone number or email address, as part of the activity of the MASAV system, starting June 2024.

- **Iron Swords War – Assistance Outline and Adjustments**

On October 15 2023 the Bank of Israel published a uniform temporary outline to help bank customers deal with the implications of the Iron Swords War<sup>3</sup>. The outline offers various relief to Bank customers (in accordance with their breakdown by “first circle” and “second circle” groups), pertaining to the deferral of payments and the payment of interest and commissions. The reliefs remaining in effect shall remain in force until March 31, 2026; in addition, in light of the security situation in northern Israel, the Bank of Israel has formulated a designated outline for owners of businesses operating in the north in order to help them with cash flow relief following the implications of the security escalation and as part of the economic rehabilitation in preparation for the return to routine activity.

In addition, the Bank of Israel issued temporary instructions that include adjustments to the Proper Conduct of Banking Business Directives for the purpose of dealing with the Iron Swords War; the adjustments in the temporary order were intended to offer the banks and credit card companies business flexibility in order to make it easier for Bank customers impacted by the state of war. The temporary order is revised from time to time.

<sup>3</sup>The Bank of Israel outline applies concurrently with the Date Deferral Law (Temporary Order – Iron Swords) (Contract, Ruling or Payment to the Authority), 2023.

### General Permit to Grant Specific Banking Services

On June 16 2024 the Supervisor of Banks published a revised permit for the provision of specific banking services (Permit 142) replacing the existing permit from 2002. The new permit expands the physical banking services that a bank may provide customers outside the branch, while adapting to its customers’ characteristics and their needs: it allows the provision of basic banking services to all customers outside the branches, and for customers who have objective difficulty in reaching a branch – all banking services. This is in addition to the option that exists today – providing banking services outside the branch for customers with financial understanding. Use of the permit is subject to meeting certain conditions including establishing a policy, procedures and work processes; adjusting the service to the customer's needs, to their risk characteristics and to their financial literacy; providing service in a worthwhile place and documenting the service.

### Implementation of an Open Banking Standard in Israel <sup>4</sup>

On February 24, 2020, the Banking Supervision published Proper Conduct of Banking Business Directive 368 on the subject of Implementation of an Open Banking Standard in Israel with Respect to Banks and Credit Card Companies. The directive defines and governs Israel's open banking infrastructure and includes provisions for the implementation of an open banking standard; the duties of banks and credit card companies; the protections afforded to the customer and the tools for managing risks in the open environment. *Inter alia*, the directive defines that a bank and a credit card company will constitute a “Source of Information” (a financial entity allowing the consumer to obtain information and access to a customer account, upon the customer’s request) with respect to banking activity including current accounts, debit cards, deposits, credit and securities; and an “Information Consumer” (an entity applying to obtain information from a Source of Information, upon a customer’s request).

On November 18 2021 the Financial Information Service Law, 2021 was published, following which Directive 368 was passed on February 23 2022 and was adjusted to the provisions of this law; on June 14, 2022 the law came into effect and pursuant to it, an obligation was imposed on the banking corporations to provide access to financial information on their customers to financial information service providers through the interface system for financial information. Section 79 of the Law established different start dates for some of the baskets of information and types of accounts, for each type of information source. Regarding banks, assisting organizations and clearinghouses, the access obligation first applies to customers who are individuals.

On January 22, 2023, the supervision published an amendment to Proper Conduct of Banking Business Directive 368, providing that the start date for implementing the provisions of the

<sup>4</sup>See Chapter 1.3 Goals and Business Strategies in the Board of Directors and Management Report

Financial Information Service Law, 5782-2021, as regards a securities information basket, including the duty of granting access to financial information of this type, for a Source of Information which is a bank or an auxiliary corporation, was scheduled for June 14 2023. Accordingly, Directive 368 was also amended regarding the granting of access to information about securities, and Appendix A4 regarding information about securities was added to the standard (the technological standard constituting an appendix to Directive 368). Additional amendments to the directive were also made, inter alia on the following subjects: level of availability, troubleshooting and processing of inquiries as part of the service level rules; the manner of using and keeping a certificate; and the supervisor's approval for payment initiation activity under the standard. The amendments are effective as from the day of their publication, with the exception of several sections, as set forth in the circular, which are effective as from June 2023. On October 10 2024, an additional amendment was published that concerns the adjustments required in Directive 368 due to the enactment of the Law on the Regulation of the Practice of Payment and Payment Initiation Services, 2023, and also includes clarifications for the implementation of the Financial Information Service Law in the context of customers who are corporations.

