BANK LEUMI LE-ISRAEL B.M.
AND ITS INVESTEE COMPANIES

Condensed Financial Statements
As at June 30, 2024
(Unaudited)

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Report of the Board of Directors and Management

The Report of the Board of Directors and Management was prepared in accordance with the Reporting to the Public Directives of the Banking Supervision Department. The principles applied to the preparation of the interim financial statements are consistent with those applied to the Annual financial statements as at December 31, 2023, except as outlined in Note 1 to the financial statements. The statements herein should be read in conjunction with the 2023 Annual Financial Statements.

Main Developments in the Israeli Economy[1]

General Background

As of October 7, 2023, Israel is in a war that has been imposed on it - the Iron Swords War.

The economic indicators for the second quarter of 2024 indicate a continuing recovery in the state of the economy. In the labor market, the demand for workers has stabilized against the backdrop of the recovery in the first quarter of the year and thereafter. In the first half of 2024, the demand for workers was evident in a wide variety of industries, including the construction, commerce and service industries. At the same time, wages continued to rise (as of May) and the unemployment rate continued to decline to 3.2 percent (adjusted for seasonality) in June 2024.

Israel's foreign trade indicated an increase in the volume of exported goods in the second quarter of 2024, with an emphasis on exports of high-tech and mixed-traditional technology goods. At the same time, Israel's imports of goods increased in this period, with an emphasis on the ongoing import of consumer goods, some raw materials and investment products - mainly machinery and equipment, and this increase is a positive indication regarding the state of activity.

In March to May 2024, the increase in new and used apartment sales continued. This refers to an increase by a rate of approx. 37 percent compared to the corresponding period last year.

Consumer trust remained low in July, and comparatively the weakness in Israel is more significant than in other OECD countries. Despite this weakness, sales in the marketing chains continued and increased in March-May 2024 following the recovery recorded in the first quarter of the year.

According to the Business Trends Survey, July 2024 marked an improvement in local economic activity, albeit projecting a worsening in exports. The industrial production index increased during April and May 2024 by 3.1 percent (seasonality adjusted data), but the level of activity in May 2024 was still approx. 2.5 percent less than in the corresponding period in 2023. The revenue index in all economic sectors increased during April and May 2024 by 0.9 percent (seasonality adjusted data), but in May 2024 this index was still approx. 1.0 percent less than in the corresponding period in 2023. These indices recorded a relatively fast increase in the information and communications sectors by a rate of approx. 3.8 percent in April and May 2024, and even more in hi-tech services, which recorded an increase in revenue of 5.5 percent in April and May 2024. In May 2024, the revenue level of the hi-tech sectors, industry and services, was approx. 8.1 percent higher than in the corresponding period in 2023. This increase in the revenue of the high-tech sectors occurred even though the survey of business trends recorded an increase in the number of high-tech companies reporting increased difficulty penetrating new markets around the world.

The Business Trends Survey's expectations remained negative on the construction and hotel industries in July, where in the construction industry it is the restrictions on the supply side that slow down the progress on projects. In the hotel industry, this reflects the scarcity of tourists from abroad (in July 2024, 108.3 thousand tourists entered Israel compared to 304.1 thousand in September 2023, just prior to the outbreak of the War, and 270.2 thousand in July 2023, original data) and a decrease in redemptions from Israelis against the backdrop of increased departures of Israelis from Israel, from the lowest level recorded in November 2023, after the outbreak of the War (945.7 thousand departing Israeli tourists in July 2024 compared to 148.7 thousand at the lowest level in November 2023). Despite the increase since December 2023 in the number of departing Israeli tourists, the level in July 2024 is still lower than in the corresponding period in 2023 (1.21 million Israelis departing Israel in July 2023, original data).

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

Looking ahead, economic activity is expected to be led by local demand, investments in fixed assets, strengthened security and private consumption. Geopolitical risks remained very high on the backdrop of the possibility of greater escalation to additional fronts, including a direct confrontation with Iran, and due to the risks associated with the sentiment towards Israel in international financial markets and in the global market.

Against the backdrop of the War and its immediate and long-term effects on economic activity and on Israel's fiscal situation, the three large credit rating agencies responded with downgrades and/or a downward revision of the rating outlook.

As from the first half of July, tensions escalated significantly in Israel. on the back of a series of events which increased the risk of an all-out war against Hezbollah in Lebanon, with fear of an attack on Israel by Iran. These developments were reflected in an added increase of Israel's risk premium in financial markets. In addition, on the back of these events, in early August, S&P published an extraordinary announcement regarding Israel, in which it stated that the basic rating scenario for Israel assumes that a broader regional war will be avoided, but the risk of escalation is increasing.

On August 12, 2024, rating agency Fitch announced it was downgrading the State of Israel's rating from A+ to A. The downgrading is based on the agency's assessment that the War is Gaza will continue into 2025 and may expand to additional fronts, with adverse effects on the economy, infrastructure, budgetary performance, etc. The rating outlook remained negative.

For further details regarding the rating of the State of Israel, please see the paragraph entitled Risk factor severity in the economy below in this chapter.

For the non-impact of downgrading the State of Israel's rating on the Bank's capital adequacy ratios, please see under "Equity and Capital Adequacy".

The Global Economy

On July 16, 2024, the International Monetary Fund (IMF) revised its global growth forecasts for 2024. Compared with the prior forecast from April 2024, there was no significant change in the IMF's global growth forecasts. The IMF noted that economic activity in the first quarter of the year grew at a faster pace than expected in many countries, with an improvement in the world trade volume, and with emphasis mainly on technological exports from Asia. At the same time, the inflation moderation process continued throughout the world, but at a slower pace. The interest rate reduction process is expected to continue.

Similar to the forecast from April, the updated growth forecast for 2024 also reflects IMF estimates for growth at a pace similar to 2023. This is, on the one hand, against the backdrop of the expected continued moderation of inflation in most of the world, which will accompany a continuation of the reduction of interest rates by central banks around the world combined with the recovery of economic activity in China. On the other hand, due to the need for fiscal restraint, which will be reflected in a reduction of government expenditures and tax increases in order to cope with the government debt which has risen in recent years with the support of economic activity in times of crisis.

According to the current growth forecasts, the gross world product is expected to grow at a rate of approx. 3.2 percent in 2024. As for the major western economies - the US economy is expected to grow by approx. 2.6 percent (a 0.1 percentage point decrease compared to the April 2024 forecast), with the Eurozone at approx. 0.9 percent, a forecast reflecting a 0.1 percentage point increase.

2024 is expected to be a year of relatively slow economic growth is expected, although in some countries, the growth rate is especially high. The risk map is inclined downward and includes, among other things, risks arising from climate change and various geopolitical risks, including the Ukrainian-Russian crisis and the situation in the Middle East, which increase the potential for volatile global economic processes, especially on the back of the threat on global shipping routes, especially around the Red Sea. In addition, there are risks of a renewed acceleration in inflation, mainly from service prices, which are influenced by the rate of increase in salaries, and from the geopolitical tensions around the world. This situation could lead to a longer than predicted period of a high interest rate environment, which increases the degree of risk to financial and fiscal stability.

Global growth/real change rate

Source: IMF - World Economic Outlook/July 2024

	2024	2023
World	**3.2%**	3.3%
USA	**2.6%**	2.5%
Eurozone	**0.9%**	0.5%
Japan	**0.7%**	1.9%
UK	**0.7%**	0.1%
China	**5.0%**	5.2%

The Israeli Economy

Risk factor severity in the economy

The degree of risk to the Israeli economy has increased during 2023 and has further risen due to the outbreak of the Iron Swords War and developments since then, in 2024 as well. Israel's credit rating has a negative outlook in all of the leading rating agencies. Moody's reiterated Israel's rating in May 2024 at a level of A2, with a negative outlook. In August 2024, Fitch downgraded the State of Israel's rating to A, maintaining the negative rating outlook. S&P downgraded Israel's credit rating to A+ with a negative rating outlook. These moves led to the downgrading of the Israeli banks' credit rating as well, with a negative outlook.

The rating downgrading may have an adverse effect beyond that embodied in the markets, inter alia, due to the State's recruitment costs and for Israeli banks. The risk level has remained high and therefore, there is still a real and feasible possibility of a future rating downgrade within a relatively short period of time if the various risk scenarios are realized. These are various scenarios concerning the security situation as well as Israel's ability to continue and recover in circumstances where the world's attitude towards Israel will continue to weaken, the probability of which has increased.

Therefore, in early August, S&P published an extraordinary announcement regarding Israel, in which it stated that the basic rating scenario for Israel assumes that a broader regional war will be avoided, but the risk of escalation is increasing. The agency described two main possible scenarios for the conflict's expansion: a significant clash between Israel and Hizballah; and a broader direct continuing confrontation with Iran. According to the agency, these potential escalation scenarios are not included in the basic rating scenario for Israel and could constitute an additional risk if realized.

For additional information regarding the credit rating and rating outlook of the State of Israel and the banks, please see The Credit Rating in the Corporate Governance Report.

For additional information on the degree of risk to the Israeli economy, please see the section entitled "Main Developments in the Israeli Economy" in the financial statements as of December 31, 2023.

For the non-impact of downgrading the State of Israel's rating on the Bank's capital adequacy ratios, please see under "Equity and Capital Adequacy".

Growth in the Israeli Economy

The GDP was up by a rapid growth pace of 14.4 percent in the first quarter of 2024, annualized, compared to the previous quarter, during which a sharp drop of 21.6 percent was recorded, annualized, on the backdrop of the Iron Swords War, which broke out at the beginning of the fourth quarter of 2023. Notwithstanding the increase in the first quarter of 2024, the level of the GDP in the first quarter of 2024 is approx. 1.2 percent lower than in the first quarter of 2023, and approx. 2.7 percent lower than in the third quarter of 2023, on the eve of the outbreak of the War. The increase in the GDP in the first quarter was supported by local demand, mainly by an increase in private consumption and investment in fixed assets, which dropped significantly in the fourth quarter of 2023. On the other hand, the decrease in the export of goods and services, and an increase in imports, adversely affected the growth rate in this quarter.

The average level of the combined state of the economy index increased by only approx. 0.3 percent in the second quarter of 2024 compared to the average level in the first quarter of 2024. Compared to the average level in the second quarter of 2023, there was a decrease of approx. 1.2 percent in the combined index. Compared to the first quarter of 2024, the combined index components in the second quarter of 2024 reflect an increase in imports of production inputs and consumer goods, an increase in the job vacancy rate, stability in credit card purchases and a decrease in exports of goods.

According to the forecast of the Bank of Israel Research Department, the GDP is expected to grow by a rate of 1.5 percent in 2024 and by 4.2 percent in 2025. These growth rates are lower than the Bank of Israel forecast from April, which is an expression of the degree of uncertainty regarding the various developments in the War and its continuation beyond previous estimates. The Bank of Israel states that as long as the fighting continues, GDP growth is expected to be impacted by both the supply side and the demand side. In terms of the supply, the mobilization of the reserves still harms the supply of labor in all economic sectors. Significant damage to the labor supply is particularly evident in the construction industry. The Bank of Israel estimates that the recovery in the labor supply will be slow and will continue for a longer period. In addition to the decrease in the labor supply, in the combat zones and in the threatened areas, production capacity was damaged due to the damage to physical capital and to the ability to work.

The State Budget and its Funding

The accumulated deficit in the state budget in January-July 2024 amounted to approx. NIS 72.1 billion, compared to a surplus of approx. NIS 6.0 billion in the corresponding period in 2023. The budget deficit, annualized, rose sharply in recent months due to the consequences of the Iron Swords War, however, even excluding the expenses for the War, government spending was up significantly. Government activity in the last 12 months ended July 2024 amounted to a cumulative deficit of approx. NIS 155.2 billion, which is approx. 8.1 percent of GDP, according to Ministry of Finance estimates, compared to a deficit of approx. 4.1 percent of GDP at the end of 2023. The current level of the deficit has surpassed the ceiling determined by the Ministry of Finance for 2024, which amounts to 6.6 percent of GDP.

Foreign trade and service exports data

Israel's trade deficit amounted to approx. USD 14.3 billion in the first half of 2024, compared to a trade deficit of approx. USD 16.6 billion in the corresponding period last year. Israel's service exports amounted to approx. USD 32.0 billion during the first five months of 2024, compared to approx. USD 33.6 billion in the corresponding period in 2023. The decrease in service exports reflects a decrease in tourism and transportation service exports (travel fees), as an effect of the War. On the other hand, during this period, an increase was recorded in exports from business services and high-tech services, with stability in exports in April-May 2024 following an increase in these exports during the first quarter of 2024.

Exchange Rate and Foreign Exchange Reserves

In the first six months of 2024, there was volatility in the exchange rate of the NIS, a continuation of the trend in 2023. In the reporting period, the NIS depreciated against the USD by a rate of approx. 3.6 percent, against the EUR by a moderate rate of approx. 0.2 percent and against the currency basket there was a moderate depreciation by a rate of approx. 0.7 percent. In contrast to the first quarter of the year, in the second quarter, against the backdrop of the escalation in the security situation, the NIS again depreciated against the USD, the EUR and the currency basket. The depreciation is partially explained by the increase in the demand for currencies perceived as global “anchors” - in terms of the risk level embodied therein, such as the USD, particularly in periods of uncertainty. The relatively moderate volatility in the NIS exchange rate from the beginning of 2024 is, among other things, a result of the Bank of Israel’s policy, which the financial markets consider reliable. The weakening of the NIS was renewed is the second half of July and in early August, which coincides with the worsening of assessments regarding the security situation.

At the end of July 2024, the Bank of Israel's foreign exchange reserves stood at approx. USD 213.6 billion compared to approx. USD 204.7 billion as at the end of December 2023. The increase in balances is mainly explained by the effects of the government’s actions in foreign currency and in revaluation. In the reporting period, the Bank of Israel did not intervene in the foreign exchange market.

Inflation and Monetary Policy

The Consumer Price Index (CPI) (the "in lieu" index) was up by 2.1 percent in the first half of 2024 (in the first quarter of 2024, by 1 percent and in the second quarter of the year the CPI rose 1.1 percent). In the 12 months ended June 2024, the CPI was up by 2.9 percent, a pace that is still within the price stability target range (1-3 percent), but this is during the renewed acceleration since February 2024. The risks to the forecast are still biased upward: Escalation of the War to additional fronts along with a high level for Israel's risk premium; an increase in the cost of imports to Israel and a shortage of supply of products, in view of the various disruptions, including in maritime traffic; and taxation measures on products or services measured in the CPI, with the aim of dealing with the fiscal consequences of the War.

The Consumer Price Index (CPI) (the "known" index) was up by 1.9 percent in the first half of 2024 (in the first quarter of 2024, by 0.3 percent and in the second quarter of the year, by 1.6 percent).

In the second quarter of 2024 there was no change in the Bank of Israel interest rate, which was 4.50 percent at the end of the quarter.

In the July 8, 2024 interest rate decision, the Monetary Committee decided to leave the interest rate unchanged at 4.50 percent, the level since January 2024. The Bank of Israel explains its decision on the priority given by the Monetary Committee to its policy decisions regarding the stabilization of the markets against the conditions of considerable uncertainty. Looking ahead, among the various factors, the Bank of Israel places greater weight than usual in the interest rate decision on the degree of continuing geopolitical uncertainty reflected in a high level of the economy's risk premium. It was also noted that the Monetary Committee noted that against the backdrop of the War, its policy focuses on stabilizing the markets and on reducing uncertainty alongside price stability and support for economic activity. The interest rate path will be determined according to the continued convergence of inflation to the target, continued stability in the financial markets, economic activity and fiscal policy. The interest rate reduction process may be renewed only at the beginning of 2025. According to the Bank of Israel Research Department, the interest rate is expected to be 4.25 percent in the second quarter of 2025.

Israel's Capital Market

The Shares and Convertible Securities Index in Israel was up by approx. 2.4 percent in the first half of 2024, following an increase of approx. 4.9 percent in 2023. This is in the setting of economic activity following the sharp decrease at the outbreak of the Iron Swords War, but with a moderation in the pace during the second quarter of the year, and also in the context of rising rates in stock markets around the world. On the other hand, it should be noted that the degree of uncertainty remained high, and it may be reflected in volatility in the financial markets, depending on developments in the War and the risks arising from it, and in the realization of additional risks.

The average daily trade volume of shares and convertible securities in the first half of 2024 totaled approx. NIS 2.149 billion, an increase of approx. 7.5 percent compared to the average level in 2023.

The CPI-Linked Government Bond Index was up approx. 2.8 percent in the first half of 2024, while the Unlinked Government Bond Index was up 2.0 percent, at the same time as a decrease of approx. 2.0 percent in the Unlinked Government Bond Index.

The CPI-linked non-government bond market (corporate bonds) rose in the first half of 2024 by approx. 2.0 percent.

Condensed Financial Information and Key Performance Indicators

Following are the key performance indicators (in %)

	For the three months ended June 30		For the six months ended June 30		For the year ended December 31
	2024	2023	**2024**	2023	2023
Return on net income attributable to the Bank's shareholders to equity[c]	**15.9**[i]	19.4	**18.0**	13.6[i]	13.7[i][j]
Return on net income attributable to the Bank's shareholders to average assets[c][e]	**1.2**	1.5	**1.4**	1.0	1.0
Ratio of income[b] to average assets[c][e]	**3.09**	3.29	**3.22**	3.11	3.02
Efficiency ratio	**28.7**	29.5	**28.9**	31.0	32.6
Ratio of net interest income to average assets[c][e]	**2.36**	2.48	**2.18**	2.39	2.28
Ratio of fees and commissions to average assets[c][e]	**0.49**	0.51	**0.49**	0.53	0.53
Rate of tax provision from profit, before taxes	**32.6**[k]	36.9	**34.0**[k]	33.8	33.5
Net interest income to average balance of interest-bearing assets (NIM)[c]	**2.61**	2.79	**2.41**	2.69	2.57
Total income to total average assets under management by the Group[b][c][d]	**1.06**	1.15	**1.12**	1.08	1.06
Total operating and other expenses to average total assets under management by the Group[c][d]	**0.30**	0.34	**0.32**	0.34	0.34

	As at June 30		As at December 31
	2024	2023	2023
CET1 capital ratio[h]	**12.04**	11.23	11.66
Total capital to risk-weighted assets ratio[a][h]	**15.04**	14.44	14.72
Leverage ratio[g]	**6.99**	6.69	6.65
Liquidity coverage ratio[f]	**130**	128	124
Net stable funding ratio (NSFR)	**118**	121	118
Equity attributable to the Bank's shareholders to total assets	**8.0**	7.5	7.5

Key credit quality indicators (in %)

	For the three months ended June 30		For the six months ended June 30		For the year ended December 31
	2024	2023	**2024**	2023	2023
Percentage of expense (income) for loan losses out of the average outstanding loans to the public[c]	**(0.02)**	0.31	**0.09**	0.36	0.58
Percentage of collective loan loss expense out of the average outstanding loans to the public[c]	**0.06**	0.29	**0.20**	0.34	0.50
Percentage of balance of the loan loss provision for loans to the public out of outstanding loans to the public	**1.52**	1.32	**1.52**	1.32	1.58
Percentage of non-performing loans to the public or in arrears of 90 days or more out of outstanding loans to the public	**0.59**	0.62	**0.59**	0.62	0.88
Percentage of net charge-offs out of average loans to the public[c]	**0.20**	0.14	**0.11**	0.11	0.13

Please see comments below.

Comments:
(a) Equity - including non-controlling interests and various adjustments.
(b) Total income - net interest income and noninterest income.
(c) Annualized.
(d) Including off-balance-sheet operations.
(e) Average assets are the total assets - income-generating and others. For additional information, please see Appendix 1 - Income and Expenditure Rates and Analysis of Changes in Interest Income and Expenses.
(f) For additional information regarding the liquidity coverage ratio, please see section entitled “Risk Exposure and Management Thereof”.
(g) For additional information regarding the leverage ratio, please see “Equity and Capital Adequacy” under “Structure and Development of Assets, Liabilities, Equity and Capital Adequacy”.
(h) For further details, please see section entitled “Equity and Capital Adequacy”.
(i) Return on net income attributable to the Bank’s shareholders, net of the impairment of the investment in the associate Valley in the second quarter, was approx. 20.2 percent (approx. 18.3 percent in the first half of 2023 and approx. 15.9 percent in 2023).
(j) The return on the net income attributable to the Bank’s shareholders to equity was affected, in the second half of 2023 by a substantial increase in loan loss expenses as a result of the estimated expected effect of the War; please see under the section entitled “Material Developments in Income, Expenses and Other Comprehensive Income”, Loan Loss Expenses.
(k) For additional information, please see Note 16.D.

Main income statement data

	For the three months ended June 30		For the six months ended June 30		For the year ended December 31
	2024	2023	**2024**	2023	2023
	In NIS million				
Net income attributable to the Bank's shareholders	**2,269**	2,453	**5,054**	3,434	7,027
Interest income, net	**4,378**	4,284	**8,145**	8,212	15,997
Loan loss (income) expenses	**(18)**	318	**204**	724	2,383
Noninterest income	**1,365**	1,412	**3,893**	2,483	5,181
Of which: fees and commissions	**910**	890	**1,845**	1,838	3,737
Total operating and other expenses	**1,651**	1,683	**3,476**	3,312	6,894
Of which: Salaries and related expenses	**882**	915	**1,953**	1,760	3,484
Net earnings per share attributable to the Bank's shareholders (in NIS):					
Basic and diluted net earnings	**1.49**	1.59	**3.32**	2.23	4.58

Main balance sheet data

	As at June 30		As at December 31
	2024	2023	2023
	In NIS million		
Total assets	**734,039**	686,857	731,497
Of which: Cash and deposits with banks	**128,278**	116,678	105,476
Securities	**128,573**	118,040	160,048
Loans to the public, net	**433,799**	409,565	419,486
Total liabilities	**675,599**	635,081	676,995
Of which: deposits by the public	**581,187**	533,977	567,824
Deposits by banks	**18,179**	19,793	20,776
Bonds, promissory notes and subordinated notes	**29,369**	31,585	32,114
Equity attributable to the Bank’s shareholders	**58,435**	51,771	54,497
Additional data:			
Price per share (in NIS)	**31.1**	27.6	29.5
Dividend per share (in agorot)(a)(b)(c)	**78.88**	64.30	135.56

(a) According to the declaration date.
(b) Cumulative figure for the period.
(c) For additional information, please see Note 9.A - The Bank’s share buyback plan 2024.

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

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

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

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

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

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

Trends, Phenomena, Developments and Material Changes

Main Changes in the Reporting Period

The Iron Swords War

As of October 7, 2023, Israel is in a war that has been imposed on it - the Iron Swords War.

For additional information, please see the section entitled "Main Developments in the Israeli Economy - General Background".

The War and its immediate and long-term effects on economic activity and Israel's fiscal situation also have an effect on the credit rating and outlook of the State of Israel and of the Bank.

For additional information, please see the section entitled "Main Developments in the Israeli Economy - Risk factor severity in the economy" and Credit Rating in the Corporate Governance Report.

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

For additional information on all the relevant publications of the Bank of Israel, please see the section entitled "Laws and Regulations Governing the Banking System" in the Corporate Governance Report.

Reliefs for coping with the War's ramifications

Further to the section entitled "Main Changes in the Reporting Year in the Financial Statements as of December 31, 2023, on March 4, 2024, the Banking Supervision Department published a notice regarding an additional extension of the outline for assistance to bank customers to ease the burden of credit and fees and commissions due to the consequences of the Iron Swords War for three months as from April 1, 2024, and its expansion to other populations from that date. According to the notice, the residents of eight localities in the north who were evacuated under a government resolution, but who have not yet inf act been evacuated, reserve soldiers who were hospitalized for a period of at least seven days for injuries incurred during the War, victims of the Psyduck Festival and victims of the preparation meeting for the Midburn Festival will be added to the First Circle Customer Group. In view of the continuing security situation and its effects on the financial conduct of various populations, on June 23, 2024, the Bank of Israel announced a further extension and expansion of the relief outline for banking system customers for an additional three months from July 1, 2024 to September 30, 2024.

The Bank adopted the outlines and implemented additional reliefs for its customers, as follows:

Mortgage-related reliefs

(a) As from April 1, 2024 and for a period of three months, an opportunity is given to customers in the First Circle, members of the Israel Police and customers whose property had been pledged in favor of the loan is located in front line localities in the north or south to defer, without interest and without fees and commissions, mortgage payments for an additional three months, such that the total maximum deferral period (including the months of exemption) will be nine months. From July 1, 2024 for a period of three months, this customer population was given the opportunity to defer mortgage payments, without interest and fees and commissions, for a period of three months such that the total maximum deferral period will be a total of nine months. Customers who deferred payments for a period of nine months and are still struggling financially to meet the loan payments, can request that the Bankl examine their case on a case-by-case basis (the above is relevant to first-time home buyers and upsized apartment owners).

(b) From April 1, 2024 for three months, an opportunity was given to all customers to defer mortgage payments, without fees and commissions, for an additional period of three months such that the total maximum deferral period will be nine months (or six months for customers who, until that time, had not taken advantage of any deferral period). From July 1, 2024 for a period of three months, an opportunity is given to all customers to defer mortgage payments for this group of customers, without fees and commissions, for an additional period of three months for customers who deferred payments under the previous outlines, such that the total maximum deferral period will be a total of nine months (or six months for customers who, until that time, had not taken advantage of any deferral period). Customers who deferred payments for a period of nine months and are still struggling financially to meet the loan payments, can request that the Bankl examine their case on a case-by-case basis. In addition, from October 8, 2023, an opportunity was given to defer part of the mortgage payments for a total period of up to twenty-four months (from October 2023).

Reliefs in loan payments for retail and business customers

(a) From April 1, 2024, for a period of three months, an opportunity was given to retail customers in the First Circle to defer, without interest and without fees and commissions, payments for loans with a total balance of up to NIS 100,000 for an additional period of three months such that the total maximum deferral period will be nine months. From July 1, 2024 for a period of three months, the opportunity to defer payments was extended by an additional period of three months such that the total maximum deferral period will be nine months. Customers who deferred payments for a period of nine months and are still struggling financially to meet the loan payments, can request that the Bankl examine their case on a case-by-case basis.

(b) From April 1, 2024, for a period of three months, the opportunity was extended for business customers in the First Circle with a turnover of up to NIS 25,000,000 to defer, without interest and without fees and commissions, payments for loans with a total balance of up to NIS 2,000,000 (not including loans in a commercial cooperation with a third party) for an additional period of three months such that the total maximum deferral period will be nine months. From July 1, 2024 for a period of three months, the opportunity to defer payments was extended by an additional period of three months such that the total maximum deferral period will be nine months. Customers who deferred payments for a period of nine months and are still struggling financially to meet the loan payments, can request that the Bankl examine their case on a case-by-case basis.

(c) From April 1, 2024, for a period of three months, the opportunity was extended for all customers (retail and business, with a turnover as stated above) to defer, at no charge, loan payments (up to NIS 100,000 for individuals and up to NIS 2,000,000 for businesses, not including loans in a commercial cooperation with a third party) for an additional period of three months such that the total maximum deferral period will be nine months. From July 1, 2024 for a period of three months, the opportunity to defer payments was extended by an additional period of three months such that the total maximum deferral period will be nine months. Customers who deferred payments for a period of nine months and are still struggling financially to meet the loan payments, can request that the Bankl examine their case on a case-by-case basis.

Exemption from overdraft interest

(a) On April 1, 2024, an exemption was given from overdraft interest in the amount of up to NIS 10,000 that is within the approved credit facility in an account for an additional three months and was given to retail customers in the First Circle who had an overdraft on March 3, 2024; including soldiers called up for reserve duty, who were received a reserve grant during January 2024. On July 1, 2024, the benefit was extended for an additional three months to customers in the First Circle (for reservists - those who received a reserve grant in July-September 2024 or who served in that period and present documentation) who had an overdraft (within the facility) on June 21, 2024.

(b) On April 1, 2024, an exemption was given from overdraft interest in the amount of up to NIS 30,000 that is within the approved credit facility in an account for an additional three months and was given to business customers in the First Circle with a turnover of up to NIS 5,000,000 who had an overdraft on March 3, 2024; including soldiers called up for reserve duty, who received a reserve grant in January 2024. On July 1, 2024, the benefit was extended for an additional three months and expanded to business customers in the First Circle with a turnover of up to NIS 10,000,000 per year (for reservists - those who received a reserve grant in July-September 2024 or who served in that period and present documentation) who had an overdraft (within the facility) on June 21, 2024.

Exemption for fees and commissions for retail customers and small businesses

On July 1, 2024, the benefit regarding an exemption from fees and commissions (not including fees and commissions in respect of activity in foreign currency, securities, foreign trade and diamonds) was extended for an additional three months for small retail and business customers in the First Circle, including reservists who will receive a reserve grant in July-September 2024 or who served in that period and present documentation.

Benefits for reservists

As of August 7, 2024, the Bank provides a series of benefits to its reservist customers (those who were on reserve duty during the Iron Swords War for at least 90 days):

A loan totaling up to NIS 100,000 - up to NIS 20,000 for a period of two years, at zero interest, and up to NIS 80,000 for a period of six years, at the prime rate; or, at the customer's discretion, a deposit of up to NIS 50,000 for one year at an annual fixed rate of 5.5 percent.

In addition - the lower of: a mortgage of up to NIS 120,000 at zero interest and no linkage to the CPI or 10 percent of the mortgage amount (only for new mortgage borrowers for first-time apartment buyers with a single property, bought from a contractor or second-hand, provided its value does not exceed NIS 2,500,000).

Donations and bonuses

A designated donation was granted by the Bank, through the Jewish Agency, to support reservists who have businesses and their self-employed spouses who, in many cases, are currently in danger of financial collapse. Through the donation, a grant system has been established that includes mentoring services and business support. The grants will be provided through the "Otef for Reserve Business" project.

Benefits awarded to the public during the War

	For the three months ended June 30, 2024						For the six months ended June 30, 2024	for 2023
	Housing	Private indi-viduals - Other	Micro- & small-busi-nesses	Mid-market busi-nesses	Corpo-rations	Total	Total	Total
	In NIS million							
Benefits granted by the Bank as part of dealing with the War								
Changes in debt terms and conditions[(a)]	4	4	5	-	-	13	23	87
Zero interest loans	-	-	-	-	-	-	-	3
Waiver of fees and commissions	1	13	7	-	-	21	41	30
Other benefits[(b)]	-	34	-	-	-	34	35	16
Total benefits granted by the Bank	5	51	12	-	-	68	99	136
Outstanding benefits not yet used as of the reporting date	133	135	51	-	-	319	319	317
Additional information on activities for the benefit of borrowers during the War								
Total credit that underwent a change in terms and conditions, during the reporting period[(c)]:								
Change in terms and conditions for borrowers who are struggling financially[(d)(e)(g)]	10	52	22	10	-	94	413	1,106
Change in terms and conditions for borrowers who are not struggling financially[(h)]	3,263	575	1,316	104	143	5,401	14,054	27,117
Total credit	3,273	627	1,338	114	143	5,495	14,467	28,223

	As at June 30, 2024						As at March 31, 2024	As at December 31, 2023
Total credit that underwent a change in terms and conditions:								
Change in terms and conditions for borrowers who are struggling financially[(d)(e)(g)]	155	568	486	197	324	1,730	1,825	1,722
Change in terms and conditions for borrowers who are not struggling financially[(h)]:								
Credit with a deferral of payments and/or period extension, for which the deferral period has not yet ended[(f)]	4,021	539	1,479	294	432	6,765	14,310	25,479
Amount of payments deferred[(f)]	180	211	757	210	731	2,089	1,742	1,071
Average deferral of payments in months[(f)]	8	4	4	4	3	6	5	4
Credit with another change in terms and conditions	1,101	-	-	-	-	1,101	1,122	1,148
Total	5,277	1,107	1,965	491	756	9,596	17,257	28,349
Additional information regarding changes in terms and conditions for borrowers who are not struggling financially[(h)]:								
Balance of credit with a deferral of payments and/or period extension, for which the deferral period has not yet ended	4,021	539	1,479	294	432	6,765	14,310	25,479
Of which: Troubled credit	2	26	91	3	-	122	159	557
Of which: Non-troubled loans, in arrears of 30 days or more	16	2	2	-	-	20	21	98
Balance of credit for which the deferral of payments has ended	9,732	1,453	4,603	2,405	2,113	20,306	13,197	268
Of which: Debt that defaulted after undergoing a change in terms and conditions	1	101	111	15	-	228	67	-
Outstanding balance of zero-interest loans	-	130	122	1	-	253	212	166
Average Prime interest rate in said period - 6.10%								
Loans granted as part of state-backed funds								
Outstanding loan balance	-	-	2,258	319	62	2,639	2,545	1,460
Average interest rate (%)	-	-	6.75	7.46	7.60	6.86	6.84	6.79
Of which:								
Outstanding balance of credit funded by the Bank of Israel	-	-	1,060	-	-	1,060	1,084	693
Average interest rate (%)	-	-	6.00	-	-	6.00	6.00	6.00
Outstanding balance of loans funded by the Bank of Israel (including through state-backed funds)								
Outstanding loan balance	-	-	2,684	-	-	2,684	2,943	2,247
Average interest rate (%)	-	-	6.00	-	-	6.00	5.98	6.00

Special payment to the State for the War

Regarding expenses recorded under Income Tax in respect of the Law for a Special Payment for Achieving the Budgetary Targets (Temporary Order - Iron Swords), 2024, please see Note 16.D.

Please see comments below.

Comments:

(a) Including a waiver of the principal, exemption from debit interest in a current account and a deferral of payments at 0 percent interest.
(b) Donations and grants provided were presented under the "private individuals - other" segment.
(c) Credit that underwent a change in terms and conditions during the reporting period also includes credit for which an additional payment deferral was given during the reporting period.
(d) In changes in terms and conditions until December 31, 2023 - credit that underwent a restructuring of a troubled debt.
(e) For additional information, Please see Note 13.
(f) Including a deferral of payments without interest in the deferral period. If an additional deferral of payments was given for a debt, the total duration of the deferral is presented. The deferral of payments does not include a deferral to which the borrower is eligible under any law.
(g) For activity in Israel.
(h) As part of dealing with the War.

