



**Convenience Translation Only.
The Hebrew Immediate Report is the binding report –**

May 7, 2026

To
The Stock Exchange
2 Ahuzat Bayit Street
Tel-Aviv 6525216

To
Israel Securities Authority
22 Kanfei Nesharim Street
Jerusalem 95464

Dear sir or madam,

In Re: **Determination of the Competition Commissioner Regarding the Existence of a Concentration Group**

Further to the statement in the chapter "Various Matters and Events Subsequent to the Balance Sheet Date" (Note 35(h), on pg. 322) of the financial statement of Bank Leumi le-Israel B.M. ("**the Bank**") for 2025 regarding the Competition Commissioner's notice concerning her intention to declare, subject to a secondary hearing, the five major banking groups a concentration group and each of the banks within said groups a member of a concentration group in the "banking services basket" for retail customers sector, the Bank hereby respectfully reports as follows:

1. On May 6, 2026 the Bank received a notice from the Competition Commissioner ("**the Commissioner**"), in which it was determined, by virtue of her authority under Sections 43(a)(6) and 31B of the Economic Competition Law, 5748-1988 ("**the Law**") and after having consulted with the Governor of the Bank of Israel and the Supervisor of Banks in accordance with Sections 31(c)(1) and 31D(a) of the Law, that Bank Hapoalim B.M., Bank Leumi le-Israel B.M., Mizrahi Tefahot Bank Ltd. Israel Discount Bank Ltd. and The First International Bank of Israel Ltd., including each of the banks held by them, collectively constitute a concentration group in the banking services for retail customers sector, and that each of the banks listed above is a member of a concentration group.
2. As part of the Commissioner's determination, directives were issued to the group members, the essentials of which are detailed in Section 4 below.
3. In proximity to the date of publication of the Commissioner's determination, the Bank of Israel published its position, the essentials of which are as follows:
 - 3.1. Under the circumstances, declaring the banks a concentration group is an extreme and disproportionate measure that, on the one hand, may deter investors from operating in

Israel and, on the other hand, is not expected to lead in any way to enhancing the well-being of the bank's customers. Particularly due to the fact that most of the directives accompanying the declaration have already been implemented in practice by the Banking Supervision Department of the Bank of Israel as part of the infrastructural reforms being led by the Bank of Israel.

- 3.2. To a large extent, the declaration and its accompanying directives remain a merely declarative move, which harms the regulatory certainty in the Israeli economy and therefore may deter investors from operating in Israel, without generating any competitive benefit.
 - 3.3. In the discourse that took place between the Supervisor of Banks and the Commissioner, the Commissioner did not present a convincing foundation demonstrating that the directives being contemplated are expected to yield a competitive benefit that outweighs their cost, or that their risks and systemic implications had been thoroughly considered. According to the approach of the Bank of Israel, in the absence of such an examination, and particularly when the directives coincide with measures that have already been advanced by the Bank of Israel, it is difficult to justify the use of such an exceptional tool as declaring a concentration group.
 - 3.4. During the proceedings conducted by the Commissioner vis-à-vis the Banking Supervision Department prior to the declaration, the Bank of Israel referred the Commissioner to the fact that at least with respect to some of the directives that she sought to establish, it is required, in accordance with the Law, to obtain the consent of the Bank of Israel – and such consent was not given.
4. The principal directives issued to the group members:
 - 4.1. The Bank's obligation to offer to accept common deposits, the manner of advertising the offer, the obligation to comply with the terms advertised and the obligation to advertise a money market fund along with the Bank's offer.

This directive will not enter into effect so long as Proper Conduct of Banking Business Directive A447, in its version on the date of the Commissioner's decision, is in effect (or until a different decision of the Commissioner).
 - 4.2. The Bank's obligation to proactively contact a retail customer 14 business days prior to the maturity date or prior to the renewal date of a deposit, referencing the advertisement of the Bank's offer and the advertisement of money market funds, to contact the

customer on the maturity or renewal date of the deposit, as well as on the date notice is given of a credit balance in a current account.

The manner of contact should be with clear and understandable language.

- 4.3. A prohibition against unreasonably refusing to accept a deposit from a deposit aggregator and directives pertaining to the question of what would be deemed an unreasonable refusal for the purpose of the directive.

This directive only applies to a "bank with a wide scope of activities", as defined in the directive (a bank with an asset value exceeding 20% of the asset value of all the banks in Israel).

- 4.4. In the event that a retail customer requests to transfer a deposit from the Bank to another bank or regulated financial entity: to carry out all the actions required in order to enable the customer to transfer the deposit to the receiving entity in an online, convenient, reliable and secure manner and without charging any fee for the deposit transfer process, while complying with the deadlines prescribed in the directive, as well as a prohibition against preventing the receiving entity from carrying out actions required for the transfer.

5. The effective date of the directives - May 6, 2027.

Respectfully,

Bank Leumi le-Israel B.M.

By: Adv. Nitzan Sandor, Chief Legal Advisor

Note: English translations of Immediate Reports of Bank Leumi are for convenience purposes only. In the case of any discrepancy between the English translation and the Hebrew original, the Hebrew will prevail.

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