In accordance with the Financial Information Services Law and the Financial Information Service Order (Postponement of the Law's Effective Date Regarding a Source of Information which is a Bank, an Auxiliary Corporation or a Clearing Entity Concerning a Securities Basket and Corporations' Accounts), 2023, the start date in the matter of corporate customers who are not small corporations, was set for April 14 2024. As part of preparations for this implementation, on April 7 2024 an amendment was published to Directive 368 in which a number of adjustments were made to the technological standard, including adjustments supporting the provision of access to financial information of major corporations as well as adjustments in the matter of access provided to the payment initiation services.

On September 1, 2025, the Bank of Israel published an update to Proper Banking Management Directive No. 368. Taking into account the impact of Operation Rising Lion on the banking system in Israel, the circular updated the start dates of open banking provisions set forth in Directive 368.

#### Information Technology, Information Security and Cyber Defense Risk Management

On November 18 2024 Proper Bank Management Directive 364 was published, on the subject of "Management of Information Technology, Information Security and Cyber Defense Risks." This circular emphasizes the need for proper management of information technology risks due to rapid changes in the technological environment and increased threats. This circular replaces the three prior proper bank management directives: Directive 357 on "Managing Information Technology", Directive 361 on "Cyber Defense Management", Directive 363 on "Managing Cyber

Risks in the Supply Chain" as well as the Supervisor's letters on "Information Technology Assets Management" and in the matter of "Managing Key processes in the Field of Information Technology."

This circular proposes a risk management framework that includes specific principles and guidelines. It refers to corporate governance; risk management; training and awareness; project and change management; information security and cyber defense; managing events and problems; and managing risks with third parties.

The start date of the directive is 18 months from publication – meaning on May 18, 2026. The start date for contracts signed before the directive was published – on the date the contract was renewed and no later than 3.5 years from the start date.

#### Proper Banking Management Directive 367 – E-Banking

On July 17 2025, the Bank of Israel published an update requiring banks to share established information on suspicions of financial fraud, to assist in identifying and preventing fraud. Information sharing will be carried out in accordance with privacy and competition laws, with the aim of protecting customers and strengthening public confidence in the banking system. Additionally, a clarification was added to Section 47, which refers to the fact that information received from another banking corporation will also be used by the bank's monitoring mechanism for abnormal activity (according to Section 45). The amendment came into effect on December 31, 2025

#### Management of a Customer Service and Support System

On March 26, 2023, the Banking Supervision published Proper Conduct of Banking Business Directive 501 on the subject of Management of a Customer Service and Support System. This directive enshrines principles for the provision of service and support to customers of the banking system on the various service channels, and prescribes duties in the field of the corporate governance and work processes of banking corporations, so as to promote an organizational culture emphasizing the quality and availability of the service and support provided to customers. This directive came into effect on March 26, 2024, excluding exceptions listed in the circular.

### Provision of a Professional Human Telephone Response

On November 30 2025, the Bank of Israel published an update to Proper Banking Management Directive No. 426 on a “Professional Human Telephone Response”. The update establishes the obligation to provide a professional human telephone response to customers when there are concerns about fraud in payment services, and to deliver customer notifications about concerns over misuse in accordance with the Payment Services Law. According to the update, the service must be made available to the public continuously, and the waiting time, as a rule, shall not exceed six minutes from the start of the call. According to the explanatory notes to the update, adequate service and support that meets customer needs must be provided in accordance with Directive 501. The update will come into effect on May 31, 2026.