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

With respect to credit risk, according to the Bank's assessments, the economic sectors whose activities are particularly exposed to the War's damages are: construction, agriculture, culture and leisure sectors (tourism, restaurants, entertainment, etc.), as well as some industrial and commercial sectors, depending on their location. Due to the high rate of uncertainty regarding the War's impact, and the potential for its continuation or escalation, it is impossible to accurately estimate the extent of its expected effect on the Bank's loan portfolio.

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

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

Additional implications

Uncertainty still prevails in the markets, and volatility in financial markets may persist, mostly on the back on the continued fighting, the expected increase in government spending and related debt raising.

The risk level has remained high and therefore, there is still a real and feasible possibility of a future rating downgrade within a relatively short period of time if the various risk scenarios are realized. These are various scenarios concerning the security situation as well as Israel's ability to continue and recover in circumstances where the world's attitude towards Israel will continue to weaken.

The Bank estimates that a downgrade (by one notch) in the credit rating of the State of Israel by one or even several of the rating agencies that rate the State of Israel, will not affect the Bank's capital adequacy ratios.

For additional information, please see under Liquidity Risk and Equity and Capital Adequacy.

For additional information, please see the section entitled "Main Developments in the Israeli Economy".

The Bank's assessments regarding the implications of the War on the severity of all risk factors - future profitability of the Bank, capital and liquidity ratios - are uncertain and may change in accordance with the developments, duration and ramifications of the War on the economy and the Bank's business.

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

Impairment of the investment in Valley's shares

As detailed in Note 15.A to the financial statements as of December 31, 2023, the Bank's investment in Valley shares is recorded in the Bank's books according to the equity method. In view of the impairment of the Valley shares as from the beginning of 2024, the Bank examined the need for an impairment of the investment in Valley's shares as recorded in the Bank's books. Therefore, in the second quarter of 2024, the Bank recorded an impairment of its investment in Valley in the amount of approx. NIS 0.6 billion, after tax.

The reduction in the value did not have a significant effect on the Bank's regulatory capital adequacy.

Subsequent to the balance sheet date and up to shortly before the report publication date, the market value of Valley's shares held by the Bank was in the NIS 1.8-2.3 billion range.

For additional information, please see Note 16.B.

Special Payment for Achieving the Budgetary Targets Law (Temporary Order - Iron Swords), 2024 and a change in the payroll and profit tax rate.

On March 17, 2024, the Law of Special Payment for Achieving the Budgetary Targets was published by the Knesset; according to the law, a bank whose scope of activity is not small shall pay the government - for the period beginning on April 1, 2024 and ending on December 31, 2025 (hereinafter - the "effective period") - an annual payment equal to 6 percent of the profits generated for its activity in Israel.

In addition, the tax payable by a bank for its activity in Israel in 2025 will be 17 percent of the salaries it paid and the profit it generated.

At the same time, on February 28, 2024, the Value Added Tax Ordinance was published, according to which the VAT rate will be raised to 18 percent as from January 1, 2025. Accordingly, on March 11, 2024, the Knesset approved the Value Added Tax Ordinance, according to which the salary tax and profit tax will be revised in accordance with the increase in VAT as from 2025.

According to the above, the combined tax rate applicable to the Bank in 2024, considering the effective period, is 38.03 percent, and is expected to increase to 39.32 percent in 2025. In addition, the profit tax payable by the Bank will increase to 18 percent from January 1, 2026, such that the combined tax rate applicable to the Bank in 2026 and thereafter shall be 34.75 percent.

For additional information, please see Note 16.D.

Material Changes in Financial Statement Line Items

The Iron Swords War

For additional information regarding the effects of the War, please see the section entitled "Main Changes in the Reporting Period".

Sale of headquarters buildings in Tel Aviv

Beit Lin - on March 25, 2024, the Beit Lin transaction was completed, the balance of the consideration was paid to the Bank and the property was delivered to the buyer. For the Beit Lin transaction, a capital gain (before tax) in the amount of approx. NIS 271 million was included in the reporting period.

Beit Mani - On February 29, 2024, the Beit Mani transaction was completed, the Bank was paid the remaining consideration and the building was delivered to the buyer. For the Beit Mani transaction, a capital gain (before tax) in the amount of approx. NIS 559 million was included in the reporting period.

The following is an analysis of the results for the six months of 2024 (hereinafter - the "Reporting Period") and for the second quarter of 2024:

Net income attributable to shareholders (hereinafter - "net income") in the Reporting Period amounted to approx. NIS 5,054 million compared to profit of approx. NIS 3,434 million in the corresponding period last year. Net income in the second quarter of 2024 amounted to approx. NIS 2,269 million compared to approx. NIS 2,453 million in the corresponding quarter last year.

The Iron Swords War, which broke out on October 7, 2023, led, among other things, to a sharp increase in uncertainty in the Israeli economy, in the volume of activity and to a higher risk regarding the main economic indicators of financial activity in Israel, including a downgrade of the State of Israel's credit rating and of the banks. The estimated loan loss provision includes the uncertainty and worsening of the macroeconomic indicators and parameters used for the assumptions underlying the model for predicting customers' future default rates until shortly before the Report's publication date.

The return on equity in the reporting period was approx. 18.0 percent, compared to a rate of approx. 13.6 percent in the corresponding period last year (approx. 18.3 percent net of the impairment of the investment in Valley during the corresponding period last year). The gain in the reporting period includes capital gains of approx. NIS 0.6 billion in respect of the sale of headquarters buildings in Tel Aviv as well as an expense of approx. NIS 0.6 billion after tax, with respect to the impairment of the investment in Valley.

Return on equity in the second quarter was approx. 15.9 percent (20.2 percent net of the impairment of the investment in Valley) compared to a rate of approx. 19.4 percent in the corresponding quarter last year.

The increase in the return on equity compared to the corresponding period last year stems from capital gains from the sale of the headquarters buildings in Tel Aviv recorded in the reporting period, as stated above, and from a lower impairment of the investment in Valley recorded in the current period compared to the amount recorded in the corresponding period last year.

Net interest income in the reporting period amounted to approx. NIS 8,145 million, compared to approx. NIS 8,212 million in the corresponding period last year, a decrease of approx. 0.8 percent. The decrease in interest income stems mainly from the effect of the CPI, which was lower in the reporting period in relation to the corresponding period last year, and from the erosion of credit and deposit spreads. This impact was partially offset by the increase in the Bank's loan portfolio and the increase in interest rates. In the reporting period, the CPI was positive, at approx. 1.9 percent, compared with a positive rate of approx. 2.5 percent in the corresponding period last year. The index in the second quarter of the year was approx. 1.6 percent, compared with an index of approx. 1.4 percent in the corresponding quarter last year.

Loan loss expenses and income in the reporting period reflect an expense rate of approx. 0.09 percent of the average outstanding loans to the public compared to an expense rate of approx. 0.36 percent in the corresponding period last year. The decrease in the expense rate stems mainly from the recording of specific income as a result of recoveries and from a decrease in the collective provision mainly due to a decrease in the rate of troubled debts, which was partially offset by an increase in expense due to the continuing uncertainty in the economy and worsening of macroeconomic indicators. The specific income rate for loan losses in the reporting period was approx. 0.11 percent compared to an expense of 0.02 percent in the corresponding period last year. The collective expense rate for loan losses in the reporting period was approx. 0.20 percent compared to a rate of 0.34 percent in the corresponding period last year, the decrease in the collective expense stems mainly from a decrease in the rate of troubled debts, which was partially offset by an increase in expense due to the continuing uncertainty in the economy and worsening of macroeconomic indicators. The rate of outstanding loan loss provision relative to the outstanding loans to the public as at June 30, 2024 was approx. 1.52 percent.

Noninterest finance income in the reporting period totaled an income of approx. NIS 1,180 million, compared to a total of approx. NIS 508 million in the corresponding period last year. The difference between the periods stems mainly from the increase in income from derivatives, exchange rate differentials and income from investment in shares.

Operational and other fees and commissions in the reporting period totaled approx. NIS 1,845 million, similarly to the approx. NIS 1,838 million in the corresponding period last year.

Operating and other expenses in the reporting period totaled approx. NIS 3,476 million compared to approx. NIS 3,312 million in the corresponding period last year. The increase in expenses stems mainly from the increase in salary expenses due to an increase in return-based bonuses. This increase was partially offset by the decrease in pension expenses on actuarial liabilities.

The Bank's share in associates' losses, after tax in the reporting period totaled approx. NIS 461 million compared to NIS 972 million in the corresponding period last year. The loss in the reporting period arose mainly from the impairment loss recorded for the investment in Valley in the amount of approx. NIS 0.6 billion compared to a loss of approx. NIS 1.1 billion in the corresponding period last year.

The efficiency ratio for the reporting period was approx. 28.9 compared to 31.0 percent in the corresponding period last year. The efficiency ratio in the second quarter of 2024 was approx. 28.7 percent, compared with 29.5 percent in the corresponding quarter last year. The significant improvement in the efficiency ratio stems from growth in the Bank's business activity and from the increase in noninterest finance income and other income.

Basic earnings per share attributable to the shareholders in the reporting period totaled a gain of approx. NIS 3.32 compared to a gain of NIS 2.23 in the corresponding period last year.

CET1 capital to risk-weighted assets ratio as at June 30, 2024 was 12.04 percent, compared to 11.23 percent in the same period last year.

Total capital ratio as of June 30, 2024 was 15.04 percent, compared to 14.44 percent in the corresponding period last year.

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

On August 14, 2024, the Bank's Board of Directors approved a distribution of profits at a rate of 40 percent of the net income for the second quarter of 2024, of which approx. 30 percent as a cash dividend in the amount of approx. NIS 681 million, and the balance by means of a share buyback in the amount of NIS 227 million.

For details, please see section entitled "Equity and Capital Adequacy".

Material Developments in Income, Expenses and Other Comprehensive Income

Following the outbreak of the Iron Swords War, the Bank of Israel published an outline to assist bank customers in dealing with the effects of the War; for additional information on the subject, please see under “Laws and Regulations Governing the Banking Sector” in the Corporate Governance Report.

Following is the change in net income in the second quarter of 2024 and in the reporting period compared to the corresponding quarter last year and the corresponding period last year

	For the three months ended June 30			
	2024	2023	Change	
	In NIS million		In NIS million	In %
Interest income, net	**4,378**	4,284	94	2.2
Loan loss (income) expenses	**(18)**	318	(336)	
Noninterest Income	**1,365**	1,412	(47)	(3.3)
Operating and other expenses	**1,651**	1,683	(32)	(1.9)
Profit before taxes	**4,110**	3,695	415	11.2
Provision for tax	**1,340**[d]	1,364	(24)	(1.8)
Profit after taxes	**2,770**	2,331	439	18.8
Bank's share in associates’ (losses) profits	**(501)**[a]	122	(623)	
Net income attributable to non-controlling interests[b]	**-**	-	-	-
Net income attributable to the Bank's shareholders	**2,269**	2,453	(184)	(7.5)
Return on equity (in %)	**15.9**	19.4		
Basic earnings per share (in NIS)	**1.49**	1.59		

	For the six months ended June 30			
	2024	2023	Change	
	In NIS million		In NIS million	In %
Interest income, net	**8,145**	8,212	(67)	(0.8)
Loan loss expenses	**204**	724	(520)	(71.8)
Noninterest income	**3,893**[c]	2,483	1,410	56.8
Operating and other expenses	**3,476**	3,312	164	5.0
Profit before taxes	**8,358**	6,659	1,699	25.5
Provision for tax	**2,843**[d]	2,253	590	26.2
Profit after taxes	**5,515**	4,406	1,109	25.2
Bank's share in associates’ losses	**(461)**[a]	(972)[a]	511	52.6
Net income attributable to non-controlling interests[b]	**-**	-	-	-
Net income attributable to the Bank's shareholders	**5,054**	3,434	1,620	47.2
Return on equity (in %)	**18.0**	13.6		
Basic earnings per share (in NIS)	**3.32**	2.23		

Please see comments below.

Net income development by quarter

	2024		2023			
	Q2	Q1	Q4	Q3	Q2	Q1
	In NIS million					
Interest income, net	**4,378**	3,767	3,850	3,935	4,284	3,928
Loan loss (income) expenses	**(18)**	222	668	991	318	406
Noninterest income	**1,365**	2,528[(c)]	1,297	1,401	1,412	1,071
Operating and other expenses	**1,651**	1,825	1,860	1,722	1,683	1,629
Profit before taxes	**4,110**	4,248	2,619	2,623	3,695	2,964
Provision for tax	**1,340[(d)]**	1,503[(d)]	869	866	1,364	889
Profit after taxes	**2,770**	2,745	1,750	1,757	2,331	2,075
Bank's share in associates' (losses) profits	**(501)[(a)]**	40	76	10	122	(1,094)[(a)]
Net income attributable to non-controlling interests[(b)]	**-**	-	-	-	-	-
Net income attributable to the Bank's shareholders	**2,269**	2,785	1,826	1,767	2,453	981
Return on equity (in %)	**15.9**	20.2	13.8	13.6	19.4	7.8
Basic earnings per share (in NIS)	**1.49**	1.83	1.20	1.15	1.59	0.64

(a) The results of the second quarter of 2024 include an impairment in respect of the investment in associate Valley in the amount of approx. NIS 0.6 billion. The results of the first quarter of 2023 include an impairment in respect of the investment in associate Valley in the amount of approx. NIS 1.1 billion. For additional information, please see Note 15.A to the financial statements as at December 31, 2023.
(b) Amounts of less than NIS 1 million.
(c) Including capital gains on the sale of the headquarters buildings in Tel Aviv. For further details, please see Note 16.C.
(d) For additional information, please see Note 16.D.

Interest Income, Net

	For the three months ended June 30				For the six months ended June 30			
	2024		2023		2024		2023	
	Interest income (expenses)	% of income (expense)	Interest income (expenses)	% of income (expense)	Interest income (expenses)	% of income (expense)	Interest income (expenses)	% of income (expense)
	In NIS million	In %	In NIS million	In %	In NIS million	In %	In NIS million	In %
Interest income	**9,792**	**5.83**	8,663	5.63	**18,619**	**5.51**	16,235	5.31
Interest expenses	**(5,414)**	**(4.37)**	(4,379)	(4.17)	**(10,474)**	**(4.19)**	(8,023)	(3.84)
Interest income, net	**4,378**	**1.46**	4,284	1.46	**8,145**	**1.32**	8,212	1.47
Net yield on interest-bearing assets (NIM)		**2.61**		2.79		**2.41**		2.69
Additional information:								
Credit spread[(a)]	**2,144**		1,936[(c)]		**4,117**		3,817[(c)]	
Deposit spread[(a)]	**1,989**		1,976		**3,868**		3,865	
Other[(b)]	**245**		372[(c)]		**160**		530[(c)]	

(a) Spread from credit granting activity is the difference between the interest received from credit and the cost of raising the sources used to grant the credit (hereinafter - "transfer prices"). These transfer prices are subject to the period, currency and type of interest in the transaction. Transfer prices are the Bank's internal pricing tool and are based on internal models and the Bank's judgment. Spread from deposit taking activity is the difference between the transfer prices and the interest paid to customers for these deposits.
(b) "Other" is attributed to the financial management segment and includes the segment's interest income and expenses transferred to the Bank's divisions in respect of the sources.
(c) Reclassified - As from the first quarter of 2024, the notional interest on the equity attributable to each segment is presented at a different spread instead of the spread from the provision of loans to the public. Comparative figures were reclassified accordingly.

Net interest income in the reporting period amounted to approx. NIS 8,145 million, compared to approx. NIS 8,212 million in the corresponding period last year, a decrease of approx. 0.8 percent. The decrease in interest income stems mainly from the effect of the Consumer Price Index, which was approx. 1.9 percent in the reporting period, compared with an index of approx. 2.5 percent in the corresponding period last year, and an erosion of the spreads on credit and deposits. This impact was partially offset by the increase in the Bank's loan portfolio and the increase in interest rates.

The Prime interest rate in the first half of 2024 was an average of approx. 6.0 percent, compared with a rate of approx. 5.8 percent in the corresponding period last year.

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

Net interest income in the reporting period was positively affected by the CPI in the amount of approx. NIS 790 million, while in the corresponding period last year, they were positively affected by the CPI by a total of approx. NIS 846 million.

Income rate was up 0.20 percent from one period to another, mainly due to the increase in interest rates, which was partially offset by an erosion of credit spreads and due to a lower CPI effect in the reporting period compared to the corresponding period last year.

Expense rate was up 0.35 percent from one period to the next, mainly due to the effect of the increase in interest rates and the erosion of deposit spreads (among other things, from the move from current accounts to deposits). This increase was offset by the effect of a low CPI in the reporting period compared to the corresponding period last year.

The decrease in the net interest margin (NIM) in the reporting period, as mentioned, mainly stems from the lower CPI effect compared to the corresponding period last year and from the erosion of the credit and deposit spreads.

The total interest rate spread in the reporting period is approx. 1.32 percent, compared to a spread of approx. 1.47 percent in the corresponding period last year.

The following table presents interest spread information from activity in Israel by linkage segment in the reporting period:

In the non-linked NIS segment, the interest rate spread was 1.65 percent, compared with 1.97 percent in the corresponding period last year. In the CPI segment, the interest rate spread is 1.85 percent, compared with 1.80 percent in the corresponding period last year. In the foreign exchange segment, the interest rate spread was (0.23) percent, compared with (0.69) percent in the corresponding period last year.

The following are data regarding net interest income, by quarter

	2024				2023							
	Q2		Q1		Q4		Q3		Q2		Q1	
	Interest income (ex-penses)	% of income (ex-pense)	Interest income (ex-penses)	% of income (ex-pense)	Interest income (ex-penses)	% of income (ex-pense)	Interest income (ex-penses)	% of income (ex-pense)	Interest income (ex-penses)	% of income (ex-pense)	Interest income (ex-penses)	% of income (ex-pense)
	In NIS million	In %	In NIS million	In %	In NIS million	In %	In NIS million	In %	In NIS million	In %	In NIS million	In %
Interest income	**9,792**	**5.83**	8,827	5.20	8,662	5.41	8,758	5.58	8,663	5.63	7,572	4.99
Interest expenses	**(5,414)**	**(4.37)**	(5,060)	(4.02)	(4,812)	(4.09)	(4,823)	(4.26)	(4,379)	(4.17)	(3,644)	(3.51)
Interest income, net	**4,378**	**1.46**	3,767	1.18	3,850	1.32	3,935	1.32	4,284	1.46	3,928	1.48
Net yield on interest-bearing assets (NIM)		**2.61**		2.22		2.40		2.51		2.79		2.59
Additional information:												
Credit spread	**2,144**		1,973		2,068		2,070		1,936		1,881	
Deposit spread	**1,989**		1,879		2,229		1,896		1,976		1,889	
Other	**245**		(85)		(447)		(31)		372		158	

For additional information regarding the credit spreads and deposits spreads by operating segment, please see Note 12.A.

For additional information regarding interest income and expenses, please see Appendix 1 - “Income and Expenditure Rates and Analysis of Changes in Interest Income and Expenses”.

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

Loan loss expenses (income)

	For the six months ended June 30			
	2024	2023	Change	
	In NIS million		In NIS million	In %
Loan loss expense (income) - specific	**(242)**	36	(278)	
Collective loan loss expense	**446**	688	(242)	(35.2)
Total loan loss expense	**204**	724	(520)	(71.8)
Of which:				
Loan loss expenses in respect of commercial credit risk	**15**	463	(448)	(96.8)
Loan loss (income) expenses for credit risk in respect of housing loans	**(24)**	44	(68)	
Loan loss expenses for other credit risk for private individuals	**213**	248	(35)	(14.1)
Loan loss income for credit risk for banks, governments and bonds	**-**	(31)	31	
Total loan loss expenses	**204**	724	(520)	(71.8)
Ratios (in %):(a)				
Percentage of specific (income) expense for loan losses out of the average outstanding loans to the public	**(0.11)**	0.02	(0.13)	
Percentage of collective loan loss expense out of the average outstanding loans to the public	**0.20**	0.34	(0.14)	(41.2)
Percentage of loan loss expenses out of average outstanding loans to the public	**0.09**	0.36	(0.27)	(75.0)
Percentage of net charge-offs for loans to the public out of the average outstanding loans to the public	**0.11**	0.11	-	-
Percentage of net charge-offs out of the outstanding loan loss provisions for loans to the public	**7.30**	8.32	(1.02)	(12.26)

(a) Annualized.

Development of loan loss expenses (income) by quarter

	2024		2023			
	Q2	Q1	Q4	Q3	Q2	Q1
	In NIS million					
Loan loss expense (income) - specific	**(86)**	(156)	192	122	19	17
Collective loan loss expense	**68**	378	476	869	299	389
Total loan loss (income) expense	**(18)**	222	668	991	318	406
Of which:						
Loan loss (income) expenses in respect of commercial credit risk	**(60)**	75	365	722	112	351
Loan loss (income) expenses for credit risk in respect of housing loans	**(27)**	3	102	75	31	13
Loan loss expenses for other credit risk for private individuals	**69**	144	204	197	174	74
Loan loss expenses (income) for credit risk for banks, governments and bonds	**-**	-	(3)	(3)	1	(32)
Total loan loss (income) expenses	**(18)**	222	668	991	318	406
Ratios (in %):[a]						
Percentage of specific (income) expense for loan losses out of the average outstanding loans to the public	**(0.08)**	(0.15)	0.18	0.12	0.02	0.02
Percentage of collective loan loss expense out of the average outstanding loans to the public	**0.06**	0.36	0.45	0.83	0.29	0.39
Percentage of loan loss (income) expense out of average outstanding loans to the public	**(0.02)**	0.21	0.63	0.95	0.31	0.41
Percentage of net charge-offs for loans to the public out of the average outstanding loans to the public	**0.20**	0.03	0.12	0.17	0.14	0.08
Percentage of net charge-offs out of the outstanding loan loss provisions for loans to the public	**12.81**	1.73	7.44	11.20	10.58	6.24

(a) Annualized.

For additional information regarding loan loss expenses, please see Note 6 and Note 13.

Loan loss expenses in the reporting period amounted to NIS 204 million, compared to expenses in the amount of NIS 724 million in the corresponding period last year. Most of the decrease in the expense rate stems mainly from the recording of specific income as a result of recoveries and from a decrease in the collective provision due to an improvement in the quality of the loan portfolio, which was partially offset by an increase in expense due to the continuing uncertainty in the economy and worsening of macroeconomic indicators.

Since the outbreak of the War and as of the report publication date, uncertainty prevails in the Israeli economy, which has caused a worsening in macroeconomic indicators that are taken into account in the calculation of the collective loan loss expense for possible consequences of the War. The increase in the provision is intended, among other things, to cover a possible future increase in the specific provision and possible negative developments in terms of arrears days, given the current high level of uncertainty regarding the impact of the War on the Bank's customers.

For further details regarding credit risks and their effect on the loan loss provision, please see the section entitled "Credit Risks".

Noninterest income

	For the six months ended June 30			
	2024	2023	Change	
	In NIS million		In NIS million	In %
Noninterest finance income	**1,180**	508	672	132.3
Fees and commissions	**1,845**	1,838	7	0.4
Other income	**868**[(a)]	137	731	533.6
Total	**3,893**	2,483	1,410	56.8

(a) Including capital gains on the sale of the headquarters buildings in Tel Aviv. For further details, please see Note 16.C.

The weight of noninterest income out of total income (i.e., net interest income and noninterest income) in the reporting period was at a rate of 32.3 percent, compared to 23.2 percent in the corresponding period last year. In the second quarter of 2024, it was 23.8 percent, compared to 24.8 percent in the corresponding quarter last year and 24.5 percent throughout 2023. The difference between the years stems mainly from the effect of derivatives and exchange rate differentials, increase in income from investments in shares and capital gains in respect of the sale of the headquarters buildings in Tel Aviv.

Development of noninterest income by quarter

	2024		2023			
	Q2	Q1	Q4	Q3	Q2	Q1
	In NIS million					
Noninterest finance income	**446**	734	336	435	483	25
Fees and commissions	**910**	935	936	963	890	948
Other income	**9**	859[(a)]	25	3	39	98
Total	**1,365**	2,528	1,297	1,401	1,412	1,071

(a) Including capital gains on the sale of the headquarters buildings in Tel Aviv. For further details, please see Note 16.C.

Breakdown of noninterest finance income

	For the six months ended June 30			
	2024	2023	Change	
	In NIS million		In NIS million	In %
Net income for derivatives and net exchange rate differentials for non-trading activities	**703**	419	284	67.8
Losses on sale of available-for-sale bonds, net	**(179)**	(220)	41	18.6
Realized and unrealized gains, net[(a)] and dividend from equity securities not held for trading	**390**	204	186	91.2
Net income for derivatives for trading activities	**272**	79	193	244.3
Realized and unrealized (losses) gains from fair value adjustments of held-for-trading bonds and equity securities, net[(a)] and dividend from held-for-trading equity securities	**(6)**	26	(32)	
Total	**1,180**	508	672	132.3

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

Breakdown of noninterest finance income by quarter

	2024		2023			
	Q2	Q1	Q4	Q3	Q2	Q1
	In NIS million					
Net income (expense) in respect of derivatives and net exchange rate differentials for non-trading activities	**215**	488	(44)	210	289	130
Losses on sale of available-for-sale bonds, net	**(96)**	(83)	(43)	(68)	(51)	(169)
Realized and unrealized gains, net[a] and dividend from equity securities not held for trading	**212**	178	8	123	108	96
Net income (expenses) for derivatives for trading activities	**112**	160	362	159	85	(6)
Realized and unrealized gains (losses) from fair value adjustments of held-for-trading bonds and equity securities, net[a] and dividend from held-for-trading equity securities	**3**	(9)	53	11	52	(26)
Total	**446**	734	336	435	483	25

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

Breakdown of fees and commissions

	For the six months ended June 30			
	2024	2023	Change	
	In NIS million		In NIS million	In %
Account management	**288**	311[a]	(23)	(7.4)
Activity in securities and certain derivatives	**313**	291	22	7.6
Credit cards	**209**	202	7	3.5
Credit handling	**126**	132[a]	(6)	(4.5)
Fees and commissions for financial product distribution	**116**	112	4	3.6
Exchange rate differentials	**227**	261	(34)	(13.0)
Financing fees and commissions	**385**	342[a]	43	12.6
Other fees and commissions	**181**	187	(6)	(3.2)
Total fees and commissions	**1,845**	1,838	7	0.4

(a) Reclassified.

The 0.4 percent increase in fees and commissions compared with the corresponding period last year stems primarily from fees and commissions on financing activities and on securities due to an increase in activity. The increase was partially offset by the decrease in account management fees resulting from the aide outline to customers as detailed in the section entitled “Main Changes in the Reporting Period”, and in fees and commissions from exchange rate differentials due to higher volatility in exchange rates in the first half of 2023.

Breakdown of fees and commissions by quarter

	2024		2023			
	Q2	Q1	Q4	Q3	Q2	Q1
	In NIS million					
Account management	**143**	145	147	158	152[(a)]	159[(a)]
Activity in securities and certain derivatives	**149**	164	151	149	136	155
Credit cards	**112**	97	76	105	104	98
Credit handling	**54**	72	51	65	59[(a)]	73[(a)]
Fees and commissions for financial product distribution	**58**	58	56	57	56	56
Exchange rate differentials	**116**	111	116	124	118	143
Financing fees and commissions	**189**	196	248	211	173[(a)]	169[(a)]
Other fees and commissions	**89**	92	91	94	92	95
Total fees and commissions	**910**	935	936	963	890	948

(a) Reclassified.

Breakdown of other income

	For the six months ended June 30		Change	
	2024	2023		
	In NIS million		In NIS million	In %
Gains on central severance pay fund	**6**	1	5	500.0
Other income, including on sale of buildings and equipment, net	**862**[(a)]	136	726	533.8
Total	**868**	137	731	533.6

(a) Stems mainly from capital gains on the sale of the headquarters buildings in Tel Aviv. For further details, please see Note 16.C.

Breakdown of other income by quarter

	2024		2023			
	Q2	Q1	Q4	Q3	Q2	Q1
	In NIS million					
Gains (losses) on central severance pay fund	4	2	(3)	4	4	(3)
Other income (expenses), including on sale of buildings and equipment, net	5	857[(a)]	28	(1)	35	101
Total	9	859	25	3	39	98

(a) Stems mainly from capital gains on the sale of the headquarters buildings in Tel Aviv. For further details, please see Note 16.C.

Operating and other expenses

	For the six months ended June 30		Change	
	2024	2023		
	In NIS million		In NIS million	In %
Salaries and related expenses	**1,953**	1,760	193	11.0
Depreciation and amortization	**313**	292	21	7.2
Maintenance expenses for buildings and equipment	**436**	410	26	6.3
Other expenses	**774**	850	(76)	(8.9)
Total operating and other expenses	**3,476**	3,312	164	5.0

In the reporting period, there was an increase of approx. NIS 164 million in operating and other expenses compared to the corresponding period last year. The increase is mainly due to an increase in salary expenses due to the increase in return-based bonuses. The decrease in other expenses was due to the decrease in pension expenses on actuarial liabilities.

The efficiency ratio for the reporting period was approx. 28.9 compared to 31.0 percent in the corresponding period last year. The significant improvement in the efficiency ratio stems from growth in the Bank's business activity and from the increase in noninterest finance income and other income.

Total (annualized) operating and other expenses constitute approx. 0.95 percent of total assets, similarly to the 0.96 percent in the corresponding period last year.

Operating and other expenses by quarter

	2024		2023			
	Q2	Q1	Q4	Q3	Q2	Q1
	In NIS million					
Salaries and related expenses	**882**	1,071	872	852	915	845
Depreciation and amortization	**157**	156	166	217	145	147
Maintenance expenses for buildings and equipment	**217**	219	224	232	216	194
Other expenses	**395**	379	598	421	407	443
Total operating and other expenses	**1,651**	1,825	1,860	1,722	1,683	1,629

Salary expenses

	For the six months ended June 30		Change	
	2024	2023		
	In NIS million		In NIS million	In %
Salaries and related expenses	**1,782**	1,585	197	12.4
Pension, severance and retirement expenses	**171**	175	(4)	(2.3)
Total salary expenses	**1,953**	1,760	193	11.0

Salaries and related expenses constitute approx. 56.2 percent of total operating and other expenses in the current period, compared to approx. 53.1 percent in the corresponding period last year.
The increase in salary expenses is mainly a result of the increase in return-based bonus expenses.

Salary expenses by quarter

	2024		2023			
	Q2	Q1	Q4	Q3	Q2	Q1
	In NIS million					
Salaries and related expenses	**796**	986	781	766	831	754
Pension, severance and retirement expenses	**86**	85	91	86	84	91
Total salary expenses	**882**	1,071	872	852	915	845

Condensed comprehensive income statement

Comprehensive income for the reporting period totaled approx. NIS 5,246 million compared to approx. NIS 3,502 million in the corresponding period last year.

In the reporting period, negative adjustments were recorded in respect of available-for-sale bonds totaling NIS (1,135) million before tax. These adjustments were offset by positive adjustments for liabilities for employee benefits in the amount of NIS 1,351 million before tax, which stem mainly from the increase in the discount rate. These adjustments were stated directly in other comprehensive income.

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

For the three- and six-month periods ended June 30, 2024 and 2023 and for the year ended December 31, 2023

	For the three months ended June 30		For the six months ended June 30		For the year ended December 31
	2024	2023	**2024**	2023	2023
	In NIS million				
Net income attributable to the Bank's shareholders	**2,269**	2,453	5,054	3,434	7,027
Changes in other comprehensive income attributable to the Bank's shareholders:					
Adjustments in respect of presentation of available-for-sale bonds at fair value, net	**(833)**	(137)	(1,135)	116	641
Adjustments of liabilities for employee benefits	**740**	148	1,351	(28)	378
Other adjustments[(a)]	**6**	20	(4)	41	60
Related tax effect	**69**	(32)	(20)	(61)	(373)
Other comprehensive income (loss) before attribution to non-controlling interests, after taxes	**(18)**	(1)	192	68	706
Less other comprehensive income attributable to non-controlling interests[(b)]	**-**	-	-	-	-
Other comprehensive income (loss) attributable to the Bank's shareholders, after taxes	**(18)**	(1)	192	68	706
Comprehensive income attributable to the Bank's shareholders	**2,251**	2,452	5,246	3,502	7,733

(a) For the composition of the other adjustments, please see Note 4.
(b) Amounts of less than NIS 1 million.

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

Total assets of the Leumi Group as at June 30, 2024 amounted to NIS 734 billion, compared to NIS 731.5 billion as at the end of 2023 - a 0.3 percent increase, and compared to June 2023 - a 6.9 percent increase.

The value of financial assets denominated in, and linked to, foreign currency out of the Group's total assets as of June 30, 2024 is approx. NIS 134.2 billion, approx. 18.3 percent of the total assets. In the first half of 2024, the shekel devalued against the US dollar by 3.6 percent, devalued by 0.2 percent against the euro, and devalued by 2.8 percent against the pound sterling. The change in the shekel's exchange rates against all foreign currencies during the first half of 2024 contributed to an increase of approx. 0.5 percent in the Group's total consolidated assets.

Total assets under the Group's management – total balance sheet and securities portfolios of customers, provident funds and study funds for which operational management and deposit management services are provided - reached approx. NIS 2,179 billion as of June 30, 2024, compared with a total of approx. NIS 2,082 billion as of the end of 2023.

1. Following are the changes in the main balance sheet line items

	June 30	December 31	Change	
			From December	As at June
	2024	2023	2023	2023
	In NIS million		In %	
Total assets	**734,039**	731,497	0.3	6.9
Cash and deposits with banks	**128,278**	105,476	21.6	9.9
Securities	**128,573**	160,048	(19.7)	8.9
Loans to the public, net	**433,799**	419,486	3.4	5.9
Buildings and equipment	**2,688**	2,874	(6.5)	(3.7)
Deposits by the public	**581,187**	567,824	2.4	8.8
Deposits by banks	**18,179**	20,776	(12.5)	(8.2)
Bonds, promissory notes and subordinated notes[(a)]	**29,369**	32,114	(8.5)	(7.0)
Equity attributable to the Bank's shareholders	**58,435**	54,497	7.2	12.9

(a) For additional information, please see section entitled "Bonds, capital notes and subordinated notes".

2. Changes in the main off-balance-sheet items

	June 30	December 31	Change	
			From December	As at June
	2024	2023	2023	2023
	In NIS million		In %	
Documentary credit, net	**1,351**	639	111.4	28.8
Guarantees and other commitments, net	**73,646**	70,514	4.4	2.3
Unutilized credit card credit facilities, net	**14,109**	13,882	1.6	25.3
Unutilized current loan account facilities and other credit facilities in demand accounts, net	**17,170**	18,986	(9.6)	(6.0)
Irrevocable loan commitments approved but not yet granted and commitments to issue guarantees, net	**103,406**	93,726	10.3	24.3
Derivative instruments[(a)(b)]	**1,416,725**	1,221,136	16.0	20.5
Options - all types[(b)]	**387,232**	223,871	73.0	136.8

(a) Including forward transactions, financial swap contracts, swaps, futures and credit derivatives.
(b) For additional information, please see Note 11.

Loans to the Public, Net

Outstanding loans to the public, net in the Leumi Group as of June 30, 2024 totaled approx. NIS 433.8 billion compared to approx. NIS 419.5 billion as of December 31, 2023, an increase of approx. 3.4 percent, and compared to March 2023 - an increase of approx. 5.9 percent.

The loan loss provision balance in the Leumi Group as of June 30, 2024 totaled approx. NIS 6.7 billion, similar to the loan loss provision balance as of December 31, 2023.

In addition to loans to the public, the Group invests in securities, which also embody credit risks of companies; as of June 30, 2024, these totaled approx. NIS 28,174 million, compared to a total of approx. NIS 25,922 million as of the end of 2023.

The Iron Swords War

Upon the outbreak of the War, the Bank took various measures to provide service to its customers. A dedicated call center has been established - a hotline for residents of southern Israel and areas of hostilities that provides a quick banking solution for banking transactions as well as information and individual approval of special requests. In addition, as part of handling the accounts of missing persons and hostages, a dedicated team has been formed which handles inquiries of family members and friends or reaches out to them according to information obtained by the Bank.

The reliefs implemented by the Bank since the outbreak of the War stem in part from outlines published by the Bank of Israel due to the War, and which were adopted by the Bank, and from other relief outlines, which expanded the Bank of Israel outlines.

For additional information of all the relevant publications of the Bank of Israel and details regarding the reliefs provided, please see under "Main Changes in the Reporting Period - of the Iron Swords War" and the section entitled "Laws and Regulations Governing the Banking System" in the Corporate Governance Report.

Development in loans to the public, after loan loss provision by main economic sector

	June 30	December 31		
	2024	2023	Change	
	In NIS million		In NIS million	In %
Private individuals - Housing loans	**135,971**	130,002	5,969	4.6
Private individuals - Other	**28,809**	28,903	(94)	(0.3)
Construction and real estate	**122,580**	116,722	5,858	5.0
Commerce	**31,889**	32,701	(812)	(2.5)
Industry	**22,377**	21,924	453	2.1
Other	**92,173**	89,234	2,939	3.3
Total	**433,799**	419,486	14,313	3.4

For additional information regarding the loan loss provision due to the War and information regarding the development of credit and credit risk by economic sector, please see under "Credit Risks".

Troubled Credit Risk

Following is the troubled credit risk after specific and collective provisions

	June 30			December 31		
	2024			2023		
	On-balance-sheet	Off-balance-sheet	Total	On-balance-sheet	Off-balance-sheet	Total
	In NIS million					
Non-performing credit risk, net	**1,786**	**92**	**1,878**	2,718	115	2,833
Performing credit risk, net	**2,826**	**334**	**3,160**	2,779	577	3,356
Total	**4,612**	**426**	**5,038**	5,497	692	6,189

	June 30	December 31
	2024	2023
	In NIS million	
Troubled credit risk - Commercial	**5,494**	6,604
Troubled credit risk - retail	**1,601**	1,808
Total	**7,095**	8,412
Balance of loan loss provision	**2,057**	2,223
Troubled loans after loan loss provision	**5,038**	6,189

For additional information regarding troubled loans, please see section entitled “Credit Risks” and Note 13.

Securities

As of June 30, 2024, the Leumi Group's investments in securities amounted to NIS 128.6 billion, compared to NIS 160.0 billion as of the end of 2023, approx. a 20 percent decrease.

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

Fair value calculation method

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

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

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

	June 30, 2024					December 31, 2023				
	Held-to-maturity bonds[e]	Available-for-sale bonds[a][e]	Not held-for-trading equity securities and mutual funds[b]	Held-for-trading securities [c][g]	Total	Held-to-maturity bonds[e]	Available-for-sale bonds[a][e]	Not held-for-trading equity securities and mutual funds[b]	Held-for-trading securities [c]	Total
	In NIS million									
Bonds										
Of the Israeli Government	9,566	50,652		5,957	66,175	8,093	74,888		12,905	95,886
Of foreign governments[d]	-	21,152		151	21,303	-	26,916		-	26,916
Of Israeli financial institutions	-	164		288	452	-	45		436	481
Of foreign financial institutions[f]	1,491	8,910		249	10,650	1,389	8,882		26	10,297
Asset-backed (ABS) or mortgage-backed (MBS)	6,264	11,635		21	17,920	5,591	9,951		25	15,567
Of other Israeli entities	-	817		246	1,063	-	823		159	982
Of other foreign entities	347	4,707		375	5,429	333	4,632		37	5,002
Equity securities and mutual funds			5,578	3	5,581			4,828	89	4,917
Total securities	17,668	98,037	5,578	7,290	128,573	15,406	126,137	4,828	13,677	160,048

(a) Including unrealized losses from fair value adjustments of NIS (4,219) million recorded in other comprehensive income (December 31, 2023 - losses of NIS (3,013) million).
(b) Including unrealized gains from fair value adjustments in the amount of NIS 27 million recorded in profit and loss (December 31, 2023 - gains of NIS 317 million).
(c) Including net unrealized losses from fair value adjustments in the amount of NIS (43) million recorded in profit and loss (December 31, 2023 - net losses of NIS (14) million).
(d) The US government - NIS 14.9 billion (December 31, 2023 – NIS 21.9 billion).
(e) The outstanding balance of held-to-maturity bonds are presented net of a NIS 3 million loan loss provision (December 31, 2023 - NIS 3 million). The outstanding balances of available-for-sale bonds are presented net of the loan loss provision. As of June 30, 2024, and December 31, 2023, there is no Outstanding loan loss provision in respect of available-for-sale bonds.
(f) Most bonds of foreign financial institutions are SSA-rated (Super-nationals, Sovereign and Agencies) or state-backed.
(g) Of which bonds in the amount of approx. NIS 1,484 million classified as held-for-trading securities because the Bank chose to measure them initially according to the fair value alternative, although they were not acquired for trading purposes.

As at June 30, 2024, approx. 76.3 percent of the Group's own (nostro) portfolio was classified as available-for-sale, approx. 5.7 percent - as held for trading, approx. 4.3 percent as not held-for-trading equity securities and mutual funds and approx. 13.7 percent as held-to-maturity.

For information on the value of securities by method of measurement, please see Note 15.A.

Available-for-sale portfolio

1. In the reporting period, there was approx. a NIS (1,135) million decrease (before tax effect) in other comprehensive income in respect of available-for-sale bonds, compared with an increase of NIS 116 million (before tax) in the corresponding period last year.
2. In the reporting period, net losses on the sale of available-for-sale bonds, stated in profit and loss, amounted to approx. NIS 179 million (before tax effect), compared with net losses of NIS 220 million (before tax effect) in the corresponding period last year.

The net accumulated balance of fair value adjustments of available-for-sale bonds held in the available-for-sale portfolio as at June 30, 2024 totaled a negative of approx. NIS (2,219) million (after tax effect), which represents a net realized loss as at the reporting date, compared with a negative of approx. NIS (1,517) million (after tax effect) as at the end of 2023, which represents a net unrealized loss as at the reporting date.

For information regarding fair value adjustments of available-for-sale securities recognized in equity, please see Note 5.

Held-for-trading portfolio

As at June 30, 2024, the held-for-trading portfolio has approx. NIS 7.3 billion in bonds, compared with NIS 13.6 billion as at December 31, 2023. As at June 30, 2024, the held-for-trading portfolio constitutes approx. 5.7 percent of the Group's total nostro portfolio, compared with 8.5 percent as at December 31, 2023.

Realized and unrealized losses in respect of held-for-trading bonds in the amount of NIS 9 million were recorded net in the income statement in the reporting period, compared with net losses of NIS 26 million in the corresponding period last year.

Investments in equity securities and mutual funds

As at June 30, 2024, investments in equity securities and mutual funds totaled approx. NIS 5,581 million, of which approx. NIS 2,244 million were marketable and approx. NIS 3,337 million - non-marketable.

Realized and unrealized gains (including dividend) in respect of the equity securities and mutual funds in the amount of approx. NIS 393 million were recorded net in the income statement in the reporting period, compared with net gains of NIS 204 million in the corresponding period last year.

For additional information on the portfolio's composition, please see Note 5.

Investments in foreign securities

A. Investments in foreign asset-backed securities

The Group's asset-backed (mortgage and non-mortgage) securities portfolio, all investment-grade, amounted to approx. NIS 17.9 billion (approx. USD 4.8 billion) as at June 30, 2024, compared to NIS 15.6 billion as at the end of 2023. Out of the above portfolio, as at June 30, 2024, approx. NIS 11.6 billion (approx. USD 3.1 billion) was classified to the available-for-sale portfolio and the remainder - to the held-for-trading and held-to-maturity portfolios.

As of June 30, 2024, the portfolio of available-for-sale investments in foreign asset-backed bonds, including investment in mortgage-backed bonds, totaled approx. NIS 6.8 billion. 93.9 percent of all mortgage-backed bonds in the available-for-sale portfolio was issued by US federal agencies (FNMA, FHLMC, GNMA) and all were rated AAA as of the reporting date.

As of June 30, 2024, the total net cumulative impairment from the mortgage-backed bonds portfolio charged to shareholders' equity was approx. NIS 616 million.

Total mortgage-backed bonds that are neither government-backed (USA) nor backed by US federal institutions total approx. NIS 420 million.

The weighted average maturity for the entire mortgage-backed bond portfolio is approx. 4.7 years (average duration). In addition to the mortgage-backed bonds, the Group's available-for-sale portfolio also includes other non-mortgage asset-backed bonds totaling NIS 4.8 billion, of which CLO bonds account for approx. NIS 3.2 billion. The weighted average maturity for the entire non-mortgage asset-backed bond portfolio is approx. 4.5 years.

For additional information on investment in asset-backed bonds, please see Note 5.

B. Investments in foreign non-asset-backed securities

As of June 30, 2024, the Group's securities portfolio includes approx. NIS 56.0 billion (USD 14.9 billion) in foreign non-asset-backed securities. NIS 44.1 billion (USD 11.7 billion) is from bonds classified to the available-for-sale portfolio and the remainder - to the held-for-trading and held-to-maturity portfolios. 98.5 percent of the total securities are investment grade and include mainly securities of the US government, banks and financial institutions as well as bonds of investment-grade corporations, and the remainder are mainly securities issued by the Israeli government.

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

As of June 30, 2024, the cumulative decrease in shareholders' equity in respect of foreign non-asset-backed bonds which are in the available-for-sale portfolio was NIS 1,798 million (NIS 1,183 million after tax).

As aforesaid, in addition to the available-for-sale portfolio, the held-for-trading portfolio and held-to-maturity portfolio also include non-asset-backed securities. The held-for-trading portfolio mainly includes securities issued by governments, banks and financial institutions. 94.6 percent of the securities in the held-for-trading portfolio are investment-grade.

As of June 30, 2024, the value of the non-asset-backed held-for-trading portfolio was NIS 1,465.0 million (approx. USD 389.7 million).

Investments in bonds issued in Israel

As at June 30, 2024, investments in bonds issued in Israel amounted to NIS 52.9 billion, of which NIS 51.4 billion was in shekel-denominated bonds issued by the Israeli government and the remainder - corporate bonds. Approx. 64.8 percent of corporate bonds investments - which are approx. NIS 1.0 billion - were included in the available-for-sale portfolio, and the remainder - in the held-for-trading portfolio.

The available-for-sale portfolio corporate bonds - which total NIS 1.0 billion - include a negative capital reserve of NIS (24) million.

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

For additional information, please see Note 5.

Deposits by the Public

Following are balances of deposits by the public

	As at June 30	As at December 31	
	2024	2023	Change
	In NIS million		In %
Demand deposits			
Non-interest-bearing deposits	**142,428**	150,365	(5.3)
Interest-bearing deposits	**137,775**	137,351	0.3
Total demand deposits	**280,203**	287,716	(2.6)
Fixed deposits	**300,984**	280,108	7.5
Total deposits by the public	**581,187**	567,824	2.4

The increase in the deposits balance during the first half stemmed mainly from an increase in deposits of capital market customers.

Off-balance-sheet activity in securities held by the public

	June 30	December 31		
	2024	2023	Change	
	In NIS million		In NIS million	In %
Securities portfolios[a]	**1,023,743**	964,128	59,615	6.2
Assets for which operating services are provided:[a][b][c]				
Provident and pension funds	**230,307**	210,734	19,573	9.3
Advanced study funds	**191,025**	176,010	15,015	8.5

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

Bonds, Commercial Securities, Capital Notes and Subordinated Notes

Shelf prospectus and bond issue

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

On April 17, 2024, the Bank issued approx. NIS 0.8 billion par value in Credit Linked Notes (Series 2).

The series was listed for trading on the TACT Institutional on the Tel Aviv Stock Exchange.

A credit-linked note is a financial instrument that is associated with a number of real estate loans given by the Bank and bears the credit risk of these loans.

The Bank undertakes to repay the note amount (including interest in accordance with the terms and conditions of the note), with the Bank's undertaking conditioned upon non-materialization of the credit risk embodied in such loans, according to the note. The payment by the Bank to the note holder will be reduced accordingly if any of the loans to which it is linked shall be defaulted upon, or if the borrower defaults or is under bankruptcy, and the repayment to the note holder shall only be made against amounts the Bank has been able to collect in their respect, according to the terms and conditions of the note.

The proceeds of the issuance is recognized as a qualifying financial collateral in accordance with Proper Conduct of Banking Business Directive No. 203, as well as collateral deductible in calculating indebtedness of a customer under Proper Conduct of Banking Business Directive No. 313.

The Bonds' principal will be payable in one lump sum on August 24, 2030, as long as the Bank does not carry out early redemption, as detailed in the terms of the issuance. The unpaid balance of the Bond's principal will bear annual interest at the Bank of Israel interest rate plus 2.3 percent, which will be paid in 76 monthly installments, from May 24, 2024 to August 24, 2030, the final repayment date of the Bonds' principal.
The Bonds (principal and interest) will not be linked to any linkage basis.

For additional information, please see the immediate report dated April 16, 2024.

Equity and Capital Adequacy

Equity attributable to the Bank's shareholders totaled NIS 58,435 million on June 30, 2024 compared with NIS 54,497 million as at the end of 2023.

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

The ratio of equity to total assets on June 30, 2024 is 8.0 percent.

Capital Adequacy Structure[a]

	June 30		December 31
	2024	2023	2023
	In NIS million		
Capital base for capital ratio purposes			
CET1 capital, after regulatory capital deductions and adjustments[c]	**58,151**	51,373	53,892
Tier 2 capital, after deductions	**14,525**	14,667	14,141
Total capital - total	**72,676**	66,040	68,033
Balances of risk-weighted assets			
Credit risk[c][d][e]	**442,762**	422,968	426,399
Market Risks	**7,768**	5,956	5,834
Operational risk	**32,562**	28,441	29,943
Total balances of risk-weighted assets	**483,092**	457,365	462,176
Capital to risk-weighted assets ratio			
Ratio of CET1 capital to risk-weighted components	**12.04%**	11.23%	11.66%
Total capital to risk-weighted assets	**15.04%**	14.44%	14.72%
Minimum CET1 capital ratio set by the Banking Supervision Department[b]	**10.23%**	10.20%	10.22%
Minimum total capital ratio set by the Banking Supervision Department[b]	**13.50%**	13.50%	13.50%

(a) For additional information regarding the capital adequacy structure, please see Note 9.B.

(b) The minimum Common Equity Tier 1 capital ratio required and the minimum total capital ratio required as of June 30, 2024 are 10 percent and 13.5 percent, respectively. In addition to the Common Equity Tier 1 capital is a capital requirement of 1 percent of the outstanding housing loans, excluding housing loans granted during the temporary order term.

(c) These data include adjustments in respect of the effect of first-time application of GAAP for current expected credit losses, which are gradually reduced until December 31, 2024. For further details, please see Note 1.X.1. to the financial statements as at December 31, 2022.

(d) Credit risk was calculated after implementing the revisions to Proper Conduct of Banking Business Directives 203 and 203A, "Measurement and Capital Adequacy - The Standardized Approach - Credit Risk". For further details, please see directives pertaining to the attribution of capital for derivative financial instruments above in the Report of the Board of Directors and Management as at December 31, 2023.

(e) These figures include adjustments in respect of high-risk loans for the purchase of land. For further details, please see Regulatory and other changes in measuring the capital requirements in the Report of the Board of Directors and Management as at December 31, 2023.

In the first half of 2024, the Common Equity Tier 1 capital was mainly affected by the net income for the period, net of the dividend and buyback, and from the increase in the loan portfolio. The impairment of the investment in Valley shares recorded in the reporting period did not have a material effect on the Bank's capital ratios.

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

Regulatory capital structure

In May 2013, the Banking Supervision Department published the final directives for the implementation of Basel III in Israel, by amending Proper Conduct of Banking Business Directives Nos. 201-211 (hereinafter in this section - the “Directives”). The Directives went into effect on January 1, 2014, subject to the transitional provisions included in the Banking Supervision Department’s Proper Conduct of Banking Business Directive No. 299.

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

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

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

Common Equity Tier 1 capital

Common Equity Tier 1 capital includes the banking corporation’s equity attributable to the shareholders, with the addition of some of the minority interests (non-controlling interests of consolidated subsidiaries) less goodwill, other intangible assets and regulatory adjustments and additional deductions.

In addition to these, the following are included: adjustments to Common Equity Tier 1 capital, which arise from the implementation of operational efficiency programs, measurement of the pension liabilities and assets designated for hedging, for regulatory capital purposes, as of July 1, 2022, as outlined above, as well as the application of various regulatory provisions, as outlined below.

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

Tier 1 capital

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

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

Tier 2 capital

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

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

For a description of the main features of issued regulatory capital instruments, please see the Bank's website at: https://english.leumi.co.il.

Capital Adequacy

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

The Bank of Israel’s capital adequacy targets

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

In addition to the Common Equity Tier 1 capital is a capital requirement of 1 percent of the outstanding housing loans, for the purpose of financing real estate rights. Accordingly, the minimum capital requirements applicable to the Bank as of June 30, 2024 are 10.23 percent for Common Equity Tier 1 capital ratio (including capital requirement for outstanding housing loans) and 13.50 percent for total capital ratio.

For information regarding the temporary order for dealing with the coronavirus crisis and the relief concerning housing loans provided thereunder, please see Note 9.A and the section entitled "Equity and Capital Adequacy" in the Report of the Board of Directors and Management as at December 31, 2023.

The Bank's capital planning and capital adequacy targets

For information regarding the Bank's capital planning and capital adequacy goals, please see the section entitled "Equity and Capital Adequacy" in the Report of the Board of Directors and Management as at December 31, 2023.

For additional information on the ICAAP process and the use of stress tests, please see the Risk Management Report as at December 31, 2023.

Dividend distribution policy

On March 6, 2019, the Bank's Board of Directors approved a dividend distribution policy, under which the Bank will distribute, each quarter, a dividend of up to 50 percent of the Bank's net income in accordance with the Bank's financial statements for the previous quarter. This was subject to, inter alia, the Bank's meeting its capital adequacy targets, even after the dividend distribution. The actual dividend distribution is subject to the specific resolutions being passed by the Board of Directors prior to each distribution, and to the provisions of the law which apply to dividend distribution, including the provisions of the Companies Law and directives of the Bank of Israel.

On August 14, 2024, the Board of Directors approved a distribution of profits at a rate of 40% of the net income for the second quarter of 2024, of which approx. 30 percent as a cash dividend in the amount of approx. NIS 681 million, and the balance by means of a share buyback in the amount of NIS 227 million, as detailed below. The dividend approved amounted is approx. 44.96 agorot p.v. per share of NIS 1 par value. The final dividend amount per share is subject to changes due to a share buyback and the exercise of the Bank's convertible securities. The Board of Directors has set August 26, 2024 as the record date for dividend payment and September 5, 2024 as the payment date.

Details of paid dividend

Declaration date	Payment date	Dividend per share	Paid cash dividend
		In agorot	In NIS million
August 16, 2022	September 6, 2022	25.82	399
November 29, 2022	December 19, 2022	23.08	356
March 14, 2023	April 4, 2023	45.20	698
May 23, 2023	June 15, 2023	19.10	294
August 15, 2023	September 7, 2023	48.05	736
November 29, 2023	December 17, 2023	23.21	353
March 19, 2024	April 11, 2024	23.97	365
May 28, 2024	June 20, 2024	54.91[1]	835

The Bank's share buyback plan 2023

For information regarding this plan, please see Note 9.A.

[1] According to the supplementary report dated June 10, 2024.

The Bank's share buyback plan 2024

On May 27, 2024, the Bank's Board of Directors approved a share buyback plan for a total of up to NIS 1 billion, from May 29, 2024 until the earlier of May 22, 2025 or until the total buyback amount has been reached.

The share buyback plan will take place as part of the trading on the Tel Aviv Stock Exchange (TASE) and/or through transactions outside the TASE, through an external, independent member of the TASE, which will act under an irrevocable power of appointment, in accordance with the safe harbor mechanism published by the Israel Securities Authority. The buyback plan will take place in four separate stages, each of which shall be irreversible, in accordance with the safe harbor mechanism (hereinafter - "Stage A", "Stage B", "Stage C" and "Stage D").

The implementation of Stage A began on May 29, 2024 and ended on August 7, 2024, during which time the Bank purchased (through the independent Stock Exchange member it had contracted) 8,536,690 Bank shares totaling NIS 270 million under the plan. As of the report publication date, the Bank owns 101,309,957 treasury shares.

Immediately prior to publishing this report, the Bank decided to proceed to Stage B, granting the TASE member an irreversible order to initiate Stage B on August 16, 2024. Stage B will end on the earlier of: (a) November 13, 2024; or (b) Completion of the Bank's share buyback in an amount not exceeding NIS 227 million. After the completion of Stage B, if the Bank decides to proceed to Stage C, it shall give the TASE member an irreversible order to initiate Stage C on the second trading day following the publication of the first financial statements after the decision to go forward with Stage C has been made. In such a case, Stage C will end on the earlier of: (a) February 13, 2025; or (b) Completion of the Bank's share buyback in an amount not exceeding NIS 760 million, net of the total amount of purchases actually carried out in Stages A and B. After the completion of Stage C, if the Bank decides to proceed to Stage D, it shall give the TASE member an irreversible order to initiate Stage D on the second trading day following the publication of the first financial statements after the decision to go forward with Stage D has been made. In such a case, Stage D will end on the earlier of: (a) May 22, 2025; or (b) Purchase of the Bank's shares in an amount not exceeding NIS 1 billion, less the total amount purchased as part of Stages A, B and C. If, following the completion of Stage B or Stage C, a decision will be made not to proceed with Stage C or Stage D, mutatis mutandis, the Bank will publish an immediate report to that effect.

Approval of the Banking Supervision Department to carry out the buyback plan, as required under Proper Conduct of Banking Business Directive No. 332, was received on May 22, 2024, subject to meeting the restrictions and capital targets, including the condition whereby the plan will be discontinued effective immediately if, during the plan term, the most recent financial statements published by the Bank will not comply with a Common Equity Tier 1 capital ratio of at least 10.9 percent, subject to the determination of the buyback amount in each stage taking into account the geopolitical situation as well as the Bank's actual capital ratios and the capital cushions required in the various scenarios.

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

Adjustments to Common Equity Tier 1 capital

Relief for operational efficiency plans

As part of the understandings regarding the special collective agreement signed with the Workers' Union in July 2019, the Bank's Board of Directors approved a voluntary retirement plan, which amounted to approx. NIS 167 million (after tax). As of June 30, 2024, 100 percent of the plan's costs are attributable to regulatory capital.

Regulatory and other changes in measuring the capital requirements

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

In accordance with the policy for the adoption of accepted international standards, the Banking Supervision Department is adopting the Basel Committee provisions from 2017 on the calculation of capital requirements in respect of operational risk. On June 19, 2024, the Banking Supervision Department published a circular to update Proper Conduct of Banking Business Directive 206 "Capital Measurement and Adequacy - Operational Risk"; the circular established an updated definition of the calculation of the capital allocation in respect of operational risk such that it is based, among other things, on the business indicator components and on the internal loss multiplier based on the average historical losses of the banking corporation. Implementation of the Directive will become effective on January 1, 2026. However, until December 31, 2028 the internal loss multiplier will be set at one.

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

From January 1, 2022, the Bank applies accounting principles on current expected credit losses. According to the transitional provisions published by the Banking Supervision Department, and since following the first-time application there was a decrease in the Common Equity Tier 1 capital of the Bank as at January 1, 2022, the Bank partially added to the Common Equity Tier 1 capital 75 percent of the decrease in the Common Equity Tier 1 capital as of the first-time application. This addition is decreasing by 25 percent at the beginning of each year until an addition of 0 percent on January 1 of the fourth application year. Accordingly, on January 1, 2024, 25 percent of the decrease in Common Equity Tier 1 capital on the date of first-time application was added to the Common Equity Tier 1 capital.

For additional information regarding regulatory changes in the measurement of capital requirements, please see the section entitled "Equity and Capital Adequacy" in the Report of the Board of Directors and Management as at December 31, 2023.

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

- Change in the amount of risk-weighted assets – Leumi's risk-weighted assets amounted to approx. NIS 483 billion as at June 30, 2024. Every NIS 1 billion increase in risk-weighted assets will reduce the CET1 capital ratio and total capital ratio by approx. 0.03 percent.
- Change in Common Equity Tier 1 - as of June 30, 2024, Common Equity Tier 1 totals approx. NIS 58.2 billion. A NIS 100 million decrease in CET1 capital will decrease the CET1 capital and total capital ratio by approx. 0.02 percent.
- Change in the foreign exchange rate - a 1 percent depreciation in the shekel's exchange rate against all currencies will decrease the Common Equity Tier 1 capital by approx. 0.02 percent and total capital ratio by approx. 0.01 percent.
- A 1 percent increase in the risk-free interest rate curve across all currencies for the regulatory capital exposure signifies a decrease of 0.08 percent in the Common Equity Tier 1 capital ratio and total capital ratio.
- The rating of the State of Israel has an effect on the capital requirements in respect of the Bank's exposures to the Israeli government and exposure to banks, institutional entities and public sector entities in Israel. The Bank estimates that a downgrade (by one notch) in the credit rating of the State of Israel by one or even several of the rating agencies that rate the State of Israel, will not affect the Bank's capital adequacy ratios.

  For additional information, please see The Credit Rating in the Corporate Governance Report and the immediate report dated February 11, 2024.

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

Leverage Ratio

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

	June 30		December 31
	2024	2023	2023
	In NIS million		
Consolidated data			
Tier 1 capital[c]	58,151	51,373	53,892
Total exposures[b]	831,575	767,928	810,014
Leverage Ratio			
Leverage Ratio	6.99%	6.69%	6.65%
Minimum total leverage ratio set by the Banking Supervision Department[a]	5.50%	5.50%	5.50%

For additional information on capital adequacy and leverage, please see Note 9.B.

(a) According to Proper Conduct of Banking Business Directive No. 218, "Leverage Ratio", the relief in the requirement for a minimum leverage ratio of 5.5 percent (instead of 6 percent) is in effect until December 31, 2025. A corporation which will utilize the easement until that date will be required to once again meet the required leverage ratio that was in place prior to the relief in two quarters' time, by June 30, 2026.

(b) Total exposures were calculated after implementing the revisions to Proper Conduct of Banking Business Directive 218, "Leverage Ratio", following the revision of Directives 203 and 203A, "Measurement and Capital Adequacy - the Standardized Approach - Credit Risk".

(c) The leverage ratio calculation took into account adjustments in respect of the effect of first-time application of GAAP for current expected credit losses, which are gradually reduced until December 31, 2024 and adjustments from the implementation of the measurement method for specific actuarial liabilities. For further details, please see Note 9.B.

Operating Segments - Management Approach

Operating segments reporting according to management approach presents the Bank's results by business line, in accordance with the Bank's organizational structure.
The Bank's business lines specialize in providing services to customer segments with similar characteristics and needs.

For additional information regarding the business lines according to the management approach, please see section entitled "Operating Segments" in the financial statements as at December 31, 2023.

Condensed financial performance according to management approach

	For the three months ended June 30, 2024											
	The Bank									Subsi-diaries in Israel	Foreign subsi-diaries	Total
	Private indi-viduals	Small busi-nesses	Banking - total	Mortgages	Commer-cial	Cor-porate	Real estate	Capital markets	Other and adjust-ments			
	In NIS million											
Interest income, net:												
From external	(809)	221	(588)	2,177	365	556	1,090	525	15	56	182	4,378
Inter-segmental	2,190	303	2,493	(1,830)	318	(280)	(734)	115	-	9	(91)	-
Interest income, net	1,381	524	1,905	347	683	276	356	640	15	65	91	4,378
Noninterest income (expenses)	369	115	484	4	140	76	100	456	(89)	170	24	1,365
Total income (expenses)	1,750	639	2,389	351	823	352	456	1,096	(74)	235	115	5,743
Loan loss expenses (income)	78	50	128	(23)	8	(199)	89	9	-	(11)	(19)	(18)
Total operating and other expenses	694	219	913	107	176	73	40	108	146	64	24	1,651
Profit (loss) before tax	978	370	1,348	267	639	478	327	979	(220)	182	110	4,110
Provision (benefit) for taxes	372	141	513	102	243	181	124	373	(277)	46	35	1,340
Net income attributable to the Bank's shareholders	606	229	835	165	396	297	203	96[(a)]	57	145	75	2,269

(a) Including the impairment loss from the investment in Valley shares in the amount of approx. NIS 0.6 billion.

Condensed financial performance according to management approach (cont.)

	For the three months ended June 30, 2023											
	The Bank									Subsi-diaries in Israel	Foreign subsi-diaries	Total
	Private indivi-duals	Small busi-nesses	Banking - total	Mortgages	Commer-cial	Corpo-rate	Real estate	Capital markets	Other and adjust-ments			
	In NIS million											
Interest income, net:												
From external	(483)	291	(192)	1,865	419	574	991	529	(78)	29	147	4,284
Inter-segmental[(a)]	1,924	255	2,179	(1,515)	336	(299)	(643)	16	4	1	(79)	-
Interest income (expenses), net	1,441	546	1,987	350	755	275	348	545	(74)	30	68	4,284
Noninterest income (expenses)[(a)]	362	118	480	5	140	65	102	514	53	63	(10)	1,412
Total income (expenses)	1,803	664	2,467	355	895	340	450	1,059	(21)	93	58	5,696
Loan loss expenses (income)	205	29	234	46	21	(85)	61	3	3	19	16	318
Total operating and other expenses	706	231	937	100	187	73	39	88	190	43	26	1,683
Profit (loss) before tax	892	404	1,296	209	687	352	350	968	(214)	31	16	3,695
Provision for tax	305	139	444	71	235	121	120	330	13	11	19	1,364
Net income (loss) attributable to the Bank's shareholders	587	265	852	138	452	231	230	722	(227)	58	(3)	2,453

(a) As of the third quarter of 2023, a change was introduced to the allocation of profitability resulting from the Bank’s asset and liability management activity, such that as from that date, all profitability from this activity is attributed to the “Capital Markets” P&L center. To present comparative information, the comparative figures were reclassified.

Condensed financial performance according to management approach (cont.)

	For the six months ended June 30, 2024											
	The Bank									Subsi-diaries in Israel	Foreign subsi-diaries	Total
	Private indi-viduals	Small busi-nesses	Banking - total	Mortgages	Commer-cial	Corpo-rate	Real estate	Capital markets	Other and adjust-ments			
	In NIS million											
Interest income, net:												
From external	(1,568)	439	(1,129)	3,722	709	965	2,089	1,307	26	100	356	8,145
Inter-segmental	4,310	610	4,920	(3,022)	672	(415)	(1,369)	(624)	(1)	19	(180)	-
Interest income, net	2,742	1,049	3,791	700	1,381	550	720	683	25	119	176	8,145
Noninterest income	736	231	967	6	287	168	202	1,159	763[(a)]	308	33	3,893
Total income	3,478	1,280	4,758	706	1,668	718	922	1,842	788	427	209	12,038
Loan loss expenses (income)	224	42	266	(22)	137	(112)	(29)	(2)	(1)	(2)	(31)	204
Total operating and other expenses	1,471	466	1,937	224	375	153	85	220	320	109	53	3,476
Profit before taxes	1,783	772	2,555	504	1,156	677	866	1,624	469	320	187	8,358
Provision for tax (benefit)	678	294	972	192	440	257	329	618	(70)	52	53	2,843
Net income attributable to the Bank's shareholders	1,105	478	1,583	312	716	420	537	517[(b)]	539	296	134	5,054

Balances as at June 30, 2024												
Loans to the public, net	29,644	26,681	56,325	138,254	63,805	64,130	69,716	24,705	6,365	1,226	9,273	433,799
Deposits by the public	224,213	56,861	281,074	-	88,504	42,209	10,749	158,644	7	-	-	581,187

(a) Including capital gains in respect of the sale of headquarters buildings in Tel Aviv in the amount of approx. NIS 830 million.
(b) Including the impairment loss from the investment in Valley shares in the amount of approx. NIS 0.6 billion.