On November 30 2025, the Bank of Israel published an update to Supervision Report No. 840 on a “Professional Human Telephone Response”. The update focuses primarily on defining a monthly reporting framework for banking supervision, which includes detailed information on the call center's operating hours, the length of waiting times to receive a human and professional response, and monitoring the quality of the telephone service. The report also includes information about calls to the hotline regarding fraud by hourly cross-section. The update will come into effect on June 30, 2026.

### Switching Banks Online

On November 26 2025, the Bank of Israel published an update to Proper Banking Management Directive No. 448 on a “Switching Banks Online”. The update focuses primarily on regulating the process of switching customers between banks through an online technological system, while maintaining continuity of financial activity, increasing transparency and consumer protection. The directive defines the stages of the mobility and redirecting process, the responsibilities of the original bank and the receiving bank, the duty of due disclosure to the customer, and the rules for preserving customer rights during the transition. In addition, the directive details the handling of non-transferable products, the possibility of canceling the request or redirecting, and the obligation to update the customer at every stage of the process. The update is intended to ensure a simple, secure and cost-free transition for the customer, in accordance with Amendment No. 27 to the Banking Law (Customer Service), 1981. The update must be implemented by March 1, 2026.

### A Banking Corporation's Activity as Broker-Dealer

On July 19, 2023, the Banking Supervision published Proper Conduct of Banking Business Directive 461 on the subject of a Banking Corporation's Dealings in Securities on its Customers'

Account. The directive governs the activity of banking corporations in the field of financial brokerage on the subject of receiving and sending instructions for the purpose of taking actions in securities for customers, both in their activity as brokers and by way of dealing with their own account. The purpose of the directive is to ensure a fair market, high quality in the making of transactions and high transparency, to help protect the investors' customers and increase their confidence in the market and in the banking system. The principles of the directive are based, inter alia, on the European regulation and are also intended to reduce the regulatory gaps between Israel and other countries. The directive aims to achieve an additional purpose, this being the reduction of risks to banking corporations and particularly operating risks. The directive imposes various duties on the bank corporations, including: prescription of a policy regarding the implementation of directives, adjusting the activity to the customer, fitness and suitability of employees engaged in the activity, code of conduct, documentation requirements, provision of information to the customer and obtaining information from the customer and full disclosure regarding conflicts of interest in cases where exposure remains after steps have been taken to minimize it, and controls on the activity. Upon the directive's publication, a questions-and-answers file for its implementation was also published. The directive came into effect on August 19 2025. Once this directive came into effect, Proper Conduct of Banking Business Directives 461 and 419 were revoked.

### Publishing Interest Rates on Deposits and on Credit Balances in the Account

On May 20 2024, the Supervisor of Banks published Proper Bank Management Directive 447 on the publication of interest rates on deposits and on credit balances in accounts, in order to encourage competition in the banking system in the field of deposits while increasing transparency. This directive establishes rules and a uniform structure for the presentation of information on interest rates on deposits and on credit balances in accounts, in accordance with Sections 13–14 of the Banking Rules (Customer Service) (Due Diligence and Document Submittal), 1992.

Without detracting from the provisions of the due disclosure rules, a banking corporation must publish the minimal interest rates on deposits and credit balances in accounts they undertake to pay customers via concentrated publications of the types of the deposit, its characteristics and interest rates in accordance with the rules detailed in Sections 4–6 of the Directive.

Furthermore, in addition to the concentrated publication, the banking corporation will suggest a search mechanism. The search mechanism will allow customers to receive focused information in an easy, clear and effective manner on types of deposits, their characteristics and interest rates, in accordance with the various parameters entered by the customers, and access to it shall appear in a central and prominent area. This directive came into effect on April 1 2025.

Note that implementation of legal and regulatory directives by the bank is often carried out taking into account reliefs, adjustments and/or irregularities set in the laws and/or regulations and/or in accordance with directives and/or approvals by the relevant regulators.

Note: The Bank from time to time approaches the Supervisor of Banks/the relevant regulator with a request to make adjustments or postponements of the implementation of the directives, in whole or in part, as applicable, as well as regarding additional directives not listed above, after having made sure that this does not constitute material injury to the customers and is in accordance with the Bank's risk management.

#### Letter from the Supervisor of Banks to Banking Corporations Regarding Risks related to UNRWA's Financial Activities

On March 6 2025, the Supervisor of Banks published a letter to banking corporations, which dealt with the implications and risks arising from conducting financial activity related to UNRWA. The letter stated that following new legislation coming into effect at the end of January 2025, and taking into account the position of the Ministry of Justice as communicated to the Bank of Israel, any financial activity that assists UNRWA's operations in the State of Israel may expose banking corporations to a variety of risks – including compliance risks, legal exposures and damage to reputation. In light of this, and in accordance with the risk management obligations set forth in Proper Banking Management Directive No. 310, banking corporations are required to take steps to carefully manage the risks involved in providing financial services related to UNRWA's illegal activities, including any indirect engagement through third parties.

#### Publication of Proper Banking Management Directive No. A447 – Publication of consolidated Information on Monetary Funds and Mutual Funds

On April 9 a new directive was published dealing with the publication of centralized information on money market funds and short-term loans (MLMs), with the purpose of the directive being to increase customer exposure to these products and enhance comparability and competition in the financial system. Among other things, the directive establishes rules for presenting centralized information about deposits, monetary funds and mutual funds under the name "Money Market Products", with the option of filtering by investment period and currency. In addition, the directive details the manner in which information on financial funds and mutual funds is presented, including the data that must be included and the frequency with which it must be updated, and also requires the presentation of up-to-date, centralized information to the customer in his personal area on the website and in the application. The directive will come into effect approximately six months from the date of its publication (October 9 2025), with the exception of Sections 19-20, which deal with the presentation of personal information to the customer and the requirement to display the centralized advertising on the public website, which will come into effect 10 months from the date of publication of the directive.

#### Update to Proper Banking Management Ordinance 301 on the Board of Directors

On July 14 2025, the Bank of Israel published an update to Proper Banking Management Directive No. 301 on the Board of Directors. The update focuses primarily on procedures for approving office holders, the cooling-off period required when transferring between bank boards of directors (it was decided that the shortening of the cooling-off period for a director transferring from one banking corporation to another, with the consent of the board of directors of which he was a member, shall not be less than six months), and the refinement of procedures and accompanying documents. The amendment came into effect on December 1 2025

#### Update of Proper Banking Management Directive No. 221 Regarding the Liquidity Coverage Ratio, and Update to Proper Banking Management Directive No. 222 Regarding the Net Stable Financing Ratio

On September 17 2025, the threshold for a possible exemption from the application of the liquidity coverage ratio and the application of the net stable financing ratio was raised from 15 billion NIS to 25 billion NIS, and the basis for the calculation was changed to a two-year average. Additionally, clarifications were added regarding Israeli government bonds in the matter of calculating of the liquidity ratio applicable to a foreign branch. These directives came into effect upon publication.

#### Providing Services to Customers Against the Background of Sanctions Regime

On December 30 2025, the Banking Supervision Department published Proper Banking Procedure No. 412 on the subject of "Providing Services to Customers Against the Background of Sanctions Regimes." This provision clarifies the obligations borne by banking corporations with regard to risk management and the provision of banking services to customers affected by long-term economic sanctions regimes imposed by foreign countries, including intergovernmental organizations, and various international organizations. This is against the backdrop of the increasing use of various types of economic sanctions in recent years for a variety of purposes, which constitute levers of pressure and deterrence in the international arena.

The directive includes obligations in the matter of establishing policies and procedures regarding the manner in which sanctions lists will be used, while assessing the risks arising from a violation of the sanctions or from the abuse of a banking corporation for the purpose of circumventing sanctions. The directive came into effect on December 30 2025.

### Use of Credit Data System

On November 2 2025, the Bank of Israel published Circular No. 407-01 on the subject of "Use of the Credit Data System." The contract refers to Commissioner's Directive No. 407, which establishes a binding framework for users of credit data for the proper and secure use of the credit data system, in accordance with the Credit Data Law, 2016. The directive focuses on defining policies, procedures, and oversight and control mechanisms for the use of the system, including identifying, handling, and reporting unusual events and information security or cyber incidents. In addition, reporting obligations to the supervisor regarding significant unusual events were established, including events related to customer identification procedures, unauthorized use of information, data leaks, or technological disruptions. The directive places responsibility on the Board of Directors and Management for determining usage policies, appointing a designated person responsible for the issue, and conducting an internal audit at least once every three years. The directive will come into effect six months from the date of its publication on the Bank of Israel website, starting on May 2, 2026.