Condensed financial performance according to management approach (cont.)

	For the six months ended June 30, 2023											
	The Bank									Subsi-diaries in Israel	Foreign subsi-diaries	Total
	Private indi-viduals	Small busi-nesses	Banking - total	Mortgages	Commer-cial	Corpo-rate	Real estate	Capital markets	Other and adjust-ments			
	In NIS million											
Interest income, net:												
From external	(735)	611	(124)	3,498	795	984	1,763	969	8	59	260	8,212
Inter-segmental[(b)]	3,528	476	4,004	(2,792)	679	(453)	(1,099)	(201)	1	4	(143)	-
Interest income, net	2,793	1,087	3,880	706	1,474	531	664	768	9	63	117	8,212
Noninterest income (expenses)[(b)]	819	251	1,070	7	295	150	194	609	48	114	(4)	2,483
Total income	3,612	1,338	4,950	713	1,769	681	858	1,377	57	177	113	10,695
Loan loss expenses (income)	332	117	449	71	87	(70)	153	(18)	5	26	21	724
Total operating and other expenses	1,340	450	1,790	191	358	141	76	170	429	95	62	3,312
Profit (loss) before tax	1,940	771	2,711	451	1,324	610	629	1,225	(377)	56	30	6,659
Provision (benefit) for taxes	663	264	927	154	453	209	215	417	(163)	19	22	2,253
Net income (loss) attributable to the Bank's shareholders	1,277	507	1,784	297	871	401	414	(217)[(a)]	(214)	90	8	3,434
Balances as at June 30, 2023												
Loans to the public, net	31,209	25,765	56,974	125,640	64,116	61,782	63,495	22,269	6,147	1,144	7,998	409,565
Deposits by the public	214,050	53,326	267,376	-	89,850	33,355	9,720	133,669	7	-	-	533,977

(a) Including the impairment loss from the investment in Valley shares in the amount of approx. NIS 1.1 billion. For additional information, please see Note 15.A to the financial statements as at December 31, 2023.

(b) As of the third quarter of 2023, a change was introduced to the allocation of profitability resulting from the Bank's asset and liability management activity, such that as from that date, all profitability from this activity is attributed to the "Capital Markets" P&L center. To present comparative information, the comparative figures were reclassified.

Condensed financial performance according to management approach (cont.)

	For the year ended December 31, 2023												
	The Bank									Subsi-diaries in Israel	Foreign subsi-diaries	Total
	Private indivi-duals	Small busi-nesses	Banking - total	Mortgages	Commer-cial	Corpo-rate	Real estate	Capital markets	Other and adjust-ments			
	In NIS million											
Interest income, net:												
From external	(2,113)	1,113	(1,000)	6,689	1,577	2,098	3,829	2,045	24	141	594	15,997
Inter-segmental	7,732	1,051	8,783	(5,270)	1,372	(996)	(2,453)	(1,120)	1	27	(344)	-
Interest income, net	5,619	2,164	7,783	1,419	2,949	1,102	1,376	925	25	168	250	15,997
Noninterest income	1,558	496	2,054	15	580	331	391	1,395	67	296	52	5,181
Total income	7,177	2,660	9,837	1,434	3,529	1,433	1,767	2,320	92	464	302	21,178
Loan loss expenses (income)	844	389	1,233	261	354	59	430	(35)	(4)	65	20	2,383
Total operating and other expenses	2,833	929	3,762	385	721	290	170	384	858	193	131	6,894
Profit (loss) before tax	3,500	1,342	4,842	788	2,454	1,084	1,167	1,971	(762)	206	151	11,901
Provision (benefit) for taxes	1,197	459	1,656	269	839	371	399	674	(337)	44	73	3,988
Net income (loss) attributable to the Bank's shareholders	2,303	883	3,186	519	1,615	713	768	403[a]	(425)	170	78	7,027

Balances as at December 31, 2023												
Loans to the public, net	30,180	26,159	56,339	132,074	62,567	60,667	66,692	25,655	5,987	1,103	8,402	419,486
Deposits by the public	216,898	56,087	272,985	-	88,206	36,305	10,107	160,215	6	-	-	567,824

(a) Including the impairment loss from the investment in Valley shares in the amount of approx. NIS 1.1 billion. For additional information, please see Note 15.A to the financial statements as at December 31, 2023.

Regulatory Operating Segments

For a description of the main operating segments, please see the section entitled "Regulatory Operating Segments" in the financial statements as at December 31, 2023.

Summary of activities by regulatory operating segment

	For the three months ended June 30, 2024										
	Activity in Israel									Foreign operations	Total
	Households										
	Housing loans	Other	Private banking	Small- and micro-businesses	Mid-market businesses	Corporations	Institutional entities	Financial management	Other		
	In NIS million										
Interest income, net	399	1,073	99	969	486	1,103	192	(46)	12	91	4,378
Noninterest Income	11	234	47	221	83	206	46	485	8	24	1,365
Total income	410	1,307	146	1,190	569	1,309	238	439	20	115	5,743
Loan loss expenses (income)	(27)	69	-	67	(64)	(53)	(1)	10	-	(19)	(18)
Total operating and other expenses	111	571	35	384	118	128	65	85	130	24	1,651
Profit (loss) before tax	326	667	111	739	515	1,234	174	344	(110)	110	4,110
Provision (benefit) for taxes	118	230	39	253	181	422	60	81	(79)	35	1,340
Net income (loss) attributable to the Bank's shareholders	208	437	72	486	334	812	114	(238)[(a)]	(31)	75	2,269

(a) Including the impairment loss from the investment in Valley shares in the amount of approx. NIS 0.6 billion.

	For the three months ended June 30, 2023										
	Activity in Israel									Foreign ope-rations	Total
	Households										
	Housing loans	Other	Private banking	Small- and micro-busi-nesses	Mid-market busi-nesses	Corpo-rations	Insti-tutional entities	Financial manage-ment	Other		
	In NIS million										
Interest income, net	396	1,154	109	966	549	765	136	129	12	68	4,284
Noninterest income (expenses)	13	247	38	216	79	205	44	549	31	(10)	1,412
Total income	409	1,401	147	1,182	628	970	180	678	43	58	5,696
Loan loss expenses (income)	31	157	17	33	62	4	(1)	7	(8)	16	318
Total operating and other expenses	100	592	29	404	123	132	61	51	165	26	1,683
Profit (loss) before tax	278	652	101	745	443	834	120	620	(114)	16	3,695
Provision for tax	102	248	42	281	170	314	47	74	67	19	1,364
Net income (loss) attributable to the Bank's shareholders	176	404	59	464	273	520	73	668	(181)	(3)	2,453

Summary of activities by regulatory operating segment (cont.)

	For the six months ended June 30, 2024										
	Activity in Israel									Foreign operations	Total
	Households										
	Housing loans	Other	Private banking	Small- and micro-businesses	Mid-market businesses	Corporations	Institutional entities	Financial management	Other		
	In NIS million										
Interest income (expenses), net	810	2,133	198	1,931	984	1,935	367	(414)	25	176	8,145
Noninterest Income	22	469	88	445	166	453	101	1,274	842[(b)]	33	3,893
Total income	832	2,602	286	2,376	1,150	2,388	468	860	867	209	12,038
Loan loss expenses (income)	(24)	213	-	49	1	(19)	1	14	-	(31)	204
Total operating and other expenses	228	1,212	66	822	253	274	132	155	281	53	3,476
Profit before taxes	628	1,177	220	1,505	896	2,133	335	691	586	187	8,358
Provision for tax	230	428	80	550	328	778	122	189	85	53	2,843
Net income attributable to the Bank's shareholders	398	749	140	955	568	1,355	213	41[(c)]	501	134	5,054

Balance as at June 30, 2024											
Loans to the public, gross	136,334	29,736	460[(a)]	67,930	40,285	151,973	4,425	-	-	9,337	440,480
Deposits by the public	-	139,846	35,306	101,354	59,831	100,611	144,239	-	-	-	581,187

(a) Including outstanding housing loans as at June 30, 2024 in the amount of NIS 218 million.
(b) Including capital gains in respect of the sale of headquarters buildings in Tel Aviv in the amount of approx. NIS 830 million.
(c) Including the impairment loss from the investment in Valley shares in the amount of approx. NIS 0.6 billion.

Summary of activities by regulatory operating segment (cont.)

	For the six months ended June 30, 2023										
	Activity in Israel									Foreign operations	Total
	Households										
	Housing loans	Other	Private banking	Small- and micro-businesses	Mid-market businesses	Corporations	Institutional entities	Financial management	Other		
	In NIS million										
Interest income, net	779	2,164	216	1,962	1,070	1,492	319	73	20	117	8,212
Noninterest income (expenses)	24	573	78	463	178	417	93	632	29	(4)	2,483
Total income	803	2,737	294	2,425	1,248	1,909	412	705	49	113	10,695
Loan loss expenses (income)	44	231	17	260	40	127	(9)	1	(8)	21	724
Total operating and other expenses	191	1,133	51	774	224	254	115	123	385	62	3,312
Profit (loss) before tax	568	1,373	226	1,391	984	1,528	306	581	(328)	30	6,659
Provision (benefit) for taxes	202	499	85	505	356	554	112	18	(100)	22	2,253
Net income (loss) attributable to the Bank's shareholders	366	874	141	886	628	974	194	(409)[b]	(228)	8	3,434
Balance as at June 30, 2023											
Loans to the public, gross	123,844	31,023	370[a]	66,664	40,737	141,425	2,912	-	-	8,072	415,047
Deposits by the public	-	133,687	32,390	103,048	65,179	87,143	112,530	-	-	-	533,977

(a) Including outstanding housing loans as at June 30, 2023 in the amount of NIS 159 million.

(b) Including the impairment loss from the investment in Valley shares in the amount of approx. NIS 1.1 billion. For additional information, please see Note 15.A to the financial statements as at December 31, 2023.

Summary of activities by regulatory operating segment (cont.)

	For the year ended December 31, 2023										
	Activity in Israel									Foreign operations	Total
	Households										
	Housing loans	Other	Private banking	Small- and micro-businesses	Mid-market businesses	Corporations	Institutional entities	Financial management	Other		
	In NIS million										
Interest income (expenses), net	1,571	4,377	398	3,878	2,109	3,543	590	(758)	39	250	15,997
Noninterest income	46	1,046	159	931	359	875	181	1,491	41	52	5,181
Total income	1,617	5,423	557	4,809	2,468	4,418	771	733	80	302	21,178
Loan loss expenses (income)	221	649	-	681	160	673	(9)	(12)	-	20	2,383
Total operating and other expenses	379	2,352	104	1,560	459	519	228	300	862	131	6,894
Profit (loss) before tax	1,017	2,422	453	2,568	1,849	3,226	552	445	(782)	151	11,901
Provision (benefit) for taxes	348	837	156	891	638	1,146	192	(25)	(268)	73	3,988
Net income (loss) attributable to the Bank's shareholders	669	1,585	297	1,677	1,211	2,080	360	(416)[b]	(514)	78	7,027

Balance as at December 31, 2023											
Loans to the public, gross	130,410	29,946	330[a]	66,554	40,038	142,404	8,046	-	-	8,475	426,203
Deposits by the public	-	137,230	32,558	103,573	62,171	93,814	138,478	-	-	-	567,824

(a) Including outstanding housing loans as at December 31, 2023 in the amount of NIS 158 million.
(b) Including the impairment loss from the investment in Valley shares in the amount of approx. NIS 1.1 billion. For additional information, please see Note 15.A to the financial statements as at December 31, 2023.

Main changes in the operating results of the regulatory segments

Households segment

Net income attributable to shareholders in respect of the households segment in the reporting period totaled approx. NIS 1,147 million, compared to NIS 1,240 million in the corresponding period last year. The decrease in gain stems mainly from the decrease in noninterest income and from the increase in operational expenses, mainly resulting from an increase in return-based bonuses, partially offset by a decrease in loan loss expense.

Net interest income in the first half of 2024 totaled approx. NIS 2,943 million, similarly to the corresponding period last year. Net interest income was affected by an erosion of the credit spreads, which was offset by a growth in the segment's loan portfolio.

Net interest income in the second quarter of 2024 totaled approx. NIS 1,472 million, compared to NIS 1,550 million in the corresponding quarter last year. The decrease stems mainly from the erosion of credit and deposit spreads.

Noninterest income in the first half of 2024 totaled approx. NIS 491 million, compared to approx. NIS 597 million in the corresponding period last year. Most of the decrease stems from a decrease in other income.

Noninterest income in the second quarter of 2024 totaled approx. NIS 245 million, compared to approx. NIS 260 million in the corresponding quarter last year. Most of the decrease stems from a decrease in other income.

In the first half of 2024, loan loss expenses were recorded in the amount of approx. NIS 189 million, compared to income of approx. NIS 275 million in the corresponding period last year. Most of the decrease stems from the collective provision.

In the second quarter of 2024, net loan loss expenses in the amount of approx. NIS 42 million were recorded, compared to an expense of approx. NIS 188 million in the corresponding quarter last year. The decrease stems mainly from the collective provision in respect of a decrease in the rate of troubled debts.

Operating and other expenses in the first half of 2024 totaled approx. NIS 1,440 million, compared to approx. NIS 1,324 million in the corresponding period last year, due mainly to the increase in return-based bonuses.

Outstanding loans to the public as of June 30, 2024 totaled NIS 166.1 billion compared to NIS 160.4 billion as at the end of 2023. Most of the increase stems from growth in the housing loan portfolio.

Balance of deposits by the public as of June 30, 2024 totaled NIS 139.8 billion compared to NIS 137.2 billion at the end of 2023.

Private banking segment

Net income attributable to shareholders in respect of the private banking segment in the reporting period totaled approx. NIS 140 million, similar to the corresponding period last year.

Net interest income in the first half of 2024 totaled approx. NIS 198 million, compared to approx. NIS 216 million in the corresponding period last year. The decrease stems mainly from the erosion of deposit spreads.

Net interest income in the second quarter of 2024 totaled approx. NIS 99 million, compared to approx. NIS 109 million in the corresponding quarter last year. The decrease was mainly due to a decrease in the average balance of deposits by the public.

Noninterest income in the first half of 2024 totaled approx. NIS 88 million, compared to approx. NIS 78 million in the corresponding period last year. The increase stems mainly from an increase in financial product distribution fees and commissions as a result of an increase in the balance of assets under management in the segment.

Noninterest income in the second quarter of 2024 totaled approx. NIS 47 million, compared to approx. NIS 38 million in the corresponding quarter last year. The increase stems from fees and commissions for financial product distribution due to the increase in the average balance of managed assets, and from fees and commissions in respect of securities activity.

Micro- and small-business segment

Net income attributable to shareholders in respect of the micro- and small business sector in the reporting period totaled approx. NIS 955 million, compared to approx. NIS 886 million in the corresponding period last year. The increase in gain stems mainly from a decrease in loan loss expenses.

Net interest income in the first half of 2024 totaled approx. NIS 1,931 million, compared to approx. NIS 1,962 million in the corresponding period last year. The decrease stems mainly from the erosion of deposit and credit spreads.

Net interest income in the second quarter of 2024 totaled approx. NIS 969 million, similar to the corresponding quarter last year.

Noninterest income in the first half of 2024 totaled approx. NIS 445 million, compared to approx. NIS 463 million in the corresponding period last year. The decrease stems mainly from a decrease in account management fees and commissions and conversion gains resulting from a decrease in activity and benefits granted to customers.

Noninterest income in the second quarter of 2024 totaled approx. NIS 221 million, similar to the corresponding quarter last year.

In the first half of 2024, loan loss expenses were recorded in the amount of approx. NIS 49 million, compared to an expense of approx. NIS 260 million in the corresponding period last year. The decrease stems from both the collective provision and specific provision.

In the second quarter of 2024, loan loss expenses were recorded in the amount of approx. NIS 67 million, compared to income of approx. NIS 33 million in the corresponding quarter last year. The increase stems mainly from the collective provision.

Operating and other expenses in the first half of 2024 totaled approx. NIS 822 million, compared to approx. NIS 774 million in the corresponding period last year; the increase is due mainly to the increase in return-based bonuses.

Outstanding loans to the public as of June 30, 2024 totaled NIS 67.9 billion compared to NIS 66.6 billion as at the end of 2023.

Balance of deposits by the public as of June 30, 2024 totaled NIS 101.4 billion compared to NIS 103.6 billion at the end of 2023.

Mid-market segment

Net income attributable to shareholders in respect of the mid-market segment in the reporting period totaled approx. NIS 568 million, compared to NIS 628 million in the corresponding period last year. The decrease in gain stems mainly from the decrease in net interest income, which was partially offset by a decrease in loan loss expenses.

Net interest income in the first half of 2024 totaled approx. NIS 984 million, compared to approx. NIS 1,070 million in the corresponding period last year. The decrease stems mainly from a decrease in deposits and from the erosion of deposit spreads.

Net interest income in the second quarter of 2024 totaled approx. NIS 486 million, compared to approx. NIS 549 million in the corresponding quarter last year. The decrease stems mainly from a decrease in deposits and from the erosion of deposit spreads.

Noninterest income in the first half of 2024 totaled approx. NIS 166 million, compared to approx. NIS 178 million in the corresponding period last year. The decrease stems mainly from a decrease in fees and commissions on conversion gains and foreign trade transactions.

Noninterest income in the second quarter of 2024 totaled approx. NIS 83 million, similar to the corresponding quarter last year.

In the first half of 2024, loan loss expenses were recorded in the amount of approx. NIS 1 million, compared to income of approx. NIS 40 million in the corresponding period last year. The decrease is mainly due to higher recoveries in the reporting period compared to the corresponding period last year.

In the second quarter of 2024, loan loss income was recorded in the amount of approx. NIS (64) million, compared to income of approx. NIS 62 million in the corresponding quarter last year. The decrease stems mainly from recoveries recorded in the second quarter of the year.

Operating and other expenses in the first half of 2024 totaled approx. NIS 253 million, compared to approx. NIS 224 million in the corresponding period last year, due mainly to the increase in return-based bonuses.

The operating and other expenses in the second quarter of 2024 totaled approx. NIS 118 million, compared to NIS 123 million in the corresponding quarter last year.

Outstanding loans to the public as of June 30, 2024 totaled NIS 40.3 billion, similarly to the NIS 40.0 billion as at the end of 2023.

Balance of deposits by the public as of June 30, 2024 totaled NIS 59.8 billion compared to NIS 62.2 billion at the end of 2023.

Corporate segment

Net income attributable to shareholders in respect of the corporate segment in the reporting period totaled approx. NIS 1,355 million, compared to NIS 974 million in the corresponding period last year. The increase stemmed mainly from an increase in net interest income.

Net interest income in the first half of 2024 totaled approx. NIS 1,935 million, compared to approx. NIS 1,492 million in the corresponding period last year. The increase stems mainly from growth in credit and deposit activity, which was partially offset by the erosion of deposit spreads.

Net interest income in the second quarter of 2024 totaled approx. NIS 1,103 million, compared to approx. NIS 765 million in the corresponding quarter last year. The increase stems mainly from growth in credit and deposit activity.

Noninterest income in the first half of 2024 totaled approx. NIS 453 million, compared to approx. NIS 417 million in the corresponding period last year. The increase stems mainly from an increase in fees and commissions from financing business.

Noninterest income in the second quarter of 2024 totaled approx. NIS 206 million, similar to the corresponding quarter last year.

In the first half of 2024, loan loss income was recorded in the amount of approx. NIS (19) million, compared to income of approx. NIS 127 million in the corresponding period last year. Most of the decrease stems from the specific provision, mainly due to higher recoveries in the reporting period compared to the corresponding period last year.

In the second quarter of 2024, loan loss income was recorded in the amount of approx. NIS (53) million, compared to income of approx. NIS 4 million in the corresponding quarter last year. Most of the decrease stems from the specific provision, mainly due to higher recoveries in the second quarter compared to the corresponding quarter last year.

Operating and other expenses in the reporting period totaled approx. NIS 274 million, compared to approx. NIS 254 million in the corresponding period last year; the increase is mainly from an increase in return-based bonuses.

Operating and other expenses in the second quarter of 2024 totaled approx. NIS 128 million, similar to the corresponding quarter last year.

Outstanding loans to the public as of June 30, 2024 totaled NIS 152.0 billion compared to NIS 142.4 billion as at the end of 2023.

Balance of deposits by the public as of June 30, 2024 totaled NIS 100.6 billion compared to NIS 93.8 billion at the end of 2023.

Financial management segment

Net income of the financial management segment attributable to the Bank's shareholders for the reporting period totaled approx. NIS 41 million compared to a loss of approx. NIS 409 million in the corresponding period last year.

The results of this segment include the expensed for impairment of the investment in the associate Valley in the amount of NIS 0.6 billion in the present period and in the amount of NIS 1.1 billion in the corresponding period last year.

Total income in the first half of 2024 amounted to approx. NIS 860 million, compared to income totaling approx. NIS 705 million in the corresponding period last year. The increase is mainly due to an increase in income from derivatives and securities, which was partially offset by the higher prices of the sources in the segment, due to the transfer from current accounts to deposits.

Total income in the second quarter of 2024 amounted to approx. NIS 439 million, compared to income totaling approx. NIS 678 million in the corresponding quarter last year. The decrease is mainly due to higher prices of the sources in the segment, due to the transfer from current accounts to deposits.

Operating and other expenses in the first half of 2024 totaled approx. NIS 155 million, compared to approx. NIS 123 million in the corresponding period last year, due mainly to the increase in return-based bonuses.

The operating and other expenses in the second quarter of 2024 totaled approx. NIS 85 million, compared to NIS 51 million in the corresponding quarter last year.

Other segment

Net income attributable to shareholders in the reporting period totaled approx. NIS 501 million, compared to a loss of approx. NIS 228 million in the corresponding period last year. The increase stemmed mainly from capital gains income in the amount of NIS 830 million (before tax) from the sale of the headquarters buildings in Tel Aviv.

Operating and other expenses in the reporting period totaled approx. NIS 281 million, compared to approx. NIS 385 million in the corresponding period. The decrease is mainly due to a decrease in other expenses in respect of pension liabilities compared to the corresponding period last year.

Major Investee Companies

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

As of June 30, 2024, the Bank's total investments in investees (including in capital notes) was approx. NIS 15.3 billion, compared with NIS 15.5 billion as at December 31, 2023. The contribution of the investees to the Group's net income in the first half of 2024 amounted to a loss of approx. NIS 18 million, compared to a loss of approx. NIS 719 million in the corresponding period last year. These losses are mostly due to the impairment of the Bank's investment in an associate - Valley in the amount of approx. NIS 0.6 billion, which occurred in the second quarter of 2024, and from an impairment in the amount of approx. NIS 1.1 billion in the first quarter of 2023, which were partially offset by the profits of all investees.

For additional information, please see Note 15.A to the financial statements as at December 31, 2023.

Consolidated Companies in Israel

The Bank's total investments (including in capital notes) in its Israeli consolidated subsidiaries was NIS 8,878 million as of June 30, 2024, compared to NIS 8,560 million as of December 31, 2023. The contribution of the consolidated companies in Israel to the Group's net income in the first half of 2024 was NIS 313 million, compared with NIS 101 million in the corresponding period last year. The increase stems mainly from noninterest finance income.

Leumi Partners Ltd.

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

On July 19, 2020, the Bank of Israel informed the Bank that regarding the group limit on non-financial investments, the Bank should follow the risk appetite to be set for that purpose, subject to assessment and challenging procedures to be executed by the lines of defense, including the Internal Audit Division and subject to meeting the non-financial investment limit, in accordance with Section 23A to the Banking Law (Licensing).

Consolidated Companies Outside Israel

The Bank's total investments (including in capital notes) in its consolidated companies was NIS 4,455 million as of June 30, 2024, compared to NIS 4,209 million as of December 31, 2023.

In the first half of 2024, the consolidated companies' contribution to the Group's shekel net income was NIS 158 million, compared with NIS 204 million in the corresponding period last year. The decrease stems mainly from the effect of exchange rate differentials.

Leumi UK Group

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

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

Risk Exposure and Management Thereof

The information in this chapter does not include all the information required in full annual financial statements, and this section should be read along with the detailed information provided in the Report of the Board of Directors and Management as at December 31, 2023 and the 2023 Risk Management Report.

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

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

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

Credit Risks

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

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

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

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

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

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

During the first six months of 2024, there were no material changes in the corporate governance structure related to credit risk.

Macroeconomic effects and the Iron Swords War

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

In the last quarter of 2023, there was significant damage to economic activity due to the War. In the first quarter of 2024, there was a relatively quick recovery in the activity of most economic sectors, but in the second quarter of the year, the rate of recovery has slowed. It should be emphasized that the growth rate in 2024 is expected to be lower than estimated before the War. The economic sectors whose activities are particularly exposed to the War’s damages are: construction, agriculture and the culture and leisure sectors (tourism, restaurants, entertainment, etc.), as well as some industrial and commercial sectors, depending on their location.

The War and its immediate and long-term effects on economic activity and Israel's fiscal situation also have an effect on Israel's credit rating. The Bank estimates that a downgrade (by one notch) in the credit rating of the State of Israel by one or even several of the rating agencies that rate the State of Israel, will not affect the Bank's capital adequacy ratios.

For additional information, please see the section entitled "Main Developments in the Israeli Economy" in the Report of the Board of Directors and Management.

For the non-impact of downgrading the State of Israel's rating on the Bank's capital adequacy ratios, please see under "Equity and Capital Adequacy".

Due to the high rate of uncertainty regarding the War's impact, it is impossible to accurately estimate the extent of its expected effect on the Bank's loan portfolio, which depends, among other things, on the duration of the fighting and possible escalation. In view of the increase in the risk level since the beginning of the War, emphases were honed in relation to credit and in the various business lines, with additional adjustments being made on a regular basis, as needed.

Loan loss expenses

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

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

Due to the rapid changes in the financial and economy-wide conditions, in the second quarter of 2024 and until shortly before the publication date of the report, the Bank examined the key indicators used in the provision process and revised them accordingly, as mentioned above.

Loan loss income amounted to NIS 18 million in the second quarter of 2024, of which a NIS 68 million expense was made for the collective provision, stemming mainly from the worsening of various macroeconomic parameters.

In order to test the sensitivity of the collective provision to hypothetical changes at the risk level of economic sectors and in terms of the estimate's underlying macroeconomic parameters, the Bank assessed the effect of a uniform change in the macroeconomic parameters (worsening and improvement by a uniform rate of 1%), a revision of an expert assessment regarding the weight of the pessimistic scenarios compared to the base and a change in the risk profile of the economic sectors compared to the base scenario underlying the provision, without taking into account effects of offsetting or a correlation between the macroeconomic variables.

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

The worsening reflects an addition to the collective loan loss provision in the amount of approx. NIS 336 million in the second quarter of 2024, while the benefit will lead to a decrease of approx. NIS 782 million in the collective loan loss provision.

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

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

The Bank has adopted the Bank of Israel Aide Outline and is implementing the guidelines determined by the Banking Supervision Department and other regulators.

For additional information on all the relevant publications of the Bank of Israel, please see the section entitled "Laws and Regulations Governing the Banking System" under "Regulatory measures following the Iron Swords War", in the Corporate Governance Report.

The Bank is also implementing additional reliefs for its customers with the aim of making it easier for them to deal with the consequences of the War.

For information regarding the reliefs given by the Bank and details of the expected quantitative effect in respect of the reliefs, until shorty before to the report publication date, please see under "Main Changes in the Reporting Year - The Iron Swords War" in the Report of the Board of Directors and Management.

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

In accordance with the directives of the Banking Supervision Department to allow borrowers who were affected by the War additional flexibility in the repayment of loans, repayment arrangements were made that include changes in the loan terms and conditions, including the postponement and rescheduling of loan payments.

Comprehensive repayment arrangements were determined for customers who meet the Bank of Israel Outline criteria, and changes were made for other customers, with a risk assessment of the debt and the borrower in order to identify troubled debts or debts with difficulties whose terms and conditions have changed. Please note that as a general rule and according to the Bank of Israel's guidelines, such repayment arrangements do not necessarily indicate that the customer is in financial difficulties regarding the classification of the debts as debts to borrowers in financial difficulties that have undergone changes in terms and conditions.

In the risk assessment of the debts for which repayment arrangements were made, the situation of the borrower or the debt on the date of the change is examined, among other things, in relation to the following topics:

- The background for the change in terms and conditions, in other words does the requested change stem from financial or operational difficulties resulting from the consequences of the War
- The repayment history of the borrowers' debts, with an emphasis on the proper payment of the loans without exceptions before the War
- The debt coverage ability, taking into consideration all the customers cash flows, including from government support
- The deferral/rescheduling period requested, taking into consideration the expected duration of the effect of the consequences of the War

To the extent that according to the risk assessment, this is identified as a temporary impairment of the customer's debt service ability (in other words, this customer did not have difficulties before the War, the change in the debt terms and conditions is against the backdrop of the War and the repayment of the debt is expected at the new terms and conditions), the debt is not classified as a troubled debt or as a debt with difficulties that has undergone changes in its terms and conditions. On the other hand, to the extent that the risk assessment indicates that the borrower's financial difficulties began before the War and an impairment of the ability to fully service the debt is expected, the need to classify the debt as a troubled debt or as a debt in difficulties whose terms and conditions have changed is examined according to criteria and quantitative calculations customary at the Bank.

It should be emphasized that debts for which debt settlement arrangements have been made and are not classified are monitored as part of the ongoing management of debts for which the risk has worsened in accordance with the criteria customary at the Bank.

A debt which was not in arrears at the outbreak of the War is not reported as a delinquent debt if payments are made on time in accordance with the revised terms and conditions of the debt. In addition, for debts which had payments in arrears at the outbreak of the War, the extent of arrears was adjusted to the situation at the outbreak of the War, and in fact, the counting of the arrears during the payment deferral period was frozen.

Credit risk and non-performing assets

	June 30, 2024			
	Commercial	For housing	Private individuals - Other	Total
	In NIS million			
Credit risk in credit performance rating:[a]				
On-balance-sheet credit risk	290,704	132,788	27,168	450,660
Off-balance-sheet credit risk[c]	157,396	5,438	17,210	180,044
Total non-investment grade credit risk	448,100	138,226	44,378	630,704
Non-investment grade credit risk				
a. Non-troubled	724	3,202	1,583	5,509
b. Total troubled	4,979	576	988	6,543
Troubled performing	3,310	10	747	4,067
Troubled non-performing	1,669	566	241	2,476
Total on-balance-sheet credit risk	5,703	3,778	2,571	12,052
Off-balance-sheet credit risk[c]	742	1	160	903
Total non-investment grade credit risk	6,445	3,779	2,731	12,955
Of which: Performing debts, in arrears of 90 days or more	59	-	70	129
Total overall credit risk of the public[b]	454,545	142,005	47,109	643,659
Additional information on non-performing assets				
a. Non-performing debts	1,669	566	241	2,476
b. Assets received for settled loans	10	-	-	10
Total non-performing assets of the public	1,679	566	241	2,486
Percentage of non-performing loans to the public (NPL) out of total loans to the public				0.56%

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

Credit risk and non-performing assets (cont.)

	June 30, 2023			
	Commercial	For housing	Private individuals - Other	Total
	In NIS million			
Credit risk in credit performance rating:[a]				
On-balance-sheet credit risk	276,346	122,272	28,183	426,801
Off-balance-sheet credit risk[c]	138,900	4,964	15,336	159,200
Total non-investment grade credit risk	415,246	127,236	43,519	586,001
Non-investment grade credit risk				
a. Non-troubled	596	1,184	1,617	3,397
b. Total troubled	5,618	562	913	7,093
Troubled performing	4,022	15	634	4,671
Troubled non-performing	1,596	547	279	2,422
Total on-balance-sheet credit risk	6,214	1,746	2,530	10,490
Off-balance-sheet credit risk[c]	963	-	160	1,123
Total non-investment grade credit risk	7,177	1,746	2,690	11,613
Of which: Performing debts, in arrears of 90 days or more	76	-	91	167
Total overall credit risk of the public[b]	422,423	128,982	46,209	597,614

Additional information on non-performing assets				
a. Non-performing debts	1,596	547	279	2,422
b. Assets received for settled loans	10	-	-	10
Total non-performing assets of the public	1,606	547	279	2,432
Percentage of non-performing loans to the public (NPL) out of total loans to the public				0.58%

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

Credit risk and non-performing assets (cont.)