### Banking Rules (Customer Service) (Commissions), 2008

On April 9 2025, the Bank of Israel published an update to the Banking Rules (Customer Service – Commissions), 2008, in which Part 15 was added to the Tariff. This section deals with services for concentrating and analyzing the client's financial information, and allows banking corporations to charge a fee for providing this service.

### **Restrictions On and Supervision Of the Banking Corporation's Activity**

Starting January 9 2022 the Bank has been considered a "new banking corporation", as defined in Proper Conduct of Banking Business Directive 480: "Adjustments to Proper Conduct of Banking Business Directives Applicable to New Banking Corporations".

The Bank makes regular reports to the Supervisor of Banks, among other things on its operating results, the development and state of its assets, liabilities and equity, the development of capital planning relative to the business plan and the state of development of the various risks.

### **Social Involvement and Contribution to the Community**

The Bank assigns a great deal of importance to involvement in the community, and therefore in 2025 it continued with its program for volunteering in a variety of communities launched in 2023. As part of the program, bank employees volunteered in a variety of activities and frameworks, including working with children and youth at risk, soldiers and reservists, the elderly, and Holocaust survivors.

The Bank intends to continue with its volunteer program in 2026 and even expand it in conjunction with the Israeli Institute for Innovation in Education. Bank employees will take part in the activity, and will serve as mentors, instructors and partners in the educational work.

## Multi-Period Information

### Statement of Operations

#### For the Years Ending December 31, 2022–2025

In Thousands of NIS	For the Year Ending December 31,			
	2025	2024	2023	2022
Interest income	139,754	103,741	70,523	7,560
Interest expenses	(79,191)	(64,088)	(43,081)	(4,470)
Interest income, net	60,563	39,653	27,442	3,090
Expenses on credit losses	(8,187)	(18,810)	(18,235)	(3,317)
Interest income, net, after expenses on credit losses	52,376	20,843	9,207	(227)
Non-interest income				
Non-interest financial income (expenses)	159	(78)	(1,129)	21
Fees	56,584	34,200	15,401	1,048
Total non-interest income	56,743	34,122	14,272	1,069
Operating and other expenses				
Payroll and related expenses	(120,081)	(131,730)	(150,518)	(115,577)
Building maintenance, depreciation and equipment	(78,263)	(76,584)	(70,469)	(27,343)
Other expenses	(124,688)	(114,505)	(159,949)	(121,302)
Total operating and other expenses	(323,032)	(322,819)	(380,936)	(264,222)
Profit before taxes	(213,913)	(267,854)	(357,457)	(263,380)
Provision for taxes on gains	-	-	-	-
Net loss	(213,913)	(267,854)	(357,457)	(263,380)

## Multi-Period Information – Continued

### December 31, 2022-2025 Balance Sheet

In Thousands of NIS	2025	2024	2023	2022
<b>Assets</b>				
Cash and bank deposits	3,153,185	2,240,600	1,639,388	967,012
Credit to the public	444,171	366,578	255,559	76,944
Provision for credit losses	(13,737)	(14,606)	(10,602)	(1,283)
Credit to the public, net	430,434	351,972	244,957	75,661
Buildings and equipment	152,981	150,669	143,583	108,626
Assets due to derivative instruments	721	8,844	42	-
Other assets	142,924	170,723	145,605	35,602
<b>Total assets</b>	<b>3,880,245</b>	<b>2,922,808</b>	<b>2,173,575</b>	<b>1,186,901</b>
<b>Liability and equity</b>				
Deposits from the public	3,567,677	2,578,139	1,834,791	907,124
Liabilities due to derivative instruments	5,612	-	1,123	-
Other liabilities	261,130	232,171	246,192	135,656
<b>Total liabilities</b>	<b>3,834,419</b>	<b>2,810,310</b>	<b>2,082,106</b>	<b>1,042,780</b>
Equity attributed to shareholders of the Bank	45,826	112,498	91,469	144,121
<b>Total liabilities and equity</b>	<b>3,880,245</b>	<b>2,922,808</b>	<b>2,173,575</b>	<b>1,186,901</b>