	December 31, 2023			
	Commercial	For housing	Private individuals - Other	Total
	In NIS million			
Credit risk in credit performance rating:[(a)]				
On-balance-sheet credit risk	276,981	125,825	27,195	430,001
Off-balance-sheet credit risk[(c)]	143,904	4,993	17,326	166,223
Total non-investment grade credit risk	420,885	130,818	44,521	596,224
Non-investment grade credit risk				
a. Non-troubled	570	4,087	1,579	6,236
b. Total troubled	5,809	712	1,053	7,574
Troubled performing	3,230	24	710	3,964
Troubled non-performing	2,579	688	343	3,610
Total on-balance-sheet credit risk	6,379	4,799	2,632	13,810
Off-balance-sheet credit risk[(c)]	956	1	170	1,127
Total non-investment grade credit risk	7,335	4,800	2,802	14,937
Of which: Performing debts, in arrears of 90 days or more	69	-	80	149
Total overall credit risk of the public[(b)]	428,220	135,618	47,323	611,161
Additional information on non-performing assets				
a. Non-performing debts	2,579	688	343	3,610
b. Assets received for settled loans	10	-	-	10
Total non-performing assets of the public	2,589	688	343	3,620
Percentage of non-performing loans to the public (NPL) out of total loans to the public				0.85%

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

Movement in Non-Performing Loans to the Public

Change in Non-Performing Loans to the Public

	For the six months ended June 30, 2024		
	Commercial	Private individuals[a]	Total
	In NIS million		
Outstanding balance of non-performing debts at the beginning of the period	2,579	1,031	3,610
Loans classified as non-performing debts during the period	277	296	573
Debts reclassified as performing	(675)	(282)	(957)
Written-off non-performing debts	(272)	(91)	(363)
Repaid non-performing debts	(240)	(147)	(387)
Outstanding balance of non-performing debts at the end of the period	1,669	807	2,476

	For the six months ended June 30, 2023		
	Commercial	Private individuals[a]	Total
	In NIS million		
Outstanding balance of non-performing debts at the beginning of the period	1,127	781	1,908
Loans classified as non-performing debts during the period	983	493	1,476
Debts reclassified as performing	(166)	(252)	(418)
Written-off non-performing debts	(143)	(78)	(221)
Repaid non-performing debts	(214)	(118)	(332)
Exchange rate differentials in respect of subsidiary's customers	9	-	9
Outstanding balance of non-performing debts at the end of the period	1,596	826	2,422

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

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

	June 30, 2024			
	Commercial	Housing	Private individuals - Other	Total
	In %			
Analysis of quality of loans to the public				
Percentage of non-performing loans (NPL) to the public out of outstanding loans to the public	0.61	0.41	0.81	0.56
Percentage of non-performing loans to the public or in arrears of 90 days or more out of outstanding loans to the public	0.63	0.41	1.05	0.59
Percentage of troubled loans to the public out of outstanding loans to the public	1.82	0.42	3.32	1.49
Percentage of non-investment grade credit out of outstanding loans to the public	2.08	2.77	8.65	2.74
Analysis of expenses for loan losses for the reporting period[(a)]				
Percentage of loan loss expenses (income) out of average outstanding loans to the public	0.01	(0.04)	1.48	0.09[(b)]
Percentage of net charge-offs for loans to the public out of average outstanding loans to the public	0.03	-[(c)]	1.45	0.11
Analysis of the loan loss provision in respect of loans to the public				
Percentage of balance of the loan loss provision for loans to the public out of outstanding loans to the public	1.88	0.44	3.12	1.52
Percentage of balance of the loan loss provision for loans to the public out of non-performing outstanding loans to the public	309.11	105.12	384.65	269.83
Percentage of balance of the loan loss provision for loans to the public out of outstanding non-performing loans to the public or in arrears of 90 days or more	298.55	105.12	298.07	256.47
Ratio of outstanding loan loss provision for loans to the public out of the net charge-offs for loans to the public	71.65	(297.50)	2.22	13.69

(a) Annualized.
(b) Including loan loss expenses for loans to the public, banks, governments and bonds.
(c) Rate of less than 0.01 percent.

Since the outbreak of the War and as of the report publication date, uncertainty prevails in the Israeli economy, which has caused a worsening in macroeconomic indicators that are taken into account in the calculation of the collective loan loss provision for possible consequences of the War. The increase in the collective provision is intended, among other things, to cover a possible future increase in the specific provision and possible negative developments in terms of arrears days, given the current high level of uncertainty regarding the impact of the War on the Bank's customers.

In the second quarter of 2024, most credit quality indicators of the Bank's loan portfolio improved relative to comparable periods, due to an improvement of the Bank's credit quality. The benefit was partially offset by an increase in expense due to the continuing uncertainty in the economy and worsening of macroeconomic indicators.

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

	June 30, 2023			
	Commercial	Housing	Private individuals - Other	Total
	In %			
Analysis of quality of loans to the public				
Percentage of non-performing loans (NPL) to the public out of outstanding loans to the public	0.61	0.44	0.91	0.58
Percentage of non-performing loans to the public or in arrears of 90 days or more out of outstanding loans to the public	0.64	0.44	1.20	0.62
Percentage of troubled loans to the public out of outstanding loans to the public	2.16	0.45	2.97	1.71
Percentage of non-investment grade credit out of outstanding loans to the public	2.39	1.41	8.24	2.53
Analysis of expenses for loan losses for the reporting period(a)				
Percentage of loan loss expenses for the public out of the average outstanding balance of loans to the public	0.37	0.07	1.63	0.36(b)
Percentage of net charge-offs for loans to the public out of average outstanding loans to the public	0.05	-(c)	1.04	0.11
Analysis of the loan loss provision in respect of loans to the public				
Percentage of balance of the loan loss provision for loans to the public out of outstanding loans to the public	1.62	0.37	2.59	1.32
Percentage of balance of the loan loss provision for loans to the public out of non-performing outstanding loans to the public	264.85	84.10	284.95	226.34
Percentage of balance of the loan loss provision for loans to the public out of outstanding non-performing loans to the public or in arrears of 90 days or more	252.81	84.10	214.86	211.74
Ratio of outstanding loan loss provision for loans to the public out of the net write-offs for loans to the public	31.08	115.00	2.52	12.02

(a) Annualized.
(b) Including loan loss expenses for loans to the public, banks, governments and bonds.
(c) Rate of less than 0.01 percent.

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

	December 31, 2023			
	Commercial	Housing	Private individuals - Other	Total
	In %			
Analysis of quality of loans to the public				
Percentage of non-performing loans (NPL) to the public out of outstanding loans to the public	0.97	0.53	1.15	0.85
Percentage of non-performing loans to the public or in arrears of 90 days or more out of outstanding loans to the public	1.00	0.53	1.42	0.88
Percentage of troubled loans to the public out of outstanding loans to the public	2.19	0.55	3.53	1.78
Percentage of non-investment grade credit out of outstanding loans to the public	2.40	3.67	8.83	3.24
Analysis of expenses for loan losses for the reporting period				
Percentage of loan loss expenses for the public out of the average outstanding balance of loans to the public	0.60	0.18	2.14	0.58[(a)]
Percentage of net charge-offs for loans to the public out of average outstanding loans to the public	0.04	-[(b)]	1.40	0.13
Analysis of the loan loss provision in respect of loans to the public				
Percentage of balance of the loan loss provision for loans to the public out of outstanding loans to the public	1.95	0.48	3.08	1.58
Percentage of balance of the loan loss provision for loans to the public out of non-performing outstanding loans to the public	200.70	90.41	267.93	186.07
Percentage of balance of the loan loss provision for loans to the public out of outstanding non-performing loans to the public or in arrears of 90 days or more	195.47	90.41	217.26	178.69
Ratio of outstanding loan loss provision for loans to the public out of the net write-offs for loans to the public	53.36	103.67	2.17	12.75

(a) Including loan loss expenses for loans to the public, banks, governments and bonds.
(b) Rate of less than 0.01 percent.

Total Credit Risk by Economic Sector

	June 30, 2024						
					Loan losses[c]		
	Overall credit risk[a]	Of which: Credit perfor-mance rating[e]	Of which: Troubled credit risk[d]	Of which: Non-perfor-ming credit risk	Loan loss expenses (income)	Charge-offs, net	Balance of loan loss provision
	In NIS million						
For borrower activity in Israel							
Public-commercial							
Industry	35,688	34,824	738	153	(49)	(81)	(543)
Construction and real estate - construction[f]	125,593	124,082	1,102	716	(44)	91	(1,550)
Construction and real estate - real estate activity	54,069	53,479	429	106	27	(63)	(1,151)
Commercial[g]	41,072	40,202	830	299	38	24	(752)
Financial services	57,416	57,364	47	32	(58)	6	(184)
Agriculture[g]	2,549	2,423	76	14	(4)	5	(145)
Hotels, accommodation and food services[g]	4,802	4,634	100	9	4	(3)	(65)
Other sectors	54,958	53,810	1,059	183	83	6	(1,137)
Commercial - total	376,147	370,818	4,381	1,512	(3)	(15)	(5,527)
Private individuals - Housing loans	141,954	138,175	575	566	(24)	(1)	(611)
Private individuals - Other	47,094	44,364	1,025	240	213	209	(961)
Total loans to the public - activity in Israel	565,195	553,357	5,981	2,318	186	193	(7,099)
Banks and governments - in Israel	70,591	70,591	-	-	-	-	(2)
Total activity in Israel	635,786	623,948	5,981	2,318	186	193	(7,101)
For borrower activity outside Israel							
Total, public - activity outside Israel	78,464[h]	77,347	1,114	322	18	51	(327)
Foreign banks and governments	58,528	58,528	-	-	-	-	(13)
Total activity outside Israel	136,992	135,875	1,114	322	18	51	(340)
Total activity in and outside Israel	772,778	759,823	7,095	2,640	204	244	(7,441)

(a) On- and off-balance sheet credit risk, including for derivatives. Including debts,[b] bonds, securities borrowed or purchased under reverse repurchase agreements, credit risk for derivatives and credit risk embodied in off-balance-sheet financial instruments, as calculated for the purpose of per-borrower indebtedness limitations in the amounts of NIS 446,134, 122,994, 1,538, 53,235 and 148,877 million, respectively.
(b) Loans to the public, loans to governments, deposits with banks (excluding deposits with the Bank of Israel) and other debts, excluding bonds and securities borrowed or purchased under reverse repurchase agreements.
(c) Including for off-balance-sheet credit instruments (presented in the balance sheet under “other liabilities”).
(d) On-balance sheet credit risk and off-balance-sheet credit risk that is non-performing, substandard or special mention.
(e) Credit risk whose credit rating at the reporting date matches the credit rating for granting new credit in accordance with the Bank's policy.
(f) Including housing loans extended to certain purchasing groups currently in the process of construction.
(g) The Bank believes that these industries are particularly exposed to the damage from the War.
(h) Including credit risk stemming from investments in asset-backed bonds. For additional information, please see Note 5.

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

	June 30, 2023						
					Loan losses[c]		
	Overall credit risk[a]	Of which: Credit perfor-mance rating[e]	Of which: Troubled credit risk[d]	Of which: Non-perfor-ming credit risk	Loan loss expenses (income)	Charge-offs, net	Balance of loan loss provision
	In NIS million						
For borrower activity in Israel							
Public-commercial							
Industry	38,022	36,934	1,075	121	58	(3)	(531)
Construction and real estate - construction[f]	114,781	113,046	1,462	340	226	26	(1,284)
Construction and real estate - real estate activity	47,843	46,889	853	136	(1)	(3)	(887)
Commerce	40,956	40,294	612	168	102	39	(561)
Financial services	53,694	53,615	79	68	9	1	(227)
Other sectors	59,187	57,962	916	288	(8)	20	(1,026)
Commercial - total	354,483	348,740	4,997	1,121	386	80	(4,516)
Private individuals – Housing loans	128,964	127,218	563	547	44	2	(461)
Private individuals - Other	46,193	43,505	943	279	248	158	(822)
Total loans to the public - activity in Israel	529,640	519,463	6,503	1,947	678	240	(5,799)
Banks and governments – in Israel	67,689	67,689	-	-	(1)	-	(5)
Total activity in Israel	597,329	587,152	6,503	1,947	677	240	(5,804)
For borrower activity outside Israel							
Total, public - activity outside Israel	67,974[g]	66,538	1,433	607	67	(12)	(302)
Foreign banks and governments	47,283	47,282	-	-	(20)	-	(15)
Total activity outside Israel	115,257	113,820	1,433	607	47	(12)	(317)
Total activity in and outside Israel	712,586	700,972	7,936	2,554	724	228	(6,121)

(a) On- and off-balance sheet credit risk, including for derivatives. Including: Debts,[b] bonds, securities borrowed or purchased under reverse repurchase agreements, credit risk for derivatives and credit risk embodied in off-balance-sheet financial instruments, as calculated for the purpose of per-borrower indebtedness limitations in the amounts of NIS 421,166, 113,662, 1,278, 42,693 and 133,787 million, respectively.
(b) Loans to the public, loans to governments, deposits with banks (excluding deposits with the Bank of Israel) and other debts, excluding bonds and securities borrowed or purchased under reverse repurchase agreements.
(c) Including for off-balance-sheet credit instruments (presented in the balance sheet under "other liabilities").
(d) On-balance sheet credit risk and off-balance-sheet credit risk that is performing, substandard or special mention.
(e) Credit risk whose credit rating at the reporting date matches the credit rating for granting new credit in accordance with the Bank's policy.
(f) Including housing loans extended to certain purchasing groups currently in the process of construction.
(g) Including credit risk stemming from investments in asset-backed bonds. For additional information, please see Note 5.

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

	December 31, 2023						
					Loan losses[c]		
	Overall credit risk[a]	Of which: Credit perfor-mance rating[e]	Of which: Troubled credit risk[d]	Of which: Non-perfor-ming credit risk	Loan loss expenses (income)	Charge-offs, net	Balance of loan loss provision
	In NIS million						
For borrower activity in Israel							
Public-commercial							
Industry	35,530	34,515	912	174	48	(41)	(514)
Construction and real estate - construction[f]	120,160	118,420	1,479	1,113	708	62	(1,697)
Construction and real estate - real estate activity	51,813	51,213	412	149	152	(13)	(1,039)
Commercial[g]	40,570	39,763	775	282	303	54	(749)
Financial services	54,350	54,276	73	40	29	(1)	(250)
Agriculture[g]	2,555	2,372	159	25	17	-	(158)
Hotels, accommodation and food services[g]	4,496	4,338	97	19	11	(2)	(56)
Other sectors	52,381	51,164	1,161	222	230	49	(1,053)
Commercial - total	361,855	356,061	5,068	2,024	1,498	108	(5,516)
Private individuals – Housing loans	135,561	130,761	713	688	221	6	(634)
Private individuals - Other	47,308	44,507	1,094	343	649	424	(957)
Total loans to the public - activity in Israel	544,724	531,329	6,875	3,055	2,368	538	(7,107)
Banks and governments – in Israel	100,194	100,194	-	-	(1)	-	(2)
Total activity in Israel	644,918	631,523	6,875	3,055	2,367	538	(7,109)
For borrower activity outside Israel							
Total, public - activity outside Israel	66,437[h]	64,895	1,537	728	42	(11)	(358)
Foreign banks and governments	68,887	68,887	-	-	(26)	-	(14)
Total activity outside Israel	135,324	133,782	1,537	728	16	(11)	(372)
Total activity in and outside Israel	780,242	765,305	8,412	3,783	2,383	527	(7,481)

(a) On- and off-balance sheet credit risk, including for derivatives. Including debts,[b] bonds, securities borrowed or purchased under reverse repurchase agreements, credit risk for derivatives and credit risk embodied in off-balance-sheet financial instruments, as calculated for the purpose of per-borrower indebtedness limitations in the amounts of NIS 435,814, 155,133, 3,053, 41,957 and 144,285 million, respectively.
(b) Loans to the public, loans to governments, deposits with banks (excluding deposits with the Bank of Israel) and other debts, excluding bonds and securities borrowed or purchased under reverse repurchase agreements.
(c) Including for off-balance-sheet credit instruments (presented in the balance sheet under "other liabilities").
(d) On-balance sheet credit risk and off-balance-sheet credit risk that is non-performing, substandard or special mention.
(e) Credit risk whose credit rating at the reporting date matches the credit rating for granting new credit in accordance with the Bank's policy.
(f) Including housing loans extended to certain purchasing groups currently in the process of construction.
(g) The Bank believes that these industries are particularly exposed to the damage from the War.
(h) Including credit risk stemming from investments in asset-backed bonds. For additional information, please see Note 5.

Risks to the construction and real estate industries

Activity and risk boundaries in the construction and real estate industry

The construction and real estate sector is an area of activity to which the Bank has a significant credit exposure, among other things in view of the natural demand for housing in Israel, which increases over time, the fact that the credit is backed by real collateral. As with other economic sectors, the bank's credit policy outlines internal methodologies and criteria for financing transactions in each of the real estate industry's sub-sectors.

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

The Bank closely monitors the real estate credit portfolio, while following macroeconomic trends and the development of the segment's risk characteristics.

Leumi continues to focus on the housing segment and on selected, financially resilient, customers. The Bank is careful to maintain geographical diversification of the projects, according to demand and macroeconomic forecasts.

The Bank insures the guarantees portfolio under the Sales Law (Apartments), part of the financial loan portfolio for the financing of land, as well as part of the performance and formalities guarantee portfolio associated with the construction and real estate sectors.

As of June 30, 2024, the Bank complies with the regulatory limitation pertaining to the concentration ratio. In addition, the Bank set internal limitations that are in line with the Bank's assessment of the risk in the various sub-sectors. Nevertheless, considering the significant credit needs in the sector on the one hand and the regulatory limitation on the other, the Bank is working on implementing a plan to reduce the concentration ratio in the sector.

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

For additional information on activity and risk boundaries in the construction and real estate industry, please see the Section "Credit Risks" in the Report of the Board of Directors and Management as at December 31, 2023.

Macroeconomic effects and the Iron Swords War

At its beginning, the Iron Swords War led to a weakening in demand in the housing market as a result of the increased uncertainty in the economy and the damage to the confidence of consumers and investors following the significant weakening in demand in 2023.

However, as from the beginning of 2024, there has been a substantial recovery in terms of demand and number of transactions, mostly for new apartments. According to the Bank's estimates, the demand is expected to remain relatively strong in the coming quarters, supported by the recovery of the economy from the damages of the War, rising public concern of a future shortage in supply, a growing need for apartments with shelters, and against the backdrop of continued high population growth.

On the supply side, on the eve of the Iron Swords War, the number of finished apartments continued to be relatively low for the yearly ongoing housing needs of the economy, while housing starts remained relatively high compared to their levels during most of the last decade. The War caused considerable damage to residential construction activity (due to availability of workers and raw materials, accessibility to construction sites adjacent to conflict areas). As a result, in the last quarter of 2023, there was a certain decrease in housing starts. In the first quarter of 2024, there was also a real impact on housing completions, which is expected to continue in the coming quarters.

On the eve of the War, there was a moderate decrease in apartment prices, led by the prices of new apartments on the "free market" (i.e. excluding "Apartment at a Discount" transactions).In recent months, price increases in the housing market have resumed (mostly for second-hand apartments), apparently due to concerns of a future shortage in supply against the backdrop of the War's damage to residential construction activity. The Bank estimates that the trend of rising prices is expected to remain and may even gain momentum towards the end of the year and into 2025. According to our estimates, the restriction on trade from Turkey has a limited effect on apartment prices.

The Bank is regularly monitoring the real estate portfolio and the development of the segment's risk characteristics and is also closely monitoring the effects of the War, rise in interest rates and slowdown in demand for housing on real estate companies, and is closely examining the effect of the macroeconomic situation on the credit portfolio.

In the commercial real estate domain, as of the eve of the War, there was a slowdown in retail sectors, due to the deterioration in the macro environment (the damage from inflation and rising interest rates on the public's purchasing power, along with the increasing economic uncertainty and the weakening consumer sentiment), and continued expansion in the share of online commerce. In the event of a renewed escalation in the War, or other pessimistic scenarios, there may be another weakening in the activity of retail trade sectors and as a result also in the demand for commercial space. These processes may impede the growth of shopping centers' activity in the coming year. Most of the adverse effect may be felt in large shopping centers, while neighborhood shopping centers may continue to fare better.

In the office space sector, since the second half of 2022, a significant slowdown in market activity is being felt, including a continuous decrease in rental prices in Tel Aviv and a substantial decline in occupancy rates in some of Tel Aviv's suburbs. The Bank estimates that the slowdown in demand for office space is expected to continue in the coming year, in light of the effects of the War on economic growth as well as the slowdown in the high-tech service industry. The slowdown in demand alongside an expected substantial growth in the supply of new office space (especially in the suburbs of Tel Aviv and Jerusalem) are factors that are expected to put pressure on prices and occupancy rates in the coming year and even result in their decrease.

In order to reflect the uncertainty regarding the War on the construction and real estate sectors, a collective loan loss provision was recorded for these sectors. .

It is clarified that the uncertainty regarding the trajectory of the War's development and its ramifications is still high, such that the provision may change - increase or decrease - in the future in accordance with the developments.

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

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

	June 30		December 31	Change compared to December 31, 2023	
	2024	2023	2023		
	In NIS million			In NIS million	In %
On-balance-sheet credit risk	**125,528**	114,153	119,714	5,814	4.9
Guarantees for apartment buyers[(a)]	**10,577**	10,556	9,915	662	6.7
Other off-balance sheet credit risk[(a)]	**57,798**	49,747	55,023	2,775	5.0
Total overall credit risk	**193,903**	174,456	184,652	9,251	5.0

(a) In credit risk terms.

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

	June 30, 2024			
	Overall credit risk[a]			
	Land	Housing real estate under construction	Finished real estate properties	Total
	In NIS million			
LTV ratio[b]				
Up to 45%	1,660		9,730	11,390
More than 45% to 65%	5,430		16,218	21,648
More than 65% to 80%	22,871		18,285	41,156
More than 80%	6,662[d]		5,096	11,758
Absorption capacity[c]				
Up to 25%		799		799
More than 25% and up to 50%		9,604		9,604
More than 50% and up to 75%		8,207		8,207
More than 75%		14,501		14,501
Project starts		15,231		15,231
Other[e]				45,368
Total credit risk for construction and real estate in Israel				179,662

Please see comments below.

Details on overall credit risk in the real estate and construction sector in Israel, by LTV and absorption capacity - the Bank (cont.)

	December 31, 2023			
	Overall credit risk[a]			
	Land	Housing real estate under construction	Finished real estate properties	Total
	In NIS million			
LTV ratio[b]				
Up to 45%	1,267		8,831	10,098
More than 45% to 65%	6,384		16,156	22,540
More than 65% to 80%	22,668		16,350	39,018
More than 80%	8,950[d]		5,771	14,721
Absorption capacity[c]				
Up to 25%		799		799
More than 25% and up to 50%		10,472		10,472
More than 50% and up to 75%		4,824		4,824
More than 75%		14,554		14,554
Project starts		10,203		10,203
Other[e]				44,744
Total credit risk for construction and real estate in Israel				171,973

(a) On-balance sheet credit risk and off-balance-sheet credit risk are stated before the effect of loan loss provision and the effect of permitted collateral for borrower indebtedness.
(b) LTV rate - the ratio between the balance of total credit risk as of the reporting date and the value of the real estate security guaranteeing the credit risk as of the reporting date.
(c) Absorption capacity – an indicator reflecting the maximum rate of erosion of apartment inventory prices such that it provides adequate coverage to the project's costs, taking into account own capital invested and presale.
(d) Most of the outstanding balance is in respect of credit that is also backed by non-land collateral and/or another repayment source.
(e) Other credit refers to all credit that does not meet the definition above and includes, among other things, credit provided against collateral that is not real estate and that is non-residential real estate under construction and real estate under construction that is not available for sale.

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

	June 30	December 31
	2024	2023
	Overall credit risk[a]	
	In NIS million	
Housing	**91,107**	86,065
Office space	**24,359**	23,253
Industry	**8,522**	7,993
Commerce and services	**25,894**	25,146
Total overall credit risk secured by real estate collateral in Israel	**149,882**	142,457

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

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

	June 30	December 31	
	2024	2023	
	In NIS million		Change in %
Credit risk in credit performance rating			
Non-troubled Credit Risk	**191,666**	182,080	5.3
Non-investment grade credit risk			
Non-troubled	**570**	450	26.7
Troubled performing	**838**	744	12.6
Non-performing	**829**	1,378	(39.8)
Total non-investment grade credit risk	**2,237**	2,572	(13.0)
Total	**193,903**	184,652	5.0

Borrower groups[1]

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

As of June 30, 2024, the Bank meets the restrictions prescribed by the directive.

In accordance with the policy for the adoption of accepted international standards, the Banking Supervision Department is adopting the Basel Committee provisions regarding supervision of large-scale exposures. In this context, the Banking Supervision Department published a draft revision of Proper Conduct of Banking Business Directive No. 313, "Limitations on the Indebtedness of a Borrower and of a Group of Borrowers". In accordance with this draft, new definitions will be established for a borrower / borrower group, and also adjustments were made to measure the exposure. In accordance with the Banking Supervision Department's requirement, the Bank conducted a quantitative survey, which was reported to the Banking Supervision Department.

No effective date has yet been set for the update.

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

Exposure to Foreign Countries

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

	June 30, 2024		
	Exposure[(a)(b)(c)]		
	On-balance-sheet	Off-balance-sheet[(d)]	Total
	In NIS million		
USA	**44,254**	**8,429**	**52,683**
UK	**19,882**	**31,628**	**51,510**
France	**2,526**	**1,765**	**4,291**
Switzerland	**2,727**	**3,711**	**6,438**
Germany	**4,004**	**5,130**	**9,134**
Other	**21,484**	**8,671**	**30,155**
Total exposure to foreign countries	**94,877**	**59,334**	**154,211**
Of which: Total exposure to GIPS countries[(e)]	**343**	**140**	**483**
Of which: Total exposure to LDC countries[(f)]	**1,351**	**2,115**	**3,466**
Of which: Total exposure to countries with liquidity issues[(g)]	**216**	**2,012[(h)]**	**2,228**

	June 30, 2023		
	Exposure[(a)(b)(c)]		
	On-balance-sheet	Off-balance-sheet[(d)]	Total
	In NIS million		
USA	37,062	9,068	46,130
UK	16,061	15,732	31,793
France	729	2,559	3,288
Switzerland	2,159	4,240	6,399
Germany	5,736	4,238	9,974
Other	19,216	8,161	27,377
Total exposure to foreign countries	80,963	43,998	124,961
Of which: Total exposure to GIPS countries[(e)]	376	251	627
Of which: Total exposure to LDC countries[(f)]	1,213	1,577	2,790
Of which: Total exposure to countries with liquidity issues[(g)]	337	1,769[(h)]	2,106

Please see comments below.

Exposure to Foreign Countries (cont.)

	December 31, 2023		
	Exposure[(a)(b)(c)]		
	On-balance-sheet	Off-balance-sheet[(d)]	Total
	In NIS million		
USA	45,373	9,412	54,785
UK	16,890	24,137	41,027
France	1,529	1,418	2,947
Switzerland	4,184	3,967	8,151
Germany	5,531	4,381	9,912
Other	26,229	8,569	34,798
Total exposure to foreign countries	99,736	51,884	151,620
Of which: Total exposure to GIPS countries[(e)]	253	174	427
Of which: Total exposure to LDC countries[(f)]	1,264	1,726	2,990
Of which: Total exposure to countries with liquidity issues[(g)]	440	1,599[(h)]	2,039

(a) Exposure to foreign countries is presented based on the final risk.
(b) On-balance sheet credit risk and off-balance-sheet credit risk are stated before the effect of loan loss provision and the effect of deductible collateral for the purpose of restricting indebtedness of individual borrowers and borrower groups.
(c) On balance-sheet credit risk and off-balance-sheet credit risk for derivatives are presented after deducting credit risk.
(d) Credit risk for off-balance sheet financial instruments as calculated for the purpose of per borrower credit indebtedness limitations.
(e) Exposure to the GIPS countries includes: Greece, Italy, Portugal, and Spain.
(f) The Exposure to LDCs line item includes total exposure to countries defined as Less Developed Countries (LDCs), which are classified by the World Bank as low- or mid-income countries.
(g) The Bank set several criteria, according to which a list of several countries was drawn, where the current conditions may reflect liquidity problems and which may have an effect on their solvency. The balance applies to 25 countries (as of June 30, 2023 - 28 countries, as of December 31, 2023 - 24 countries). The measurement does not include exposures to investment-grade countries, unless they were individually identified as having liquidity issues which may have a material effect on their solvency.
(h) The balance includes exposure for insurance policies backing mortgage portfolios in Israel, with the Barbados-based insurance company being a subsidiary of a global Canadian-based insurance group.

Credit Exposure to Foreign Financial Institutions

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

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

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

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

Credit exposure to foreign financial institutions[a]

	As at June 30, 2024[e]		
	On-balance-sheet credit risk[B]	Current off-balance-sheet credit risk[c]	Current credit exposure
	In NIS million		
Current credit exposure to foreign financial institutions[d]			
AAA to AA-	**20,356**	**1,262**	**21,618**
A+ to A-	**4,153**	**1,318**	**5,471**
BBB+ to BBB-	**184**	**171**	**355**
BB+ to B-	**85**	**9**	**94**
Lower than: B-	**13**	**-**	**13**
No rating	**923**	**-**	**923**
Total current credit exposure to foreign financial institutions[f]	**25,714**	**2,760**	**28,474**

	As at June 30, 2023[e]		
	On-balance-sheet credit risk[B]	Current off-balance-sheet credit risk[c]	Current credit exposure
	In NIS million		
Current credit exposure to foreign financial institutions[d]			
AAA to AA-	20,500	1,086	21,586
A+ to A-	2,831	1,057	3,888
BBB+ to BBB+-	88	172	260
BB+ to B-	41	11	52
Lower than: B-	12	-	12
No rating	45	-	45
Total current credit exposure to foreign financial institutions	23,517	2,326	25,843

	As at December 31, 2023[e]		
	On-balance-sheet credit risk[B]	Current off-balance-sheet credit risk[c]	Current credit exposure
	In NIS million		
Current credit exposure to foreign financial institutions[d]			
AAA to AA-	26,281	1,257	27,538
A+ to A-	2,980	1,414	4,394
BBB+ to BBB+-	109	171	280
BB+ to B-	50	10	60
Lower than: B-	13	-	13
No rating	363	-	363
Total current credit exposure to foreign financial institutions	29,796	2,852	32,648

(a) Foreign financial institutions include the following: banks, investment banks, brokers/dealers, insurers and institutional entities, as well as entities under their control.
(b) On-balance-sheet credit risk includes: Deposits with banks, loans to the public, securities borrowed or purchased under reverse repurchase agreements, other on-balance sheet credit risk in respect of derivatives, and investments in bonds, including bonds of banks rated “subordinated” total NIS 887 million as of June 30, 2024 (as of June 30, 2023 - NIS 652 million and on December 31, 2023 - NIS 776 million).
(c) Mainly guarantees and commitments to extend credit (excluding off-balance-sheet derivatives).
(d) The Bank uses ratings of well-known rating agencies (ECAIs).
(e) As of June 30, 2024, June 30, 2023 and December 31, 2023, there is no troubled credit risk vis a vis foreign financial institutions.
(f) Of which: to the US - on-balance sheet credit risk of NIS 4,121 million and off-balance sheet credit risk of NIS 299 million. The vast majority of institutions for which there is credit risk are rated A- and higher and they are not regional banks.

Comments:
1. The credit exposures do not include investments in asset-backed securities (for additional information, please see Note 5).
2. Some of the banks received various forms of government support, including by way of direct equity investment, government guarantees for certain asset portfolios, guarantees for raising funds for the banks, etc.
3. For additional information regarding the composition of credit exposures for derivatives with banks and brokers/dealers (local and foreign), please see Note 11.

Housing Loans Portfolio Risks

Credit risk developments

Throughout 2023, there was a moderate decline in apartment prices, led by the free market new apartment segment (i.e., excluding apartments sold under government programs such as "Affordable Housing"); however, from the beginning of 2024, the increase in apartment prices resumed and a real recovery trend is evident in apartment sales in the economy.

These developments apparently reflect an increase in market expectations for future excess demand against the backdrop of the expected decrease in interest rates and a slowdown of residential construction activity since the outbreak of the Iron Swords War.
The slowdown in construction activity leads to an extension of the duration of construction and results in noticeable damage to the rate of apartment deliveries.

In the second quarter of 2024, the reliefs given to customers by the Bank of Israel were again extended, including reliefs freezing mortgage payments. It should be noted that many freezes, which were given over the last period, have ended and were not extended by the borrowers.

As a result, the loans for which there has been a moratorium as of the end of June 2024 total approx. NIS 4.4 billion, compared to approx. NIS 9.0 billion as of the end of March 2024.

For additional information of all the relevant publications of the Bank of Israel and additional reliefs provided by the Bank, please see under "Main Changes in the Reporting Period - the Iron Swords War" in the Report of the Board of Directors and Management and the section entitled "Laws and Regulations Governing the Banking System" in the Corporate Governance Report.

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

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

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

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

	For the six months ended June 30		Rate of change
	2024	2023	
	In NIS million		In %
By the Bank	**12,068**	10,479	15.2
By the Government of Israel	**81**	85	(4.7)
Total new loans	**12,149**	10,564	15.0
Old recycled loans, from the Bank's funds	**3,167**[(a)]	1,091	190.3
Total performance	**15,316**	11,655	31.4

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

The average loan extended by the Bank in the first half of 2024 was NIS 937 thousand, similar to the first half of 2023, and compared to NIS 946 thousand in all of 2023.

Development of total outstanding housing loans, net

	Outstanding loans portfolio	Rate of change
	In NIS million	In %
December 31, 2022	119,272	15.7
December 31, 2023	129,987	9.0
June 30, 2024	**135,788**	**4.5**

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

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

	Non-linked segment				CPI-linked segment				Foreign exchange segment		
	Fixed interest		Variable interest		Fixed interest		Variable interest		Variable interest		
	Balance in NIS million	Percentage of the loans portfolio	Balance in NIS million	Percentage of the loans portfolio	Balance in NIS million	Percentage of the loans portfolio	Balance in NIS million	Percentage of the loans portfolio	Balance in NIS million	Percentage of the loans portfolio	Total loans portfolio, in NIS million
December 31, 2022	29,061	24.3	49,991	41.9	16,050	13.5	23,694	19.9	476	0.4	119,272
December 31, 2023	32,114	24.7	54,005	41.5	18,313	14.1	25,119	19.3	436	0.3	129,987
June 30, 2024	**34,367**	**25.3**	**56,252**	**41.4**	**19,302**	**14.2**	**25,444**	**18.8**	**423**	**0.3**	**135,788**

Variable interest loans are exposed to an increase in interest and inflation rates, which could affect borrowers' repayment capacity.

Development of new housing loans by interest track, in Israel

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

	2024	2023					2022
	Q2	Q1	Q4	Q3	Q2	Q1	Annual average
	Rate of performance						
	In %						
Fixed - linked	**16.6**	14.8	16.2	16.9	20.3	16.8	9.9
Variable every 5 years or more - linked	**2.6**	3.5	6.7	8.1	9.9	9.8	8.4
Variable up to 5 years – linked	**7.5**	6.9	4.2	3.4	3.9	6.9	7.5
Fixed - non-linked	**28.9**	29.9	29.0	25.6	22.0	25.0	31.2
Variable every 5 years or more - non-linked	**20.0**	21.5	24.1	24.4	15.3	5.3	1.2
Variable up to 5 years - non-linked	**24.2**	23.2	19.6	21.4	28.1	35.9	41.8
Variable - Foreign currency	**0.2**	0.2	0.2	0.2	0.5	0.3	0.2

The percentage of new variable-interest housing loans granted by the Bank during the first half of 2024 was 55.0 percent, compared to 55.7 percent in 2023.

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

	Recorded outstanding debt	Debt in arrears of 90 days or more or non-performing	Percentage of recorded outstanding debt
	In NIS million		In %
December 31, 2022	119,690	559	0.47
December 31, 2023	130,609	688	0.53
June 30, 2024	**136,552**	**566**	**0.41**

The outstanding on-balance sheet loan loss provision, as of June 30, 2024, for the housing loans portfolio is NIS 595 million, constitutes 0.44 percent of the housing loans' outstanding on-balance sheet balance as of that date, similar to the provision balance of NIS 622 million as at December 31, 2023, which constitutes 0.48 percent of the outstanding housing loan balance as of that date.

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

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

	2024		2023				2022
	Q2	Q1	Q4	Q3	Q2	Q1	Annual average
LTV ratio	In %[(a)]						
Over 60 and up to 70, inclusive	**22.2**	20.1	21.0	22.0	20.4	20.9	22.6
Over 70 and up to 75, inclusive	**21.4**	18.6	19.6	20.6	22.5	25.0	25.3
Over 75	**0.4**	0.2	0.1	0.2	0.2	0.2	0.3

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

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

The average LTV of the outstanding loan portfolio as at June 30, 2024 stands at 48.6 percent, compared with 48.0 percent in 2023.

Development of new loans, in which the repayment ratio is lower than 2.5, in Israel

Repayment ratio is defined as the ratio between the monthly available income and the monthly repayment amount.
The percentage of loans granted in the first half of 2024 with a repayment ratio of less than 2.5 on the loan approval date was 1.1 percent of the total number of new loans granted compared with 0.78 percent in 2023.
The calculation is in accordance with the Bank of Israel's Reporting Directive No. 876.

Development of new loans, for which the loan term is longer than 25 years, in Israel

In the first half of 2024, the percentage of new housing loans in which the loan terms under the loan agreements are longer than 25 years, stood at an average of approx. 51 percent of the total new loans, compared with an average of 58.0 percent in 2023.

For additional information, please see the section entitled "Credit Risks" in the Report of the Board of Directors and Management as at December 31, 2023.

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

Credit granted to private individuals whose repayment capacity is largely based on their household's earning capacity is characterized by a very significant diversification of borrowers and a variety of credit products (various types of loans, current accounts, credit cards) and - to a lesser extent (on average) - credit per individual customer.

Individual customers' activity is almost entirely concentrated in the Retail Banking Division.

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

The Bank extended and boosted the ongoing monitoring of its entire consumer credit portfolio, while adhering to strict underwriting, there is ongoing monitoring at the individual borrower and aggregate level, based, inter alia, on an internal set of indicators.

The potential effects of the War, in addition to the macroeconomic trends of the past two years (mainly the high interest rate environment and inflation) affect the repayment capacity of private borrowers; the severity of the effect depends, among other things, on the duration and extent of areas which will be directly affected by the War.

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

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

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

	Balance of credit risk
	In NIS million
December 31, 2022	43,561
December 31, 2023	47,287
June 30, 2024	**47,084**

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

	June 30, 2024		December 31, 2023	
	In NIS million	% of portfolio	In NIS million	% of portfolio
Up to one year	6,454	21.7	6,210	20.8
Over one year to 3 years	4,522	15.2	4,634	15.5
Over 3 years to 5 years	6,886	23.2	7,104	23.8
Over 5 years to 7 years	4,172	14.0	4,890	16.4
Over 7 years	4,795	16.1	4,045	13.6
No repayment term[(a)]	2,902	9.8	2,933	9.9
Total	29,731	100.0	29,816	100.0

(a) The amount includes outstanding overdrafts in current accounts and outstanding loans in arrears.

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

Credit risk amount in NIS thousands		June 30, 2024		December 31, 2023	
From	To	In NIS million	% of portfolio	In NIS million	% of portfolio
-	25	6,558	13.9	6,627	14.0
25	50	6,781	14.4	6,793	14.4
50	75	5,574	11.8	5,606	11.9
75	100	4,653	9.9	4,752	10.0
100	150	6,736	14.3	6,878	14.6
150	200	5,046	10.7	5,025	10.6
200	300	6,296	13.4	6,244	13.2
Over 300		5,440	11.6	5,362	11.3
Total overall credit risk		47,084	100.0	47,287	100.0

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

	June 30, 2024		December 31, 2023	
	In NIS million	% of portfolio	In NIS million	% of portfolio
Current account balances and utilized credit card balances	7,226	15.3	6,925	14.6
Car purchase loans (secured)	1,360	2.9	1,431	3.0
Other loans	21,145	44.9	21,460	45.4
Total on-balance-sheet credit risk	29,731	63.1	29,816	63.0
Unutilized current account credit facilities	7,513	16.0	7,467	15.8
Unutilized credit card facilities	9,462	20.1	9,547	20.2
Other off-balance-sheet credit risk	378	0.8	457	1.0
Total off-balance-sheet credit risk	17,353	36.9	17,471	37.0
Total overall credit risk	47,084	100.0	47,287	100.0

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

	June 30, 2024				
	Non-linked	Linked	Foreign currency	Total on-balance-sheet credit risk	% of portfolio
	In NIS million				In %
Variable interest loans[(a)]	**26,846**	**35**	**114**	**26,995**	**90.8**
Fixed interest loans[(b)]	**2,670**	**10**	**56**	**2,736**	**9.2**
Total on-balance-sheet credit risk	**29,516**	**45**	**170**	**29,731**	**100.0**

	December 31, 2023				
	Non-linked	Linked	Foreign currency	Total on-balance-sheet credit risk	% of portfolio
	In NIS million				In %
Variable interest loans[(a)]	27,092	33	64	27,189	91.2
Fixed interest loans[(b)]	2,589	11	27	2,627	8.8
Total on-balance-sheet credit risk	29,681	44	91	29,816	100.0

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

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

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

	June 30	December 31
	2024	2023
	In NIS million	
Deposits by the public	**114,896**	111,020
Securities portfolios	**66,184**	59,343
Total financial asset portfolio	**181,080**	170,363
Total indebtedness to customers with financial asset portfolios	**34,389**	34,464

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

	June 30, 2024		December 31, 2023	
Level of income	In NIS million	In %	In NIS million	In %
Accounts without fixed income	**3,421**	**11.5**	3,447	11.6
Of which: Loan accounts[b]	**1,457**	**4.9**	1,616	5.4
Less than NIS 10 thousand	**5,493**	**18.5**	5,958	20.0
More than NIS 10 thousand and less than NIS 20 thousand	**10,362**	**34.8**	10,524	35.3
NIS 20 thousand or more	**10,455**	**35.2**	9,887	33.1
Total	**29,731**	**100.0**	29,816	100.0

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

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

As aforesaid, the Bank's credit policy towards private individuals is based on a borrower's repayment capacity in relation to his/her income. As a result, over 85 percent of balance-sheet credit is from fixed-income earners.

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

	June 30 2024	December 31 2023
	In NIS million	
Non-troubled credit	**28,743**	28,763
Troubled performing loans	**747**	710
Troubled non-performing loans	**241**	343
Total on-balance-sheet credit risk	**29,731**	29,816
Percentage of troubled credit risk out of balance sheet credit risk for private individuals	**3.3%**	3.5%
Charge-offs, net (for the period ended)	**209**	424
Balance of loan loss provision	**927**	919

As of June 30, 2024, the outstanding on-balance sheet loan loss provision for private individuals (net of housing) is NIS 927 million, constituting 3.12 percent of the outstanding loans for private individuals (net of housing, on-balance sheet) as of that date, compared with a loan loss provision of NIS 919 million as at December 31, 2023, which constitutes 3.08 percent of the outstanding loans to private individuals (net of housing, on-balance sheet) as of that date. The increase stems, among other things, from the effects of the War and high interest environment.

For additional information, including regarding troubled debts and loan loss expenses, please see Note 6, Note 13, and the section entitled "Risk Exposure", "Credit Risk", under the "Total Credit Risk to the Public by Economic Sector" and in the Credit Risks section in the Report of the Board of Directors and Management as at December 31, 2023.

For additional information about this segment, please see under "Credit Risks" in the Report of the Board of Directors and Management as at December 31, 2023.

The Bank's Exposure to Leveraged Loans

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

For additional information, please see the Report of the Board of Directors and Management as at December 31, 2023.

Outstanding aggregated credit granted to leveraged borrowers

	June 30						December 31		
	2024			2023			2023		
	On-balance-sheet	Off-balance-sheet	Total	On-balance-sheet	Off-balance-sheet	Total	On-balance-sheet	Off-balance-sheet	Total
Economic sector	In NIS million								
Transportation and storage	**925**	**24**	**949**	1,548	28	1,576	1,038	23	1,061
Hotels, accommodation and food services	**432**	**-**	**432**	431	-	431	431	-	431
Construction and real estate	**242**	**307**	**549**	312	416	728	211	318	529
Provision of power, gas, steam and air conditioning	**433**	**255**	**688**	305	541	846	157	491	648
Total	**2,032**	**586**	**2,618**	2,596	985	3,581	1,837	832	2,669

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

For additional qualitative and quantitative information regarding credit risks, please see the Risk Management Report as at June 30, 2024.

Market risks

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

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

During the first six months of 2024, there were no material changes in the corporate governance structure, policy and market risk management framework.

From the end of 2021, there has been a step up with regard to the price increases in the developed countries with an emphasis on the United States and Europe. The increase in inflation rates and inflation forecasts has resulted in central banks launching sharp interest rate increases in 2022-2023. At present, it appears that the central banks have halted the interest rate hikes and the forecasts are for an interest rate reduction trend in the coming years, taking into consideration developments in key economic parameters, such as: unemployment rates, growth and a move towards the inflation goals.

The Iron Swords War

Uncertainty still prevails in the markets, and volatility in financial markets may persist, mostly against the backdrop of the continued fighting, the expected increase in government spending and related debt raising and the possibility of additional rating downgrades of the State of Israel.

The Bank tracks and closely monitors developments, applying stringent risk management practices, applying extreme scenarios, and continuously examining the development of events and modes of operation in order to prepare in advance and adapt its activity as needed.

Interest Rate Risk

Interest rate risk is the risk of gains or capital arising from interest rate fluctuations and stems from several sources, as follows: repricing risk (timing differences in terms to maturity and repricing dates of assets, off-balance-sheet liabilities and positions); yield curve risk (unexpected fluctuations in the yield curve); basis risk (less than perfect correlation between interest rate changes in various financial markets or in various instruments with similar repricing characteristics); and optionality risk (change in the timing or scope of cash flows from a financial instrument due to changes in market interest rates).

The Bank manages the interest rate risk and its effect on profitability, equity, assets and liabilities, under various assumptions of interest rate changes, including severe interest rate stress scenarios based on historic scenarios and hypothetical simulations. The Bank also uses a model which estimates the change in the expected finance income as a result of changes in the interest rate and future interest rate spread as well as the sensitivity of regulatory capital, which includes the effects on capital and capital reserve of a sudden change in the interest rate. These indicators are restricted by various hierarchical levels.

In effect, the interest rate risk is measured and managed on the basis of various behavioral assumptions regarding repayment dates of the assets and liabilities. According to past experience, the Bank treats some of the current account balances as a long-term liability. In addition, assumptions about early repayments of mortgages are based on a statistical model that attempts to forecast early repayment based on interest rates. Such estimates are of great significance in managing interest rate risks, inter alia, due to the marked increase in these balances in recent years. In the context of the sharp interest rate increases, several adjustments were made in these models along with ongoing monitoring and follow-up.

The tools for managing the exposures in the banking portfolio are: the price policy; the management of the Bank's own bonds portfolio; the issue of debt instruments; off-balance sheet transactions, and more. In addition, the exposures management relies, inter alia, on forecasts and work assumptions regarding the expected developments in the money and capital markets in Israel and abroad.

The exposure to interest rate changes is measured for both increases and decreases in interest rates in each linkage segment. The measurement is designed to test the sensitivity of the current value structure of assets and liabilities, including pension liabilities, to an interest rate change.

As a rule, interest rate sensitivity is measured at least once a month.

On March 12, 2023, the draft Proper Conduct of Banking Business Directive 333, Interest Rate Risk in the Banking Portfolio was published and in December 20, 2023, the final directive was published. The directive is expected to enter into effect in July 2025. The Bank is preparing to implement the directive.

For additional information, please see the section entitled Interest Rate Risk, please see the Risk Management Report as at December 31, 2023.

Quantitative information about interest rate risk - sensitivity analysis

Net book balance and net adjusted fair value[a] of financial instruments of the Bank and its consolidated companies

	June 30, 2024		
	NIS	Foreign currency	Total
	In NIS million		
Net book balance[a]	**44,717**	**(7,758)**	**36,959**
Adjusted net fair value[a]	**51,650**	**(5,738)**	**45,912**
Of which: Banking portfolio	**47,094**	**(5,971)**	**41,123**
Of which: The effect of behavioral assumptions[b]	**9,069**	**2,390**	**11,459**

	June 30, 2023		
	NIS	Foreign currency	Total
	In NIS million		
Net book balance[a]	38,879	(7,684)	31,195
Adjusted net fair value[a]	44,166	(5,415)	38,751
Of which: Banking portfolio	38,195	(5,755)	32,440
Of which: Effect of behavioral assumptions[b]	8,225	2,330	10,555

	December 31, 2023[c]		
	NIS	Foreign currency	Total
	In NIS million		
Net book balance[a]	40,459	(7,007)	33,452
Adjusted net fair value[a]	45,978	(5,029)	40,949
Of which: Banking portfolio	32,596	(5,295)	27,301
Of which: Effect of behavioral assumptions[b]	7,948	2,098	10,046

(a) Net book balance and net fair value of the financial instruments, excluding non-monetary items and after the effect of the employee benefits liability, which takes into account the relating plan assets and attribution of demand deposits to periods.
(b) Effect of attribution to periods of demand deposits and early repayments of housing loans.
(c) Restated.

For additional information regarding the assumptions used to calculate the adjusted fair value of the financial instruments, please see Note 15.A.

The effect of scenarios of interest rate changes on the net adjusted fair value[(a)] of the Bank and its consolidated companies

	June 30, 2024		
	NIS	Foreign currency	Total*
	In NIS million		
Simultaneous changes			
Simultaneous increase of 1 percent	(1,830)	(976)	(2,806)
Of which: Banking portfolio	(1,869)	(883)	(2,752)
Of which: Effect of behavioral assumptions[(b)]	2,333	427	2,760
Simultaneous decrease of 1 percent	1,146	982	2,128
Of which: Banking portfolio	1,179	919	2,098
Of which: Effect of behavioral assumptions[(b)]	(3,408)	(542)	(3,950)
Non-simultaneous changes			
Steepening[(b)]	(704)	(727)	(1,431)
Flattening[(c)]	372	297	669
Short-term interest rate increase	(199)	(321)	(520)
Short-term interest rate decrease	218	337	555

	June 30, 2023		
	NIS	Foreign currency	Total*
	In NIS million		
Simultaneous changes			
Simultaneous increase of 1 percent	(933)	(643)	(1,576)
Of which: Banking portfolio	(917)	(574)	(1,491)
Of which: Effect of behavioral assumptions[(b)]	2,323	441	2,764
Simultaneous decrease of 1 percent	212	562	774
Of which: Banking portfolio	181	565	746
Of which: Effect of behavioral assumptions[(b)]	(3,336)	(558)	(3,894)
Non-simultaneous changes			
Steepening[(b)]	(367)	(428)	(795)
Flattening[(c)]	214	65	279
Short-term interest rate increase	46	(330)	(284)
Short-term interest rate decrease	(32)	349	317

	December 31, 2023		
	NIS	Foreign currency	Total*
	In NIS million		
Simultaneous changes			
Simultaneous increase of 1 percent	(1,464)	(592)	(2,056)
Of which: Banking portfolio	(1,397)	(574)	(1,971)
Of which: Effect of behavioral assumptions[(b)]	2,335	436	2,771
Simultaneous decrease of 1 percent	684	583	1,267
Of which: Banking portfolio	626	570	1,196
Of which: Effect of behavioral assumptions[(b)]	(3,437)	(544)	(3,981)
Non-simultaneous changes			
Steepening[(c)]	(459)	(497)	(956)
Flattening[(d)]	205	187	392
Short-term interest rate increase	(174)	(230)	(404)
Short-term interest rate decrease	192	261	453

Please see comments below.

Comments:

(a) Net fair value of the financial instruments, excluding non-monetary items and after the effect of the employee benefits liability, which takes into account the relating plan assets and attribution of demand deposits to periods.

(b) The main models are the assumption of early repayment of mortgages, and in current accounts - identification of the hard core and treating it as a long-term deposit. The lack of symmetry between the increase and the decrease in interest rates is mainly due to the adaptation of customer activity to the mortgage scenario and effect of the convexity of interest rate curves.

(c) Steepening - a short-term decrease in the interest rate and long-term increase in the interest rate.

(d) Flattening - increase in interest rate in the short-term and decrease in the long-term.

* After netting effects.

During the first half of 2024, there was an increase in the fair value exposure of the banking portfolio to a 1 percent increase in interest, mainly a result of the effect of the provision of credit, including mortgages, and due to activity in the available-for-sale portfolio and in the held-to-maturity portfolio.

Comment: The table presents the change in the net adjusted fair value of all the financial instruments, under the assumption that the noted change occurred for all interest curves in all linkage segments.

Effect of scenarios of interest rate changes on net interest income and on noninterest finance income

	June 30, 2024		
	Interest income	Noninterest finance income	Total*
	In NIS million		
Simultaneous changes			
Simultaneous increase of 1 percent	**368**	**483**	**851**
Of which: Banking portfolio	**368**	**536**	**904**
Simultaneous decrease of 1 percent	**(553)**	**(508)**	**(1,061)**
Of which: Banking portfolio	**(553)**	**(536)**	**(1,089)**

	June 30, 2023		
	Interest income	Noninterest finance income	Total*
	In NIS million		
Simultaneous changes			
Simultaneous increase of 1 percent	662	36	698
Of which: Banking portfolio	662	119	781
Simultaneous decrease of 1 percent	(791)	(93)	(884)
Of which: Banking portfolio	(791)	(119)	(910)

	December 31, 2023		
	Interest income	Noninterest finance income	Total*
	In NIS million		
Simultaneous changes			
Simultaneous increase of 1 percent	441	276	717
Of which: Banking portfolio	441	359	800
Simultaneous decrease of 1 percent	(625)	(289)	(914)
Of which: Banking portfolio	(625)	(359)	(984)

* After netting effects.

The sensitivity of the income in the above table is a theoretical estimate calculated based on a parallel change in all the interest rate curves using assumptions regarding changes in the spreads on deposits, with no change in the asset and liability mix, with the exception of update of the rescheduling of the behavioral models resulting from a change in interest rates, if made.

For additional information, please see the Risk Management Report as at December 31, 2023.

Effect of scenarios of interest rate changes on equity[a]

	June 30, 2024
	In NIS million
Simultaneous increase of 1 percent	**(786)**
Simultaneous decrease of 1 percent	**641**

	June 30, 2023
	In NIS million
Simultaneous increase of 1 percent	(259)
Simultaneous decrease of 1 percent	(55)

	December 31, 2023
	In NIS million
Simultaneous increase of 1 percent	(395)
Simultaneous decrease of 1 percent	182

(a) The effect presented is before the tax effect.

Foreign exchange rate risk

During the second quarter of 2024, the effect of the change in foreign currency rates on the net income was immaterial since the Bank, as a rule, does not have substantial foreign exchange exposures.

Liquidity Risk

Liquidity risk is the risk to the banking corporation's profits and stability resulting from the inability to meet its liquidity needs.

The Leumi Group's liquidity risk management policy is part and parcel of its strategic business management and is adapted to the requirements of Proper Conduct of Banking Business Directive No. 342, Liquidity Risk Management and Proper Banking Management Directive No. 221, Liquidity Coverage Ratio, and the requirements of Proper Conduct of Banking Business Directive 222 - Net Stable Funding Ratio.

Proper Conduct of Banking Business Directive 221 - Liquidity Coverage Ratio is intended to ensure that a banking corporation will hold an adequate inventory of high quality unencumbered liquid assets, comprised of cash or assets that can be converted into cash in private markets with little or no loss of value, in order to meet the banking corporation's liquidity needs in an extreme liquidity scenario lasting 30 days.
The regulatory requirement is compliance with the liquidity coverage ratio of at least 100 percent.

Proper Conduct of Banking Business Directive No. 222, Net Stable Funding Ratio, demands that banking corporations maintain a stable funding profile according to their asset composition and off-balance sheet operations. Maintaining a sustainable financing structure over time is intended to reduce the chances that disruptions in the banking corporation's permanent sources of financing will erode its liquidity situation in a way that will increase its risk of default and lead to a broader systemic scenario.
The regulatory requirement is to meet an NSFR of at least 100 percent.

The average liquidity coverage ratio for the three months ended June 30, 2024 is low by approx. 3 percent compared to the average liquidity coverage ratio for the three months ended March 31, 2024, mainly resulting from the effect of an increase in credit and bond repayments, net, whose effect was partially offset by an increase in deposits by the public.

In the second quarter of 2024, the LCR in foreign exchange and across all currencies was above the regulatory requirement.

The Iron Swords War

Since the outbreak of the War, there has been closer monitoring of the Bank's liquidity situation subject to the various scenarios.

Liquidity coverage ratio

	For the three months ended		
	June 30		December 31
	2024	2023	2023
	Average in %		
a. Consolidated data			
Liquidity coverage ratio	**130**	128	124
Minimum liquidity coverage ratio required by the Banking Supervision Department	**100**	100	100
b. According to the banking corporation's data			
Liquidity coverage ratio	**127**	125	120
Minimum liquidity coverage ratio required by the Banking Supervision Department	**100**	100	100

Note: Based on an average of daily observations.

For additional information, please see the section entitled Liquidity Risk in the Risk Management Report as at June 30, 2024 and Note 9.B.

Net stable funding ratio (NSFR)

	As at June 30		As at December 31
	2024	2023	2023
	In %		
a. Consolidated data			
Net stable funding ratio (NSFR)	**118**	121	118
Net stable funding ratio set by the Banking Supervision Department	**100**	100	100
b. According to the banking corporation's data			
Net stable funding ratio (NSFR)	**117**	120	117
Net stable funding ratio set by the Banking Supervision Department	**100**	100	100

The Bank set internal Net stable funding ratio restrictions, in addition to the Liquidity Risk Management restrictions.

Operational Risks

For additional information about operational risk and main risk areas, please see the “Operational Risks” section in the Report of the Board of Directors and Management as at December 31, 2024 and the Emerging Risk section in the Risk Management Report as of June 30, 2024.

Climate and Environmental Risk

On June 12, 2023, the Banking Supervision Department published Proper Conduct of Banking Business Directive No. 345, “Principles for Effective Management of Climate-Related Financial Risks”. The beginning of the Directive was set for June 12, 2025. In June 2024, the Banking Supervision Department published a circular deferring the effective date of the Directive to June 12, 2026.

For additional information, please see the section entitled “Climate and Environmental Risk” in the Report of the Board of Directors and Management as of December 31, 2023 and the Environment chapter in the Bank’s Environmental, Social and Governance (ESG) Report for 2023.

Other Risks

Regulatory Risk

Regulatory risk is the risk that changes in regulation will have an effect on the Group’s income and expenses, its capital, areas of activity or on the business environment in which it operates.

The Leumi Group operates in a complex and multi-dimensional environment. Continuous material changes in a variety of regulatory fields require adequate, ongoing preparations by the Bank and involve expenses.

For additional information, please see Emerging Risks in the Risk Management Report as of June 30, 2024, and for information regarding material regulatory initiatives published in the reporting period, please see Laws and Regulations Governing the Banking System in the Corporate Governance Report.

Macroeconomic Risk

For additional information, please see Emerging Risks in the Risk Management Report as of June 30, 2024.

For additional information regarding strategic, compliance, legal, model, reputational and conduct risks, please see under “Other Risks” in the Report of the Board of Directors and Management dated December 31, 2023.

Critical Accounting Policies and Estimates

Overview

The financial statements are prepared in accordance with the directives and guidance of the Banking Supervision Department regarding the preparation of annual and quarterly financial statements of a banking corporation as detailed in Note 1.

The preparation of the consolidated financial statements in accordance with the directives of the Banking Supervision Department requires Management to use estimates and assessments which affect the reported amounts of assets and liabilities as well as income and expense amounts.

The actual results of these estimates may differ from the estimates and/or assessments. In most cases, the estimates and assessments are based on economic forecasts, assessments regarding various markets and past experience, while exercising discretion. Management believes the estimates and assessments to be reasonable at the time of signing the financial statements.

For additional information, please see the section entitled Critical Accounting Policies and Estimates in the financial statements as at December 31, 2023.

Collective Loan Loss Provision and Classification of Troubled Debts

Collective provision

The Bank is implementing the directives of the Banking Supervision Department on Current Expected Credit Losses (CECL) ASC 326, Financial Instruments - Credit Losses.

The process of estimating the collective provision has become highly complex following the Iron Swords War, which is a significant event that casts a heavy shadow on the business and economic activity and is accompanied by substantial uncertainty in terms of duration and extent of impact. Accordingly, the risk profile of the various economic sectors and macroeconomic scenarios were examined, among other things with respect to business credit in the economy and to foreign exchange rates, and adjustments were made in respect of the provision estimates. Due to the high level of uncertainty during this period, there may be significant deviations in estimates made to determine the outstanding loan loss provision as presented in the financial statements. These estimates are adjusted later on, subject to economic developments and their impact on the level of risk embodied in the portfolio and accordingly - on the current expected credit losses.

For additional information regarding adjusting the loan loss estimates for the Iron Swords War, please see the section entitled “Credit Risks”.

Classification of troubled debts and specific provision

The Bank assesses the loan portfolio on an ongoing basis and in accordance with procedures in order to identify, as soon as possible, borrowers whose risk level and exposure increased and who require special supervision and close monitoring by management. either due to risk characteristics or as a result of economic/market conditions that might have an adverse effect on the borrowers, aiming to improve their condition. As to corporate customers, judgment is exercised by corporate department’s employees dealing with the borrower in order to assess the extent of the problem, which is then assessed by the Credit Risk Management units of the Risk Management Division with the aim of making an objective assessment, to the extent possible, of the identified problems in order to determine the borrower’s risk rating.

As a rule, a commercial debt with a contractual balance of NIS 1 million or more is examined on an individual basis by the competent functions at the Bank regarding their classification as troubled debts, including recording a charge-off if relevant. As a rule, other Bank customers are examined for the purpose of their classification on the basis of their extent of arrears and according to certain automated defined negative indicators.

Non-performing debts, excluding housing loans, are debts which the Bank believes do not share the risk characteristics with performing debts, and therefore assesses their respective provision on a specific basis.

The methodology for dealing with troubled debts requires, among other things, a methodical assessment of the adequacy of the loan loss provision for debts classified as non-performing. The provision is assessed according to the difference between the recorded outstanding debt and the present value of the future cash flows expected to service the debt from the customer's activity and the realization of collaterals and other assets, discounted at the effective

interest rate of the debt. For debts the repayment of which relies on collaterals (collateral-contingent debts) and there are no other available and reliable sources of repayment, the provision is determined based on the fair value of the collateral less costs of disposal and after triggering buffers for the collateral's value such that it will be possible to realize the collateral and have the debt repaid therefrom. In this context, it should be noted that the Bank is implementing the requirements of the Bank of Israel, according to which debts are classified based on the debtor's repayment capacity; i.e. – the expected strength of the primary repayment source of the debt, despite support by secondary and tertiary repayment sources, such as collateral and guarantors.
Similarly, to examining the adequacy of the classifications, the liability adequacy was also tested on a quarterly basis, in accordance with the requirements of the Bank of Israel.

According to Proper Conduct of Banking Business Directives, the Risk Management Division is responsible for setting appropriate classifications and allowances for credit losses. In addition to the discussions held by business divisions' managements and by representatives of the Risk Management Division, the Bank's Provisions Committee, headed by the President and CEO, holds quarterly discussions as to the aggregate amount of the provisions required for that quarter and the classification of specific provisions (in excess for a stipulated threshold amount).

For additional information regarding the accounting policy for the collective loan loss provision and the classification of troubled debts, please see the section entitled Critical Accounting Policies and Estimates in the financial statements as at December 31, 2023.

For additional information on the risk assessment and accounting policy regarding the classification of debts that have undergone changes in terms and conditions against the backdrop of the Iron Swords War, please see the section entitled Credit Risks.

Impairment of securities in the available-for-sale portfolio

The Bank estimates the current expected credit losses for bonds in the available-for-sale portfolio at each reporting date if the fair value of the security is lower than its amortized cost. In any such case, the Bank examines whether there is an intent to sell the security or whether the Bank believes that it is more likely than not that it will be required to sell the security before recovering its carrying amount. If yes - the entire difference between the carrying amount and the fair value is recognized in profit and loss. If not - the Bank examines whether the fair value impairment arises from loan losses or other factors, and if the Bank believes that the impairment stems from loan losses, it is recognized under the loan loss provision, while other types of impairments are recognized against other comprehensive income. A loan loss exists when the Bank does not expect principal and interest inflows to adequately recover the entire amortized cost of the security. The loan loss provision is limited to the amount in which it exceeds the security's amortized cost over its fair value. The provision amount is updated upwards or downwards according to changes in assessments in subsequent periods.

As part of the Bank's assessment regarding the existence of a loan loss, the Bank examines data, assessments and various information items.

According to the rules, the Bank does not take into consideration the time during which the security's fair value was lower than its cost.

If the Bank decides to carry out a quantitative test, the latter shall be done using the PD LGD method. As part of the test, a comparison is made between the discounted cash flows and the fair value and amortized cost. If the expected cash flows are lower than the amortized cost, the difference will be recognized as a loan loss provision. If the fair value of the bond is higher than the discounted cash flow amount, the provision is recognized up to the minimum fair value.

Impairment of investments in equity-accounted associates

Each reporting period, the Bank examines the need to record losses in respect of impairment of an other-than-temporary nature for its investment in associates.

An investment in an associate is tested for impairment when events or changes in circumstances indicate that the impairment is of an other-than-temporary nature.

In that case, impairment of an other-than-temporary nature is tested for.

Testing for impairment of an other-than-temporary nature is carried out while taking into account, among other things, the following indicators:

- A lack of intention to sell the investment before recovering the impairment.
- No expectation that it is more probably than not that the Bank will be required to sell the investment before recovering the impairment.
- The length of time that the fair value of the investment is lower than its book value and the severity of the impairment.
- The financial position of the investee, including the quality of the investee's assets, its profit and profitability and its liquidity.
- Changes in the investee's credit rating.
- Legal or regulatory events related to the investee.
- Analysts' assessments and valuations of the investee.
- Legal or regulatory changes that affect the investee's operating segment.
- Significant change in the market environment that may affect the value of the investee's assets and securities (for example, a decrease in real estate prices).
- Significant changes in economic conditions related to the investee.
- Changes in the investee's business model as a result of changes in technology or new competitors in the industry.
- The intention and ability of the banking corporation to hold an investment until a date when it is expected that the investment will not be sold at a loss.

An impairment of an other-than-temporary nature is recognized in the income statement according to the fair value of the investee, and the book value after the impairment constitutes the new cost basis. The loss recognized will not be reversed in subsequent periods if there will be an appreciation.

In view of the impairment of the Valley shares from the beginning of 2024, the Bank examined the need for an impairment of the investment in Valley recorded in the Bank's books.

Accordingly, as of June 30, 2024, the Bank recorded an impairment of an other-than-temporary nature in respect of its investment in associate Valley; for further details, please see Note 16.B.

Liabilities for Employee Benefits

As at June 30, 2024, the balance of accumulated other comprehensive income for employee benefits amounted to a negative post-tax balance of NIS 250 million, compared to a negative post-tax reserve of NIS 1,147 million as at December 31 2023.

The outstanding liability for employee benefits as of June 30, 2024, according to a discount rate based on Israeli corporate bonds ("deep market according to the Israel Securities Authority's approach") is approx. NIS 817 million less than the actual outstanding liability.

The actuarial assessment of the employee benefits is on the Israel Securities Authority's website, on the following address www.magna.isa.gov.il.

For additional information, please see the section entitled Critical Accounting Policies and Estimates in the financial statements as at December 31, 2023.

Controls and Procedures Regarding Financial Statements Disclosures

The Banking Supervision Department's directives impose the requirements of Sections 302 and 404 of the SOX Act on banking corporations. The SEC and the Public Company Accounting Oversight Board have established provisions with regard to the abovementioned sections, on management's responsibility for instating and maintaining disclosure controls and procedures and for exercising internal control over financial reporting and the opinion of the independent auditors on the audit of internal control over financial reporting.