## Terms and Definitions

Term	Explanation
<b>Bonds</b> Bonds	A financial instrument by which the government and companies can borrow money from the public. This financial instrument is a certificate of obligation to pay a debt, containing a promise by the issuer to pay the bond holder the principal issued, plus interest/coupon payments, on fixed dates or if a certain condition is met.
<b>Off-Balance Sheet Credit</b>	Commitments to provide credit and guarantees (excluding derivative instruments).
<b>Regulatory Capital</b>	Constituents of capital consist of two tiers: Tier 1 Capital and Tier 2 Capital, as defined in Proper Conduct of Banking Business Directive 202.
<b>Tier 1 Capital</b>	Going-Concern Capital, including Tier 1 Equity and Additional Tier 1 Capital, as defined in Proper Conduct of Banking Business Directive 202.
<b>Tier 2 Capital</b>	Insolvency Capital, as defined in Proper Conduct of Banking Business Directive 202.
<b>Basel Directives</b>	Rules for managing the risks of banks prescribed by the Basel Commission, engaged in supervision and the setting of standards for supervision of banks worldwide.
<b>Liability</b>	Within the meaning of Directive 313 of the Proper Conduct of Banking Business Directives.
<b>Debt</b>	A contractual right to receive money on demand, at fixed or determinable dates, which is recognized as an asset on the balance sheet of a banking corporation (for example, bank deposits, bonds, securities borrowed or purchased under repurchase agreements, credit to the public, credit to the government, etc.). Debts do not include deposits at the Bank of Israel and do not include assets in respect of derivative instruments.
<b>Consumer Price Index</b>	An index published by the Central Bureau of Statistics of the Israeli government, with the aim of measuring the change in prices paid by a group of consumers for a basket of goods and services.
<b>Average Duration</b> Average duration	The weighted average of the principal repayment time and the interest payment times of the bond.
<b>Derivative Instrument</b>	A financial instrument or future contract whose value is derived from the value of any underlying asset.
<b>Financial Instrument</b>	Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
<b>Active Market</b>	A market where transactions in an asset or liability occur frequently enough and in large enough volumes to provide pricing information on an ongoing basis.
<b>CSA</b> Credit Support Annex	An annex on the posting of collateral in connection with derivative transactions.
<b>CVA</b> Credit Valuation Adjustment	Exposure to loss that may occur if the counterparty to a transaction in a derivative instrument fails to meet the terms of the transaction.

<b>EAD</b> Exposure at Default	The borrower's total credit exposure given a state of default.
<b>FATCA</b> Foreign Accounts Tax Compliance Act	A U.S. law aimed at improving tax enforcement, requiring non-U.S. financial entities to report accounts of individuals obligated to report to the U.S. tax authority, even if those individuals are not U.S. residents.
<b>ISDA</b> International Swaps and Derivatives Association	A netting agreement in derivative transactions.
<b>LGD</b> Loss Given Default	The rate of loss out of the borrower's total credit exposure given a state of default.
<b>PD</b> Probability of Default	The probability of the borrower reaching a state of default in a given time period.
<b>RSU</b> Restricted Shares Units	An ordinary share which, under its terms of issue, is not freely negotiable within a certain time period or until a certain incident occurs or does not occur, and such period has not yet elapsed and/or such incident has not yet occurred.
<b>SAFE</b> Simple Agreement For Future Equity	A simple investment agreement for the allocation of future shares, the share value will be determined in the next fundraising round when the shares are issued.
<b>VaR</b> Value at Risk	A customary statistical model for quantifying market risks. A statistical estimate of the maximum loss expected to the bank due to the realization of market risks within a given time period and at a predetermined level of statistical confidence.