The Banking Supervision Department's directives require the following:

- Banking corporations shall apply Sections 302 and 404 and the SEC directives issued thereunder.
- Adequate internal control requires an auditing system that follows a predefined, recognized framework. The 2013 COSO (Committee of Sponsoring Organizations of the Treadway Commission) meets these requirements and can be used to evaluate the internal controls.

The Bank regularly applies the directive to the Leumi Group.

During 2024, the Bank validates and updates material control processes and conducts effective evaluations of its entire internal control over financial reporting system.

Evaluation of disclosure controls and procedures

The Bank's management, with the cooperation of the President and CEO and Head of the Finance Division and Chief Accountant, have evaluated the effectiveness of the Bank's disclosure controls and procedures as at the end of the reporting period. Based on this evaluation, the Bank's President and CEO and the Head of the Finance Division and the Chief Accountant have concluded that, as at the end of the reporting period, the Bank's disclosure controls and procedures are effective for the purpose of recording, processing, summarizing and reporting the information the Bank is required to disclose in its financial statements pursuant to the Banking Supervision Department's Reporting to the Public Directives and as at the date prescribed by the Directives.

Internal control changes

In the quarter ended June 30, 2024, no material change has occurred in the Bank's internal control over financial reporting which has had a material effect, or is reasonably expected to have a material effect, on the Bank's internal control over financial reporting.

Board of Directors

In April-June 2024, Leumi's Board of Directors held 8 plenum meetings and its committees held 9 meetings.

At a Board meeting held on August 14, 2024, the Board resolved to approve and publish the Group's unaudited condensed consolidated financial statements as at June 30, 2024 and for the period then ended.

The Bank's Board of Directors would like to express its appreciation and gratitude to the employees and managers of the Bank and the Group's subsidiaries - both in Israel and overseas - for their dedicated work and contribution to the Group's business.

Dr. Shmuel (Muli) Ben Zvi
Chairman of the Board

Hanan Friedman
President and Chief Executive Officer

August 14, 2024

Certification

I, Hanan Friedman, hereby certify as follows:

1. I have reviewed the quarterly report of Bank Leumi le-Israel B.M. (hereinafter - the “Bank") for the quarter ended June 30, 2024 (hereinafter - the “Report").

2. To my knowledge, the Financial Statements do not contain any misrepresentation of a material fact, nor do they omit a representation of a material fact that is necessary in order for the representations included therein - under the circumstances in which such representations were included - to be misleading as to the reporting period.

3. To my knowledge, the quarterly financial statements and other financial information included in the Financial Statements fairly represent, in all material respects, the Bank’s financial position, financial performance and changes in shareholders' equity and cash flows as at the dates and for the periods presented in the Financial Statements.

4. I and others at the Bank signing this certification are responsible for the establishment and implementation of controls and procedures regarding the Bank's disclosure and internal control over financial reporting (as defined in the Reporting to the Public Directives regarding “Report of the Board of Directors and Management"). In addition:

   A. We have established such controls and procedures, or caused such controls and procedures to be established under our oversight, with the aim of ensuring that material information about the Bank and its consolidated companies is brought to our attention by others in the Bank and said companies, especially during the preparation of the Financial Statements;

   B. We have established such internal control over financial reporting or have caused such internal control to be established under our oversight, with the aim of providing reasonable assurance as to the reliability of the financial reporting and that the financial statements for external purposes have been prepared in accordance with the generally accepted accounting principles and the directives and guidance of the Banking Supervision Department;

   C. We have evaluated the effectiveness of the Bank's disclosure controls and procedures and presented in the report our conclusions regarding the effectiveness of the disclosure controls and procedures as at the end of the reporting period according to our assessment; and

   D. The Financial Statements discloses any change in the Bank’s internal control over financial reporting which occurred during the quarter and has materially affected, or is reasonably expected to affect, the Bank’s internal control over financial reporting; and

5. I and others at the Bank signing this certification have disclosed to the joint independent auditors, the Board of Directors, and the Board of Directors’ Audit Committee, based on our most recent assessment of the internal control over financial reporting, the following:

   A. All significant deficiencies and material weaknesses in the establishment or implementation of the internal control over financial reporting that are reasonably expected to harm the Bank’s ability to record, process, calculate and report financial information; and

   B. Any fraud, whether or not material, involving management or other employees who have a significant role in the Bank's internal control over financial reporting.

Nothing in the foregoing shall derogate from my responsibility or the responsibility of any other person, under any law.

August 14, 2024.

Hanan Friedman
President & CEO

Certification

I, Hagit Argov, hereby certify as follows:

1. I have reviewed the quarterly report of Bank Leumi le-Israel B.M. (hereinafter - the “Bank") for the quarter ended June 30, 2024 (hereinafter - the “Report").
2. To my knowledge, the Financial Statements do not contain any misrepresentation of a material fact, nor do they omit a representation of a material fact that is necessary in order for the representations included therein - under the circumstances in which such representations were included - to be misleading as to the reporting period.
3. To my knowledge, the quarterly financial statements and other financial information included in the Financial Statements fairly represent, in all material respects, the Bank’s financial position, financial performance and changes in shareholders' equity and cash flows as at the dates and for the periods presented in the Financial Statements.
4. I and others at the Bank signing this certification are responsible for the establishment and implementation of controls and procedures regarding the Bank's disclosure and internal control over financial reporting (as defined in the Reporting to the Public Directives regarding “Report of the Board of Directors and Management"). In addition:
   A. We have established such controls and procedures, or caused such controls and procedures to be established under our oversight, with the aim of ensuring that material information about the Bank and its consolidated companies is brought to our attention by others in the Bank and said companies, especially during the preparation of the Financial Statements;
   B. We have established such internal control over financial reporting or have caused such internal control to be established under our oversight, with the aim of providing reasonable assurance as to the reliability of the financial reporting and that the financial statements for external purposes have been prepared in accordance with the generally accepted accounting principles and the directives and guidance of the Banking Supervision Department;
   C. We have evaluated the effectiveness of the Bank's disclosure controls and procedures and presented in the report our conclusions regarding the effectiveness of the disclosure controls and procedures as at the end of the reporting period according to our assessment; and
   D. The Financial Statements discloses any change in the Bank’s internal control over financial reporting which occurred during the quarter and has materially affected, or is reasonably expected to affect, the Bank’s internal control over financial reporting; and
5. I and others at the Bank signing this certification have disclosed to the joint independent auditors, the Board of Directors, and the Board of Directors’ Audit Committee, based on our most recent assessment of the internal control over financial reporting, the following:
   A. All significant deficiencies and material weaknesses in the establishment or implementation of the internal control over financial reporting that are reasonably expected to harm the Bank’s ability to record, process, calculate and report financial information; and
   B. Any fraud, whether or not material, involving management or other employees who have a significant role in the Bank's internal control over financial reporting.

Nothing in the foregoing shall derogate from my responsibility or the responsibility of any other person, under any law.

August 14, 2024.

Hagit Argov
Executive Vice President
Chief Accounting Officer
Head of Finance and Accounting Division

Review Report of the Joint Independent Auditors to the Shareholders of Bank Leumi le-Israel B.M.

Introduction

We have reviewed the accompanying financial information of Bank Leumi le-Israel B.M. and its subsidiaries (hereinafter - the “Bank"), which includes the condensed consolidated interim balance sheet as at June 30, 2024 and the condensed consolidated interim income statement, comprehensive income statement, statement of changes in equity and cash flow statement for the three-month and six-month periods then ended. The Board of Directors and management are responsible for the preparation and presentation of the financial information for these interim periods in accordance with the directives and guidance of the Banking Supervision Department for interim financial reporting, as described in Note 1.A. These directives basically adopt the US GAAP for Banks regarding interim reporting. Our responsibility is to express a conclusion regarding the financial information for these interim periods based on our review.

Review scope

We performed our review in accordance with Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, and a review standard applied in the review of banking corporations pursuant to the Banking Supervision Department’s directives and guidelines. A review of interim financial information consists of inquiries, mostly of persons responsible for financial and accounting matters, and of applying analytical and other review procedures. A review is substantially smaller in scope than an audit performed in accordance with Israeli GAAP and, as a result, does not enable us to obtain assurance that we would become aware of all significant matters that might have been identified in an audit. Consequently, we are not expressing an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that leads us to believe that the said financial information has not been prepared, in all material respects, in accordance with the directives and guidance of the Banking Supervision Department on interim financial reporting, as described in Note 1.A.; these directives mostly adopt US GAAP for Banks regarding interim financial reporting.

Somekh Chaikin
A registered partnership in Israel and a partner firm in the global KPMG network, which is comprised of independent firms affiliated with KPMG International Limited, a privately-owned limited liability British company KPMG International Limited
Certified Public Accountants

Brightman Almagor Zohar & Co.
A Firm in the Deloitte Global Network
Certified Public Accountants

Joint Independent Auditors

August 14, 2024

BANK LEUMI LE-ISRAEL B.M. AND ITS CONSOLIDATED COMPANIES
Condensed Consolidated Income Statement
For the period ended June 30, 2024

		For the three months ended June 30		For the six months ended June 30		For the year ended December 31
		2024	2023	2024	2023	2023
		Unaudited				Audited
	Note	In NIS million				
Interest income	2	**9,792**	8,663	**18,619**	16,235	33,655
Interest expenses	2	**5,414**	4,379	**10,474**	8,023	17,658
Interest income, net	2	**4,378**	4,284	**8,145**	8,212	15,997
Loan loss expenses (income)	6, 13	**(18)**	318	**204**	724	2,383
Interest income, net after loan loss expenses (income)		**4,396**	3,966	**7,941**	7,488	13,614
Noninterest income						
Noninterest finance income	3A	**446**	483	**1,180**	508	1,279
Fees and commissions		**910**	890	**1,845**	1,838	3,737
Other income		**9**	39	**868**	137	165
Total noninterest income		**1,365**	1,412	**3,893**	2,483	5,181
Operating and other expenses						
Salaries and related expenses		**882**	915	**1,953**	1,760	3,484
Buildings and equipment - maintenance and depreciation		**374**	361	**749**	702	1,541
Other Expenses		**395**	407	**774**	850	1,869
Total operating and other expenses		**1,651**	1,683	**3,476**	3,312	6,894
Profit before taxes		**4,110**	3,695	**8,358**	6,659	11,901
Provision for profit taxes		**1,340**	1,364	**2,843**	2,253	3,988
Profit after taxes		**2,770**	2,331	**5,515**	4,406	7,913
The Bank's share in associates' (losses) profits, after tax		**(501)**	122	**(461)**	(972)	(886)
Net income						
Before attribution to non-controlling interests		**2,269**	2,453	**5,054**	3,434	7,027
Attributable to non-controlling interests[(a)]		**-**	-	**-**	-	-
Attributable to the Bank's shareholders		**2,269**	2,453	**5,054**	3,434	7,027
Basic and diluted earnings per share (in NIS)						
Diluted basic earnings attributable to the Bank's shareholders	3B	**1.49**	1.59	**3.32**	2.23	4.58

(a) Amounts of less than NIS 1 million.

The notes to the condensed consolidated interim financial statements form an integral part thereof.

Dr. Shmuel (Muli) Ben Zvi
Chairman of the Board

Hanan Friedman
President and Chief Executive Officer

Hagit Argov
Executive Vice President
Chief Accounting Officer
Head of Finance and
Accounting Division

Date of approval of the financial statements: August 14, 2024.

BANK LEUMI LE-ISRAEL B.M. AND ITS CONSOLIDATED COMPANIES

Condensed Consolidated Statement of Comprehensive Income

For the period ended June 30, 2024

	For the three months ended June 30		For the six months ended June 30		For the year ended December 31
	2024	2023	**2024**	2023	2023
	Unaudited				Audited
	In NIS million				
Net income before attribution to non-controlling interests	**2,269**	2,453	**5,054**	3,434	7,027
Less net income attributable to non-controlling interests[(b)]	**-**	-	**-**	-	-
Net income attributable to the Bank's shareholders	**2,269**	2,453	**5,054**	3,434	7,027
Other comprehensive income, before taxes					
Adjustments in respect of presentation of available-for-sale bonds at fair value, net	**(833)**	(137)	**(1,135)**	116	641
Net gains (losses) for cash flow hedges	**2**	9	**(3)**	4	5
Adjustments of liabilities for employee benefits[(a)]	**740**	148	**1,351**	(28)	378
Other comprehensive income (loss) of equity-accounted investees	**4**	11	**(1)**	37	55
Other comprehensive income (loss), before taxes	**(87)**	31	**212**	129	1,079
Related tax effect	**69**	(32)	**(20)**	(61)	(373)
Other comprehensive income (loss) before attribution to non-controlling interests, after taxes	**(18)**	(1)	**192**	68	706
Less other comprehensive income attributable to non-controlling interests[(b)]	**-**	-	**-**	-	-
Other comprehensive income (loss) attributable to the Bank's shareholders, after taxes	**(18)**	(1)	**192**	68	706
Comprehensive income before attribution to non-controlling interests	**2,251**	2,452	**5,246**	3,502	7,733
Less comprehensive income attributable to non-controlling interests[(b)]	**-**	-	**-**	-	-
Comprehensive income attributable to the Bank's shareholders	**2,251**	2,452	**5,246**	3,502	7,733

(a) Mostly reflects adjustments in respect of a change in the discount rate and actuarial estimates, as at the end of the period, of defined benefit pension plans and a deduction of amounts previously recorded in other comprehensive income. Please see also Note 8.

(b) Amounts of less than NIS 1 million.

Please see also Note 4, Accumulated Other Comprehensive Income (Loss).

The notes to the condensed consolidated interim financial statements form an integral part thereof.

BANK LEUMI LE-ISRAEL B.M. AND ITS CONSOLIDATED COMPANIES

Consolidated Balance Sheet

As at June 30, 2024

	Note	June 30		December 31
		2024	2023	2023
		Unaudited		Audited
		In NIS million		
Assets				
Cash and deposits with banks		**128,278**	116,678	105,476
Securities:				
Held-to-maturity bonds		**17,668**	15,054	15,406
Available-for-sale bonds		**98,037**	91,303	126,137
Equity securities not held for trading		**5,578**	4,360	4,828
Held-for-trading securities		**7,290**[d]	7,323	13,677
Total securities[a][b]	5	**128,573**	118,040	160,048
Securities borrowed or purchased under reverse repurchase agreements		**1,538**	1,278	3,053
Loans to the public	6, 13	**440,480**	415,047	426,203
Loan loss provision	6, 13	**(6,681)**	(5,482)	(6,717)
Loans to the public, net		**433,799**	409,565	419,486
Loans to governments		**1,918**	1,194	1,806
Investments in associates		**3,358**	3,976	4,014
Buildings and equipment		**2,688**	2,792	2,874
Assets in respect of derivatives	11	**26,679**	26,173	27,410
Other assets[a]		**7,208**	7,161	7,330
Total assets		**734,039**	686,857	731,497
Liabilities and equity				
Deposits by the public	7	**581,187**	533,977	567,824
Deposits by banks		**18,179**	19,793	20,776
Deposits by governments		**109**	190	160
Securities loaned or sold under repurchase agreements		**8,633**	11,007	13,776
Bonds, promissory notes and subordinated notes		**29,369**	31,585	32,114
Liabilities for derivatives	11	**24,156**	23,107	26,636
Other liabilities[a][c]		**13,966**	15,422	15,709
Total liabilities		**675,599**	635,081	676,995
Shareholders' equity	9	**58,435**	51,771	54,497
Non-controlling interests		**5**	5	5
Total equity		**58,440**	51,776	54,502
Total liabilities and equity		**734,039**	686,857	731,497

(a) For details regarding amounts measured at fair value, please see Note 15A.

(b) Of which: Securities totaling NIS 11,589 million (June 30, 2023 - 12,795 million, December 31, 2023 - NIS 13,624 million) pledged to lenders.

(c) Of which: a provision for loan losses for off-balance-sheet credit instruments, NIS 744 million (as at June 30, 2023 - NIS 616 million; as at December 31, 2023 - NIS 747 million).

(d) Of which bonds in the amount of approx. NIS 1,484 million classified as held-for-trading securities because the Bank chose to measure them initially according to the fair value alternative, although they were not acquired for trading purposes.

The notes to the condensed consolidated interim financial statements form an integral part thereof.

BANK LEUMI LE-ISRAEL B.M. AND ITS CONSOLIDATED COMPANIES
Condensed Statement of Changes in Equity
For the period ended June 30, 2024

	For the three months ended June 30, 2024 (unaudited)		
		Capital reserves	
	Share capital	From premiums	From stock-based payment and other benefits[(a)]
	In NIS million		
Balance as at March 31, 2024	7,111	2,250	64
Net income for the period	-	-	-
Other comprehensive loss, net of tax effect	-	-	-
Dividend paid	-	-	-
Share buyback	**(4)**	**(106)**	**-**
Employee benefit for stock-based compensation transactions	-	-	1
Balance as at June 30, 2024	**7,107**	**2,144**	**65**

	For the three months ended June 30, 2023 (unaudited)		
		Capital reserves	
	Share capital	From premiums	From stock-based payment and other benefits[(a)]
	In NIS million		
Balance as at March 31, 2023	7,132	2,829	58
Net income for the period	-	-	-
Other comprehensive loss, net of tax effect	-	-	-
Dividend paid	-	-	-
Share buyback	(7)	(173)	-
Employee benefit for stock-based compensation transactions	-	-	2
Balance as at June 30, 2023	7,125	2,656	60

(a) Including NIS 10 million in other capital reserves.

(b) Including NIS 5,247 million that are non-distributable as dividend, of which NIS 2,360 million in respect of share buyback (June 30, 2023 - NIS 5,546 million, of which NIS 1,830 million for share buyback); the remaining distributable amount is subject to the Bank of Israel's directives and to the restrictions set out in the Proper Conduct of Banking Business Directives.

The notes to the condensed consolidated interim financial statements form an integral part thereof.

Total share capital and capital reserves	Accumulated other comprehensive income (loss)	Retained earnings[b]	Total	Non-controlling interests	Total equity
9,425	(2,437)	50,140	57,128	5	57,133
-	-	2,269	2,269	-	2,269
-	(18)	-	(18)	-	(18)
-	-	(835)	(835)	-	(835)
(110)	-	-	(110)	-	(110)
1	-	-	1	-	1
9,316	(2,455)	51,574	58,435	5	58,440

Total share capital and capital reserves	Accumulated other comprehensive income (loss)	Retained earnings[b]	Total	Non-controlling interests	Total equity
10,019	(3,284)	43,056	49,791	5	49,796
-	-	2,453	2,453	-	2,453
-	(1)	-	(1)	-	(1)
-	-	(294)	(294)	-	(294)
(180)	-	-	(180)	-	(180)
2	-	-	2	-	2
9,841	(3,285)	45,215	51,771	5	51,776

BANK LEUMI LE-ISRAEL B.M. AND ITS CONSOLIDATED COMPANIES

Condensed Statement of Changes in Equity (cont.)

For the period ended June 30, 2024

	For the six months ended June 30, 2024 (unaudited)		
		Capital reserves	
	Share capital	From premiums	From stock-based payment and other benefits[(a)]
	In NIS million		
Balance as at December 31, 2023 (audited)	7,111	2,250	63
Net income for the period	-	-	-
Other comprehensive income, net of tax effect	-	-	-
Dividend paid	-	-	-
Share buyback	**(4)**	**(106)**	**-**
Employee benefit for stock-based compensation transactions	-	-	2
Balance as at June 30, 2024	**7,107**	**2,144**	**65**

	For the six months ended June 30, 2023 (unaudited)		
		Capital reserves	
	Share capital	From premiums	From stock-based payment and other benefits[(a)]
	In NIS million		
Balance as at December 31, 2022 (audited)	7,132	2,829	56
Net income for the period	-	-	-
Other comprehensive income, net of tax effect	-	-	-
Dividend paid	-	-	-
Share buyback	(7)	(173)	-
Employee benefit for stock-based compensation transactions	-	-	4
Balance as at June 30, 2023	7,125	2,656	60

(a) Including NIS 10 million in other capital reserves.

(b) Including NIS 5,247 million that are non-distributable as dividend, of which NIS 2,360 million in respect of share buyback (June 30, 2023 - NIS 5,546 million, of which NIS 1,830 million for share buyback); the remaining distributable amount is subject to the Bank of Israel's directives and to the restrictions set out in the Proper Conduct of Banking Business Directives.

The notes to the condensed consolidated interim financial statements form an integral part thereof.

Total share capital and capital reserves	Accumulated other comprehensive income (loss)	Retained earnings[b]	Total	Non-controlling interests	Total equity
9,424	(2,647)	47,720	54,497	5	54,502
-	-	5,054	5,054	-	5,054
-	192	-	192	-	192
-	-	(1,200)	(1,200)	-	(1,200)
(110)	-	-	(110)	-	(110)
2	-	-	2	-	2
9,316	(2,455)	51,574	58,435	5	58,440

Total share capital and capital reserves	Accumulated other comprehensive income (loss)	Retained earnings[b]	Total	Non-controlling interests	Total equity
10,017	(3,353)	42,774	49,438	5	49,443
-	-	3,434	3,434	-	3,434
-	68	-	68	-	68
-	-	(993)	(993)	-	(993)
(180)	-	-	(180)	-	(180)
4	-	-	4	-	4
9,841	(3,285)	45,215	51,771	5	51,776

BANK LEUMI LE-ISRAEL B.M. AND ITS CONSOLIDATED COMPANIES
Condensed Statement of Changes in Equity (cont.)
For the period ended June 30, 2024

	For the year ended December 31, 2023 (audited)		
		Capital reserves	
	Share capital	From premiums	From stock-based payment and other benefits[(a)]
	In NIS million		
Balance as at December 31, 2022	7,132	2,829	56
Net income	-	-	-
Other comprehensive income, net of tax effect	-	-	-
Dividend paid	-	-	-
Share buyback	(21)	(579)	-
Employee benefit for stock-based compensation transactions	-	-	7
Balance as at December 31, 2023	7,111	2,250	63

(a) Including NIS 10 million in other capital reserves.

(b) Including NIS 5,253 million that is non-distributable, of which NIS 2,250 million in respect of share buyback. The remaining distributable amount is subject to the Bank of Israel's directives and to the restrictions set out in the Proper Conduct of Banking Business Directives.

The notes to the condensed consolidated interim financial statements form an integral part thereof.

Total share capital and capital reserves	Accumulated other comprehensive income (loss)	Retained earnings[b]	Total	Non-controlling interests	Total equity
10,017	(3,353)	42,774	49,438	5	49,443
-	-	7,027	7,027	-	7,027
-	706	-	706	-	706
-	-	(2,081)	(2,081)	-	(2,081)
(600)	-	-	(600)	-	(600)
7	-	-	7	-	7
9,424	(2,647)	47,720	54,497	5	54,502

BANK LEUMI LE-ISRAEL B.M. AND ITS CONSOLIDATED COMPANIES
Condensed Consolidated Statement of Cash Flows
For the period ended June 30, 2024

	For the three months ended June 30		For the six months ended June 30		For the year ended December 31
	2024	2023	**2024**	2023	2023
	Unaudited				Audited
	In NIS million				
Cash flows from operating activities					
Net income for the period	**2,269**	2,453	**5,054**	3,434	7,027
Adjustments:					
Group's share in undistributed losses (income) of associates[(a)]	**847**	(114)	**829**	1,176	1,103
Depreciation and amortization of buildings and equipment (including impairment)	**157**	145	**313**	292	675
Loan loss expenses (income)	**(18)**	318	**204**	724	2,383
Net losses on sale of available-for-sale bonds	**96**	51	**179**	187	298
Net realized and unrealized losses (gains) from fair value adjustments of held-for-trading securities	**(3)**	(52)	**6**	(26)	(90)
Gains on disposal of buildings and equipment - net	**-**	(20)	**(834)**	(19)	(22)
Realized and unrealized gains, net from fair value adjustments of equity securities not held-for-trading	**(211)**	(92)	**(374)**	(182)	(279)
Provision for impairment of available-for-sale bonds	**-**	-	**-**	33	33
Provision for impairment of equity securities not held-for-trading	**32**	5	**35**	7	16
Expenses for stock-based compensation transactions	**1**	2	**2**	4	7
Deferred taxes - net	**(135)**	(71)	**(103)**	(196)	(694)
Severance pay and pension – increase in excess of provision over fund	**31**	62	**101**	187	170
Excess of interest receivable over interest accrued during the period for available-for-sale bonds and held-to-maturity bonds over interest	**(714)**	(537)	**(1,536)**	(602)	(2,211)
Accrual differences and rate in respect of bonds and subordinated notes	**178**	243	**93**	608	379
Effect of exchange rate differentials on cash and cash equivalent balances	**(479)**	(336)	**(375)**	(850)	(173)
Other, net	**1**	(2)	**-**	(2)	(2)
Net change in current assets:					
Assets in respect of derivatives	**(934)**	786	**731**	465	(772)
Held-for-trading securities	**(2,122)**	(3,338)	**6,381**	(5,037)	(11,327)
Other assets	**70**	(271)	**54**	(454)	(272)
Net change in current liabilities:					
Liabilities for derivatives	**564**	(2,276)	**(2,305)**	(155)	3,213
Other liabilities	**(696)**	(1,049)	**(340)**	(1)	405
Net cash provided for (by) operating activities	**(1,066)**	(4,093)	**8,115**	(407)	(133)

(a) Net of dividend received.

The notes to the condensed consolidated interim financial statements form an integral part thereof.

BANK LEUMI LE-ISRAEL B.M. AND ITS CONSOLIDATED COMPANIES
Condensed Consolidated Statement of Cash Flows (cont.)
For the period ended June 30, 2024

	For the three months ended June 30		For the six months ended June 30		For the year ended December 31
	2024	2023	**2024**	2023	2023
	Unaudited				Audited
	In NIS million				
Cash flows from investing activities					
Net change in deposits with banks with original maturities of more than three months	**(265)**	791	**587**	3,663	2,927
Net change in loans to the public[(a)]	**(5,087)**	(5,977)	**(14,323)**	(25,421)	(35,392)
Net change in loans to the Israeli Government	**(531)**	(71)	**(112)**	(85)	(696)
Net change in securities borrowed or purchased under reverse repurchase agreements	**750**	2,004	**1,515**	1,756	(19)
Purchase of held-to-maturity bonds	**(768)**	(2,297)	**(2,829)**	(2,681)	(3,164)
Proceeds from redemption of held-to-maturity bonds	**136**	2,082	**702**	2,145	2,311
Purchase of available-for-sale bonds and equity securities not held-for-trading	**(39,548)**	(34,368)	**(99,693)**	(84,860)	(175,653)
Proceeds from sale of available-for-sale bonds and equity securities not held-for-trading	**46,107**	13,029	**110,720**	38,979	87,816
Proceeds from redemption of available-for-sale bonds and equity securities	**5,172**	6,483	**16,216**	17,009	25,929
Purchase of associates' equity	**(24)**	(1)	**(92)**	(3)	(2)
Proceeds from sale of loan portfolios	**99**	42	**264**	42	42
Purchase of loan portfolios	**-**	-	**-**	-	(1,556)
Purchase of buildings and equipment	**(163)**	(175)	**(296)**	(352)	(833)
Proceeds from disposal of buildings and equipment	**-**	22	**1,003**	22	41
Central severance pay fund	**1**	2	**3**	3	17
Net cash from (for) investing activities	**5,879**	(18,434)	**13,665**	(49,783)	(98,232)
Cash flow from financing activities					
Net change in deposits by banks with original maturities of more than three months	**(5,960)**	(4,249)	**(2,597)**	(2,513)	(1,530)
Net change in deposits by the public	**(14,670)**	980	**13,276**	(23,281)	10,616
Net change in deposits by the government	**8**	(193)	**(51)**	(57)	(87)
Net change in securities loaned or sold under repurchase agreements	**2,326**	6,268	**(5,143)**	7,055	9,824
Proceeds from issue of bonds and subordinated notes	**2,298**	3,846	**2,298**	5,537	10,758
Redemption of bonds and subordinated notes	**(4,036)**	(898)	**(5,240)**	(2,454)	(6,874)
Dividend paid to shareholders	**(1,200)**	(294)	**(1,200)**	(993)	(2,081)
Share buyback	**(110)**	(180)	**(110)**	(180)	(600)
Net cash from (for) financing activities	**(21,344)**	5,280	**1,233**	(16,886)	20,026
Increase (decrease) in cash and cash equivalents	**(16,531)**	(17,247)	**23,013**	(67,076)	(78,339)
Balance of cash and cash equivalents as at the beginning of the period	**141,911**	131,322	**102,471**	180,637	180,637
Effect of exchange rate fluctuations on cash and cash equivalent balances	**479**	336	**375**	850	173
Balance of cash and cash equivalents as at end of period	**125,859**	114,411	**125,859**	114,411	102,471

(a) Including operating activities from invoice factoring.

The notes to the condensed consolidated interim financial statements form an integral part thereof.

BANK LEUMI LE-ISRAEL B.M. AND ITS CONSOLIDATED COMPANIES
Condensed Consolidated Statement of Cash Flows (cont.)
For the period ended June 30, 2024

Interest and taxes paid and/or received and dividends received

	For the three months ended June 30		For the six months ended June 30		For the year ended December 31
	2024	2023	**2024**	2023	2023
	Unaudited				Audited
	In NIS million				
Interest received	**8,061**	7,217	**16,011**	14,155	29,677
Interest paid	**(5,058)**	(3,025)	**(10,084)**	(5,515)	(14,078)
Dividends received	**86**	53	**137**	99	208
Income tax paid	**(1,093)**	(1,309)	**(2,710)**	(2,626)	(4,397)
Income tax received	**22**	6	**24**	12	116

List of Notes

Note 1 - Significant Accounting Policies

A. Basis of Preparation of the Financial Statements

1. Reporting principles

The condensed consolidated interim financial statements as of June 30, 2024 have been prepared in accordance with directives of the Banking Supervision Department. These directives basically adopt the US GAAP for Banks.

The accounting principles accepted in banks in the United States are accounting principles that US banks traded in the United States are required to apply, in accordance with the hierarchy established by US Accounting Standard ASC 105-10 (FAS 168) of the US Accounting Standards Board and in accordance with guidelines and positions of the US SEC and the Banking supervision authorities in the United States. In this regard, the Banking Supervision Department clarified that despite the hierarchy prescribed by FAS 168, any position published by the US banking regulators regarding the principles' implementation will be considered part of US GAAP.

The accounting principles applied to the preparation of the interim financial statements are consistent with those applied to the audited Annual Financial Statements as at December 31, 2023, except as outlined in Section B below. These interim financial statements do not include all information required to be included in the full annual financial statements and should be read in conjunction with the Annual Financial Statements as at December 31, 2023 and their accompanying notes (hereinafter - the "Financial Statements").

The condensed consolidated interim financial statements were approved by the Bank's Board of Directors on August 14, 2024.

2. Use of estimates

Preparing the condensed consolidated interim financial statements in accordance with the said directives and guidance requires management to exercise judgment, and to use estimates, assessments and assumptions, which affect the reported amounts of assets and liabilities as well as the reported amounts. It is clarified that the actual results may differ from those estimates.

When developing accounting estimates used in the preparation of the Bank's financial statements, the Bank's management is required to make assumptions regarding circumstances and events involving significant uncertainty. In exercising its judgment to determine the accounting estimates, the Bank's management relies on past experience, facts, various representations, analyses and reviews, external factors and reasonable assumptions, in accordance with each estimate's particular circumstances. The uncertainty reflected in the economic and other environmental conditions is still significant; therefore, estimates and assessments may be revised according to the development of the conditions and circumstances as well as economic changes.

With the exception of what is detailed under item b. below, the policy applied by the Bank in using assessments and estimates is consistent with that used in the annual financial statements as at December 31, 2023. The underlying estimates and assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognized in the period in which the estimates were adjusted and for any future affected period.

3. From time to time, the Bank makes immaterial adjustments to classifications in the comparative figures in order to adjust them to the classification in the current financial statements for comparability. These classifications do not have an effect on the results of operations.

B. First-Time Application of New Accounting Standards, Accounting Standard Revisions, and New Directives Issued by the Banking Supervision Department

As of the reporting periods commencing on January 1, 2024, the Bank applies the following accounting standards and directives:

1. ASU 2022-02, Financial Instruments - Credit Losses: Troubled Debt Restructurings and Vintage Disclosures

On March 31, 2022, the FASB published ASU 2022-02, Financial Instruments - Credit Losses: Troubled Debt Restructurings and Vintage Disclosures. On October 19, 2023, a circular was distributed to update the Reporting to the Public Directives, regarding the standard update. The publication revises the accounting treatment of restructurings troubled debt, and increases the disclosure regarding credit quality according to the year the credit was provided.

The revision includes the following changes, among others:

- Replacing the term "Troubled debt restructurings" (or TDRs) with the term "Financial difficulty modifications" (or FDMs).
- The disclosure requirements for TDRs were replaced by updated disclosure requirements regarding FDMs, including disclosure requirements for any change in debt terms and conditions, for a borrower with financial difficulties, including a waiver of the principal, a reduced interest rate, or an extension of the term that does not cause a negligible delay in payments of each borrower with financial difficulties. In view of this change, the need for an examination as to whether, as part of the restructuring, the borrower was given an economic waiver was revoked. In the updated disclosure requirements, guidelines were integrated for the identification of borrowers with financial difficulties that are similar to the existing guidelines. Due to the regulation of the requirement to examine the existence of an economic waiver, the loans that were classified as FDMs may be different from the loans classified in the past as TDRs.
- The requirement to calculate the loan loss provision by discounting cash flows with respect to restructured troubled debts was revoked.
- The requirement to take expected restructurings into account and measure separately was revoked. Assessment of the effect of changes in debt terms and conditions carried out as an integral part of the process of estimating the expected loan loss provision.
- A disclosure requirement of gross write-offs, by credit granting year, was added, as detailed in Note 13.B.1.1.
- For credit to private individuals, housing loans and commercial credit in respect of a debt whose contractual balance is less than NIS 1 million, relevant emphases were adopted from the guidelines published by US regulators with the aim of strengthening the effectiveness of the internal control over changes in the debt terms and conditions of this type of credit.

  The directives established in the circular took effect as of January 1, 2024. As stated above, the main effect of the adoption of the new directives is the additional disclosure regarding the change in debt terms and conditions, including a waiver of the principal, a reduced interest rate, or an extension of the term that does not cause a negligible delay in payments of borrowers with financial difficulties (hereinafter, these changes are termed FDMs). The new disclosure directives have been implemented without restatement of comparative figures. The balance of the debts of borrowers with financial difficulties that underwent a change in terms and conditions until December 31, 2023 was determined according to the balance of troubled debt restructurings until December 31, 2023. As permitted by the Reporting to the Public Directives, the Bank includes the expanded quantitative disclosure, which includes details regarding the types of FDMs carried out starting from January 1, 2024 and their financial impact, and information regarding debts of borrowers with financial difficulties who defaulted in the reporting period following a change in terms and conditions, starting from the statements for the second quarter of 2024. For additional information, please see Note 13.B.2.B.

Note 1 - Significant Accounting Policies (cont.)

C. New accounting standards, revised accounting standards and new directives of the Banking Supervision Department in the period before their application

1. ASU 2023-07, Segment Reporting: Improvements to Reportable Segment Disclosures

On November 27, 2023, the FASB published ASU 2023-07, “Disclosure regarding Reportable Operating Segments”. This ASU is intended to improve the quality of segment reporting by expanding the scope and frequency of disclosures regarding operating segments, particularly: (1) Disclosure regarding significant segment expenses, to the extent that these are reported to the “Chief Operating Decision Maker” (management and the Board of Directors) and are included in the measure of the segment profit or loss; (2) Disclosure of the amount and composition of other segment items. This amount will match the segment’s revenues less significant expenses and the reported measure of the segment profit or loss; (3) Disclosure regarding how the “Chief Operating Decision Maker” (management and the Board of Directors) uses the reported measure of the segment profit or loss to estimate the segment’s performance and decide how to allocate resources; (4) Quarterly report regarding all disclosures related to profit or loss and segment assets, including the additional information required under this ASU; (5) Change in the existing standard to enable reporting on several measures of segment profit or loss, under certain conditions.

The provisions of the ASU will be applicable to publicly-traded entities in the US as of the annual periods commencing after December 15, 2023 and to interim periods included in annual period commencing after December 15, 2024 or upon early adoption. The ASU will be retrospectively applied for the periods presented in the financial statements, unless it is impractical. The Bank is assessing the effect of the new directives on its financial statements.

2. ASU 2023-09, Income Taxes: Improvements to Income Tax Disclosures

On December 14, 2023, the FASB published ASU 2023-09, “Improvements in Income Tax Disclosures”. This ASU improves the annual disclosures regarding income tax, and specifically expands the information on risks and tax opportunities existing in the entity’s global operations. These improvements pertain mainly to the following requirements:

(1) Expansion of the table of adjustments between the theoretical tax amount that would apply if the profit from ordinary activities would be taxable according to the statutory tax rate and the provision profit tax from ordinary activities as recorded in the income statement, as follows: (a) Adjustment based both on percentages and amounts; (b) Definition of specific categories that constitute sub-details in the adjustment; (c) Determination of a materiality threshold for detailing the adjustment components at a rate of 5 percent or more of the theoretical tax; (d) Description of the adjustment components to be detailed according to their materiality or their place of origin, as relevant. Thus, for example, an expansion is required of the adjustment that pertains to the difference between the theoretical tax on foreign subsidiaries and the actual provision for taxes such that it will include a breakdown by country and nature of the adjustment; and (e) An option for disclosure of the changes in tax benefits that were not recognized cumulatively.

(2) A more detailed disclosure, on an annual basis, for net taxes paid, while distinguishing between local and foreign taxes.

(3) An annual disclosure for profit before tax and for taxes on income from ordinary activities, while distinguishing between Israel and abroad.

At the same time, the ASU revokes some of the existing disclosure requirements, such as the amount of the temporary difference that refers to the deferred tax liability that was not recognized in respect of subsidiaries.

The provisions of the ASU will be applicable to annual periods commencing after December 15, 2024 or upon early adoption. The ASU may be implemented prospectively.

Note 2 - Interest Income and Expenses

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	**2024**	2023
	Unaudited			
	In NIS million			
a. Interest income[(a)]				
From loans to the public	**7,071**	6,534	**13,188**	12,176
From loans to governments	**16**	13	**35**	23
From deposits with the Bank of Israel and from cash	**1,141**	944	**2,220**	2,018
From deposits with banks	**131**	168	**268**	335
From securities borrowed or purchased under reverse repurchase agreements	**26**	32	**54**	66
From bonds[(b)]	**1,407**	972	**2,854**	1,617
Total interest income	**9,792**	8,663	**18,619**	16,235
b. Interest expenses[(a)]				
For deposits by the public	**(4,683)**	(3,858)	**(9,248)**	(7,084)
For deposits by governments	**-**	-	**(1)**	(1)
For deposits by banks	**(73)**	(26)	**(137)**	(47)
For deposits by the Bank of Israel	**(23)**	(2)	**(44)**	(5)
For securities loaned or sold under repurchase agreements	**(139)**	(110)	**(290)**	(177)
For bonds, promissory notes and subordinated notes	**(496)**	(383)	**(754)**	(709)
Total interest expenses	**(5,414)**	(4,379)	**(10,474)**	(8,023)
Total interest income, net	**4,378**	4,284	**8,145**	8,212
C. Details on the net effect of hedging derivatives[(c)]				
Interest income	**42**	41	**96**	78
Interest expenses	**(6)**	12	**(8)**	7
d. Details on interest income from bonds, on accrual basis				
Held-to-maturity	**153**	85	**301**	162
Available-for-sale	**1,164**	836	**2,341**	1,380
Held-for-trading	**90**[(d)]	51	**212**[(d)]	75
Total included in interest income	**1,407**	972	**2,854**	1,617

(a) Including the effect of hedge relationships.
(b) Including interest in respect of mortgage-backed bonds (MBS) in the amount of approx. NIS 201 million and approx. NIS 312 million for the three- and six-month periods ended June 30, 2024 (NIS 27 million and NIS 107 million for the three- and six-month periods ended June 30, 2023).
(c) Details about the effect of hedging derivatives on subsections a. and b.
(d) Of which interest income in the amount of approx. NIS 7 million and approx. NIS 13 million for the three- and six-month periods ended June 30, 2024, respectively, in respect of bonds classified as held-for-trading securities because the Bank chose to measure them initially according to the fair value alternative, although they were not acquired for trading purposes.

Note 3A - Noninterest Finance Income

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	**2024**	2023
	Unaudited			
	In NIS million			
A. Noninterest finance income for non-trading activities				
A.1. Derivatives activity[a]				
Net income in respect of ALM derivatives[b]	**1,021**	1,638	**2,426**	2,782
Total from derivatives activity	**1,021**	1,638	**2,426**	2,782
A.2. From investment in bonds				
Gains on sale of available-for-sale bonds, net	**32**	3	**96**	10
Losses on sale of available-for-sale bonds	**(128)**	(54)	**(275)**	(197)
Provision for impairment of available-for-sale bonds	**-**	-	**-**	(33)
Total from investment in bonds	**(96)**	(51)	**(179)**	(220)
A.3. Exchange rate differentials, net	**(806)**	(1,349)	**(1,723)**	(2,363)
A.4. Gains (losses) on investment in shares				
Gains on sale of equity securities not held for trading	**208**	50	**329**	116
Provision for impairment for equity securities not held for trading	**(32)**	(5)	**(35)**	(7)
Losses on sale of equity securities not held-for-trading	**(2)**	(6)	**(5)**	(10)
Dividend from not held-for-trading equity securities	**33**	21	**51**	29
Unrealized gains, net from not held-for-trading equity securities[h]	**5**	48	**50**	76
Total from investment in equity securities	**212**	108	**390**	204
Total noninterest finance income for equity securities not held-for-trading	**331**	346	**914**	403
B. Noninterest finance income (expenses) for trading activities				
Income in respect of held-for-trading derivatives, net	**112**	85	**272**	79
Realized and unrealized losses from fair value adjustments of held-for-trading bonds, net[c][g]	**2**[e]	52	**(9)**[e]	26
Realized and unrealized gains from fair value adjustments of held-for-trading equity securities, net[d][g]	**1**	-	**3**	-
Total from trading activities[f]	**115**	137	**266**	105
Details of noninterest finance income (expenses) from trading activities, by risk exposure				
Interest rate exposure	**(25)**	281	**68**	(15)
Foreign exchange exposure	**122**	(161)	**158**	87
Equity exposure	18	17	40	33
Total	115	137	266	105
Total noninterest finance income	446	483	1,180	508

Please see comments below.

Note 3A - Noninterest Finance Income (cont.)

Comments:

(a) Excluding the effect of hedge relationships.

(b) Derivatives which constitute part of the Bank's assets and liabilities management system that are not designated for hedging purposes.

(c) Of which the gains in the amount of approx. NIS 41 million and approx. NIS 42 million for the three- and six-month periods ended June 30, 2024, respectively, in respect of held-for-trading bonds held as of the balance sheet date (losses of approx. NIS 2 million and approx. NIS 13 million for the three- and six-month periods ended June 30, 2023, respectively).

(d) There were no gains or losses in respect of held-for-trading equity securities that are still held as of the balance sheet date in the three- and six-month periods ended June 30, 2024 and June 30, 2023.

(e) Of which losses in the amount of approx. NIS 10 million and approx. NIS 15 million for the three- and six-month periods ended June 30, 2024, respectively, in respect of bonds classified as held-for-trading securities because the Bank chose to measure them initially according to the fair value alternative, although they were not acquired for trading purposes.

(f) For interest income from investments in held-for-trading bonds, please see Note 2.

(g) Including exchange rate differentials from trading activities.

(h) Including gains and losses from fair value measurement of equity securities for which there is available fair value as well as upward or downward adjustments of equity securities for which there is no available fair value.

Note 3B - Earnings per Ordinary Share

A. Basic Earnings Per Share

The Bank's net income per share is calculated by dividing the gain attributable to the Bank's ordinary shareholders by the weighted average of the number of the Bank's outstanding ordinary shares, as follows:

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	**2024**	2023
	Unaudited			
Basic earnings				
Net income attributable to the Bank's shareholders (in NIS million)	**2,269**	2,453	**5,054**	3,434
Weighted average of the number of shares (in thousands of shares)				
Balance as at beginning of period[(a)]	**1,522,856**	1,543,805	**1,522,856**	1,543,805
Weighted effect for share buyback	**(646)**	(1,308)	**(323)**	(658)
Weighted average of number of shares	**1,522,210**	1,542,497	**1,522,533**	1,543,147
Basic earnings per share (in NIS)	**1.49**	1.59	**3.32**	2.23

(a) Net of the Bank's share buyback plan.

Note 3B - Earnings per Ordinary Share (cont.)

B. Diluted Earnings Per Share

The calculated diluted earnings per share is divided by the weighted average of the number of the Bank's outstanding ordinary shares, after adjustment for all the potentially dilutive ordinary shares, as follows:

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
	Unaudited			
Diluted earnings				
Net income attributable to the Bank's shareholders (in NIS million)	**2,269**	2,453	**5,054**	3,434
Weighted average of the number of shares (in thousands of shares)				
Weighted average of the number of ordinary shares used to calculate basic earnings per share	**1,522,210**	1,542,497	**1,522,533**	1,543,147
Weighted effect of the issuance of options to employees	**131**	__ (a)	**129**	__ (a)
Weighted average of the number of shares, fully diluted	**1,522,341**	1,542,497	**1,522,662**	1,543,147
Diluted earnings per share (in NIS)	**1.49**	1.59	**3.32**	2.23

(a) There are instruments with dilution potential, but they were not included in the calculation in the reporting period since their effect is anti-dilutive. Please see Note 24.A. to the financial statements as at December 31, 2023.

C. Share capital

As of June 30, 2024, the Bank's issued and paid up share capital less the Bank's share buyback plan during 2018 to 2020 and 2023 to 2024 is 1,519,387,316 ordinary shares of NIS 1 p.v. each. (as of June 30, 2023, the Bank's issued and paid up share capital less the Bank's share buyback plan during 2018 to 2020 and 2023 is 1,537,230,655 ordinary shares of NIS 1 p.v. each).

D. Buyback after the financial statements date

From July 1, 2024 to August 7, 2024, the Bank performed a buyback of 5,067,918 shares of NIS 1 par value each of the Bank's issued share capital.

For additional information regarding the Banking Supervision Department's approval for the buyback, please see Note 9A.

Note 4 - Accumulated Other Comprehensive Income (Loss)

A. Changes in Accumulated Other Comprehensive Income (Loss) After Tax Effect

1. Changes in accumulated other comprehensive income (loss) for the three-month period ended June 30, 2024 and 2023 (unaudited)

	Other comprehensive income (loss) before attribution to non-controlling interests						
	Adjustments in respect of presentation of available-for-sale bonds at fair value	Net gains (losses) for cash flow hedges	Oher comprehensive (loss) income of equity-accounted investees[(a)]	Adjustments in respect of employee benefits[(b)]	Total	Other comprehensive income (loss) attributable to non-controlling interests[(c)]	Other comprehensive income (loss) attributable to the Bank's shareholders
	In NIS million						
Balance as at March 31, 2023	(1,783)	(5)	15	(1,511)	(3,284)	-	(3,284)
Net change during the period	(88)	5	(14)	96	(1)	-	(1)
Balance as at June 30, 2023	(1,871)	-	1	(1,415)	(3,285)	-	(3,285)
Balance as at March 31, 2024	(1,704)	(2)	12	(743)	(2,437)	-	(2,437)
Net change during the period	**(515)**	**1**	**3**	**493**	**(18)**	**-**	**(18)**
Balance as at June 30, 2024	**(2,219)**	**(1)**	**15**	**(250)**	**(2,455)**	**-**	**(2,455)**

2. Changes in accumulated other comprehensive income (loss) for the six-month period ended June 30, 2024 and 2023 (unaudited)

	Other comprehensive income (loss) before attribution to non-controlling interests						
	Adjustments in respect of presentation of available-for-sale bonds at fair value	Net gains (losses) for cash flow hedges	Oher comprehensive (loss) income of equity-accounted investees[(a)]	Adjustments in respect of employee benefits[(b)]	Total	Other comprehensive income (loss) attributable to non-controlling interests[(c)]	Other comprehensive income (loss) attributable to the Bank's shareholders
	In NIS million						
Balance as at December 31, 2022 (audited)	(1,944)	(2)	(10)	(1,397)	(3,353)	-	(3,353)
Net change during the period	73	2	11	(18)	68	-	68
Balance as at June 30, 2023	(1,871)	-	1	(1,415)	(3,285)	-	(3,285)
Balance as at December 31, 2023 (audited)	(1,517)	1	16	(1,147)	(2,647)	-	(2,647)
Net change during the period	**(702)**	**(2)**	**(1)**	**897**	**192**	**-**	**192**
Balance as at June 30, 2024	**(2,219)**	**(1)**	**15**	**(250)**	**(2,455)**	**-**	**(2,455)**

Please see comments below.

Note 4 - Accumulated Other Comprehensive Income (Loss) (cont.)

A. Changes in accumulated other comprehensive income (loss) after tax effect (cont.)

3. Changes in accumulated other comprehensive income (loss) for the year ended December 31, 2023 (audited)

	Other comprehensive income (loss) before attribution to non-controlling interests						
	Adjustments in respect of presentation of available-for-sale bonds at fair value	Net gains (losses) for cash flow hedges	Oher comprehensive (loss) income of equity-accounted investees[(a)]	Adjustments in respect of employee benefits[(b)]	Total	Other comprehensive income (loss) attributable to non-controlling interests[(c)]	Other comprehensive income (loss) attributable to the Bank's shareholders
	In NIS million						
Balance as at December 31, 2022	(1,944)	(2)	(10)	(1,397)	(3,353)	-	(3,353)
Net change during the year	427	3	26	250	706	-	706
Balance as at December 31, 2023	(1,517)	1	16	(1,147)	(2,647)	-	(2,647)

(a) Including translation adjustments of financial statements of foreign operations whose functional currency is different than the Bank's functional currency and net gains (losses) for hedging of a net investment in foreign currency.
(b) Adjustments for employee benefits are net of adjustments for plan assets.
(c) Amounts of less than NIS 1 million.

Note 4 - Accumulated Other Comprehensive Income (Loss) (cont.)

B. Changes in accumulated other comprehensive income (loss) components, before and after tax effect

	For the three months ended June 30 (unaudited)					
	2024			2023		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
	In NIS million					
Changes in other comprehensive income (loss) components before attribution to non-controlling interests:						
Adjustments in respect of presentation of available-for-sale bonds at fair value:						
Unrealized losses, net, from fair value adjustments	(929)	354	(575)	(188)	66	(122)
Net losses in respect of available-for-sale bonds reclassified to the income statement[(a)]	96	(36)	60	51	(17)	34
Net change during the period	(833)	318	(515)	(137)	49	(88)
Cash flow hedges						
Net gains for cash flow hedges	2	(1)	1	9	(4)	5
Net change during the period	2	(1)	1	9	(4)	5
Equity-accounted investees						
Other comprehensive income of equity-accounted investees[(b)]	53	(20)	33	61	(42)	19
Hedges[(c)]	(49)	19	(30)	(50)	17	(33)
Net change during the period	4	(1)	3	11	(25)	(14)
Employee benefits:[(d)]						
Net actuarial gain	700[(g)]	(232)	468	70	(25)	45
Net losses reclassified to the income statement[(e)]	40	(15)	25	78	(27)	51
Net change during the period	740	(247)	493	148	(52)	96
Total net change during the period	(87)	69	(18)	31	(32)	(1)
Less changes in other comprehensive income components attributable to non-controlling interests						
Total change during the period, net[(f)]	-	-	-	-	-	-
Changes in other comprehensive income (loss) attributable to the Bank's shareholders						
Total change during the period, net	(87)	69	(18)	31	(32)	(1)

(a) The before tax amount is reported in the income statement under the noninterest finance income line item. Please see Note 3A.
(b) Including translation adjustments of financial statements of foreign operations whose functional currency is different from the Bank's functional currency.
(c) Net gains (losses) for hedging a net investment in foreign currency.
(d) Adjustments for employee benefits are net of adjustments for plan assets.
(e) The before-tax amount is reported in the income statement under the other expenses for employee benefits line item. For further details, please see Note 8.
(f) Amounts of less than NIS 1 million.
(g) For additional information regarding the net actuarial gain amount, please see Note 8.A.

Note 4 - Accumulated Other Comprehensive Income (Loss) (cont.)

B. Changes in accumulated other comprehensive income (loss) components, before and after tax effect (cont.)

	For the six months ended June 30 (unaudited)					
	2024			2023		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
	In NIS million					
Changes in other comprehensive income (loss) components before attribution to non-controlling interests:						
Adjustments in respect of presentation of available-for-sale bonds at fair value:						
Unrealized losses, net, from fair value adjustments	(1,314)	501	(813)	(104)	32	(72)
Net losses in respect of available-for-sale bonds reclassified to the income statement[(a)]	179	(68)	111	220	(75)	145
Net change during the period	(1,135)	433	(702)	116	(43)	73
Cash flow hedges						
Net gains (losses) for cash flow hedges	(3)	1	(2)	4	(2)	2
Net change during the period	(3)	1	(2)	4	(2)	2
Equity-accounted investees						
Other comprehensive income of equity-accounted investees[(b)]	82	(32)	50	171	(72)	99
Hedges[(c)]	(83)	32	(51)	(134)	46	(88)
Net change during the period	(1)	-	(1)	37	(26)	11
Employee benefits:[(d)]						
Net actuarial gain (loss)	1,248[(g)]	(415)	833	(216)	74	(142)
Net losses reclassified to the income statement[(e)]	103	(39)	64	188	(64)	124
Net change during the period	1,351	(454)	897	(28)	10	(18)
Total net change during the period	212	(20)	192	129	(61)	68
Less changes in other comprehensive income components attributable to non-controlling interests						
Total change during the period, net[(f)]	-	-	-	-	-	-
Changes in other comprehensive income (loss) attributable to the Bank's shareholders						
Total change during the period, net	212	(20)	192	129	(61)	68

(a) The before tax amount is reported in the income statement under the noninterest finance income line item. Please see Note 3A.
(b) Including translation adjustments of financial statements of foreign operations whose functional currency is different from the Bank's functional currency.
(c) Net gains (losses) for hedging a net investment in foreign currency.
(d) The adjustments for employee benefits are net of adjustments for plan assets.
(e) The before-tax amount is reported in the income statement under the other expenses for employee benefits line item. For further details, please see Note 8.
(f) Amounts of less than NIS 1 million.
(g) For additional information regarding the net actuarial gain amount, please see Note 8.A.

Note 4 - Accumulated Other Comprehensive Income (Loss) (cont.)

B. Changes in accumulated other comprehensive income (loss) components, before and after tax effect (cont.)

	For the year ended December 31, 2023 (audited)		
	Before tax	Tax effect	After tax
	In NIS million		
Changes in other comprehensive income (loss) components before attribution to non-controlling interests:			
Adjustments in respect of presentation of available-for-sale bonds at fair value:			
Net unrealized gains from fair value adjustments	310	(101)	209
Net losses in respect of available-for-sale bonds reclassified to the income statement[(a)]	331	(113)	218
Net change during the year	641	(214)	427
Cash flow hedges			
Net gains for cash flow hedges	5	(2)	3
Net change during the year	5	(2)	3
Equity-accounted investees			
Other comprehensive income of equity-accounted investees[(b)]	141	(58)	83
Hedges[(c)]	(86)	29	(57)
Net change during the year	55	(29)	26
Employee benefits:[(d)]			
Net actuarial gain	65[(g)]	(21)	44
Net losses reclassified to the income statement[(e)]	313	(107)	206
Net change during the year	378	(128)	250
Total change during the year, net	1,079	(373)	706
Less changes in other comprehensive income components attributable to non-controlling interests			
Total change during the year, net[(f)]	-	-	-
Changes in other comprehensive income (loss) attributable to the Bank's shareholders			
Total change during the year, net	1,079	(373)	706

(a) The before tax amount is reported in the income statement under the noninterest finance income line item. Please see Note 3A.
(b) Including translation adjustments of financial statements of foreign operations whose functional currency is different from the Bank's functional currency.
(c) Net gains (losses) for hedging a net investment in foreign currency.
(d) The adjustments for employee benefits are net of adjustments for plan assets.
(e) The before-tax amount is reported in the income statement under the other expenses for employee benefits line item. For further details, please see Note 8.
(f) Amounts of less than NIS 1 million.
(g) For additional information regarding the net actuarial gain amount, please see Note 8.A.

Note 5 - Securities

	As at June 30, 2024 (unaudited)					
	Balance sheet value	Amortized cost	Balance of loan loss provision	Unrealized gains from fair value adjustments	Unrealized losses from fair value adjustments	Fair value[(a)]
	In NIS million					
1. Held-to-maturity bonds:						
Of the Israeli Government	9,566	9,566	-	-	(1,006)	8,560
Of foreign financial institutions	1,491	1,492	1	-	(41)	1,451
Asset-backed (ABS) or mortgage-backed (MBS)	6,264	6,265	1	2	(518)	5,749
Of other foreign entities	347	348	1	-	(18)	330
Total held-to-maturity bonds[(e)]	17,668	17,671	3	2	(1,583)	16,090

	As at June 30, 2024 (unaudited)					
				Accumulated other comprehensive income (loss)		
	Balance sheet value	Amortized cost	Balance of loan loss provision	Gains	Losses	Fair value[(a)]
	In NIS million					
2. Available-for-sale bonds:						
Of the Israeli Government	50,652	53,641	-	69	(3,058)	50,652
Of foreign governments	21,152	21,309	-	10	(167)	21,152
Of Israeli financial institutions	164	169	-	-	(5)	164
Of foreign financial institutions	8,910	9,055	-	46	(191)	8,910
Asset-backed (ABS) or mortgage-backed (MBS)	11,635	12,257	-	35	(657)	11,635
Of other Israeli entities	817	836	-	10	(29)	817
Of other foreign entities	4,707	4,989	-	14	(296)	4,707
Total available-for-sale bonds[(e)]	98,037	102,256	-	184[(c)]	(4,403)[(c)]	98,037

Please see comments below.

Note 5 - Securities (cont.)

	As at June 30, 2024 (unaudited)					
	Balance sheet value	Cost	Balance of loan loss provision	Unrealized gains from fair value adjustments	Unrealized losses from fair value adjustments	Fair value[a]
	In NIS million					
3. Investment in not held-for-trading equity securities and mutual funds:						
Equity securities and mutual funds	5,578	5,551	-	412	(385)	5,578
Of which: Equity securities and mutual funds for which there is no available fair value[b]	3,337	3,659	-	48	(370)	3,337
Total not held for-trading equity securities and mutual funds	5,578	5,551	-	412[d]	(385)[d]	5,578
Total not held-for-trading securities	121,283	125,478	3	598	(6,371)	119,705

	As at June 30, 2024 (unaudited)					
	Balance sheet value	Amortized cost (in equity securities - cost)	Balance of loan loss provision	Unrealized gains from fair value adjustments	Unrealized losses from fair value adjustments	Fair value[a]
	In NIS million					
4. Held-for-trading securities: bonds -						
Of the Israeli Government	5,957	5,972	-	15	(30)	5,957
Of foreign governments	151	152	-	-	(1)	151
Of Israeli financial institutions	288	304	-	-	(16)	288
Of foreign financial institutions	249	248	-	1	-	249
Asset-backed (ABS) or mortgage-backed (MBS)	21	25	-	-	(4)	21
Of other Israeli entities	246	253	-	-	(7)	246
Of other foreign entities	375	376	-	1	(2)	375
Total bonds	7,287	7,330	-	17	(60)	7,287
Equity securities and mutual funds	3	3	-	-	-	3
Total held-for-trading securities[f]	7,290	7,333	-	17[d]	(60)[d]	7,290
Total securities	128,573	132,811	3	615	(6,431)	126,995

Please see comments below.

Note 5 - Securities (cont.)

	As at June 30, 2023 (unaudited)					
	Balance sheet value	Amortized cost	Balance of loan loss provision	Unrealized gains from fair value adjustments	Unrealized losses from fair value adjustments	Fair value[a]
	In NIS million					
1. Held-to-maturity bonds:						
Of the Israeli Government	7,879	7,879	-	1	(729)	7,151
Of foreign financial institutions	1,402	1,402	1	-	(62)	1,341
Asset-backed (ABS) or mortgage-backed (MBS)	5,435	5,435	1	10	(453)	4,993
Of other foreign entities	338	338	1	-	(17)	322
Total held-to-maturity bonds[e]	15,054	15,054	3	11	(1,261)	13,807

	As at June 30, 2023 (unaudited)					
				Accumulated other comprehensive income (loss)		
	Balance sheet value	Amortized cost	Balance of loan loss provision	Gains	Losses	Fair value[a]
	In NIS million					
2. Available-for-sale bonds:						
Of the Israeli Government	50,515	52,477	-	19	(1,981)	50,515
Of foreign governments	16,354	16,604	-	2	(252)	16,354
Of Israeli financial institutions	47	50	-	-	(3)	47
Of foreign financial institutions	9,142	9,488	-	14	(360)	9,142
Asset-backed (ABS) or mortgage-backed (MBS)	9,870	10,495	-	14	(639)	9,870
Of other Israeli entities	687	734	-	6	(53)	687
Of other foreign entities	4,688	5,111	-	2	(425)	4,688
Total available-for-sale bonds[e]	91,303	94,959	-	57[c]	(3,713)[c]	91,303

Please see comments below.

Note 5 - Securities (cont.)

	As at June 30, 2023 (unaudited)					
	Balance sheet value	Cost	Balance of loan loss provision	Unrealized gains from fair value adjustments	Unrealized losses from fair value adjustments	Fair value[(a)]
	In NIS million					
3. Investment in not held-for-trading equity securities and mutual funds:						
Equity securities and mutual funds	4,360	3,997	-	365	(2)	4,360
Of which: Equity securities and mutual funds for which there is no available fair value[(b)]	2,547	2,547	-	-	-	2,547
Total not held for-trading equity securities and mutual funds	4,360	3,997	-	365[(d)]	(2)[(d)]	4,360
Total not held-for-trading securities	110,717	114,010	3	433	(4,976)	109,470

	As at June 30, 2023 (unaudited)					
	Balance sheet value	Amortized cost (in equity securities - cost)	Balance of loan loss provision	Unrealized gains from fair value adjustments	Unrealized losses from fair value adjustments	Fair value[(a)]
	In NIS million					
4. Held-for-trading securities: bonds -						
Of the Israeli Government	6,262	6,264	-	2	(4)	6,262
Of foreign governments	184	185	-	-	(1)	184
Of Israeli financial institutions	519	559	-	-	(40)	519
Of foreign financial institutions	16	18	-	-	(2)	16
Asset-backed (ABS) or mortgage-backed (MBS)	28	31	-	-	(3)	28
Of other Israeli entities	227	249	-	-	(22)	227
Of other foreign entities	66	71	-	-	(5)	66
Total bonds	7,302	7,377	-	2	(77)	7,302
Equity securities and mutual funds	21	20	-	1	-	21
Total held-for-trading securities	7,323	7,397	-	3[(d)]	(77)[(d)]	7,323
Total securities	118,040	121,407	3	436	(5,053)	116,793

Please see comments below.

Note 5 - Securities (cont.)

	As at December 31, 2023 (audited)					
	Balance sheet value	Amortized cost	Balance of loan loss provision	Unrealized gains from fair value adjustments	Unrealized losses from fair value adjustments	Fair value[(a)]
	In NIS million					
1. Held-to-maturity bonds:						
Of the Israeli Government	8,093	8,093	-	1	(727)	7,367
Of foreign financial institutions	1,389	1,389	1	-	(38)	1,352
Asset-backed (ABS) or mortgage-backed (MBS)	5,591	5,591	1	14	(393)	5,213
Of other foreign entities	333	333	1	-	(11)	323
Total held-to-maturity bonds[(e)]	15,406	15,406	3	15	(1,169)	14,255

	As at December 31, 2023 (audited)					
				Accumulated other comprehensive income (loss)		
	Balance sheet value	Amortized cost	Balance of loan loss provision	Gains	Losses	Fair value[(a)]
	In NIS million					
2. Available-for-sale bonds:						
Of the Israeli Government	74,888	76,836	-	108	(2,056)	74,888
Of foreign governments	26,916	26,962	-	53	(99)	26,916
Of Israeli financial institutions	45	49	-	-	(4)	45
Of foreign financial institutions	8,882	9,067	-	51	(236)	8,882
Asset-backed (ABS) or mortgage-backed (MBS)	9,951	10,472	-	41	(562)	9,951
Of other Israeli entities	823	865	-	12	(54)	823
Of other foreign entities	4,632	4,899	-	23	(290)	4,632
Total available-for-sale bonds[(e)]	126,137	129,150	-	288[(c)]	(3,301)[(c)]	126,137

	As at December 31, 2023 (audited)					
	Balance sheet value	Cost	Balance of loan loss provision	Unrealized gains from fair value adjustments	Unrealized losses from fair value adjustments	Fair value[(a)]
	In NIS million					
3. Investment in not held-for-trading equity securities and mutual funds:						
Equity securities and mutual funds	4,828	4,511	-	346	(29)	4,828
Of which: Equity securities and mutual funds for which there is no available fair value[(b)]	2,817	2,817	-	-	-	2,817
Total not held for-trading equity securities and mutual funds	4,828	4,511	-	346[(d)]	(29)[(d)]	4,828
Total not held-for-trading securities	146,371	149,067	3	649	(4,499)	145,220

Please see comments below.

Note 5 - Securities (cont.)

	As at December 31, 2023 (audited)					
	Balance sheet value	Amortized cost (in equity securities - cost)	Balance of loan loss provision	Unrealized gains from fair value adjustments	Unrealized losses from fair value adjustments	Fair value[(a)]
	In NIS million					
4. Held-for-trading securities: bonds -						
Of the Israeli Government	12,905	12,884	-	26	(5)	12,905
Of Israeli financial institutions	436	459	-	-	(23)	436
Of foreign financial institutions	26	26	-	1	(1)	26
Asset-backed (ABS) or mortgage-backed (MBS)	25	29	-	-	(4)	25
Of other Israeli entities	159	167	-	-	(8)	159
Of other foreign entities	37	38	-	-	(1)	37
Total bonds	13,588	13,603	-	27	(42)	13,588
Equity securities and mutual funds	89	88	-	1	-	89
Total held-for-trading securities	13,677	13,691	-	28[(d)]	(42)[(d)]	13,677
Total securities	160,048	162,758	3	677	(4,541)	158,897

Comments:

(a) In most cases, fair value inputs are based on quoted share prices, which do not necessarily reflect the price that can be obtained from selling large blocks of securities.

(b) Shares for which no fair value is available are presented at cost less impairment, adjusted upwards or downwards for observable prices in similar transactions or identical transactions of the same issuer. In the first half of 2024, no upward adjustments were made, the total upward adjustments amounted to approx. NIS 17.5 million. In addition, in the first half of 2024, downward adjustments and amortizations were made in the amount of approx. NIS 35 million, and total downward adjustments and amortizations amounted to approx. NIS 381.5 million.

(c) Included in equity under the "Adjustments in respect of the presentation of available-for-sale bonds at fair value, net" under other comprehensive income, except for securities designated to be hedged at fair value.

(d) Carried to the income statement but as yet unrealized.

(e) An amount of NIS 16.0 billion out of total foreign currency securities are rated SSA (Super-nationals, Sovereign and Agencies) (June 30, 2023 - NIS 15.6 billion, December 31, 2023 - NIS 15.2 billion).

(f) Of which bonds in the amount of approx. NIS 1,484 million classified as held-for-trading securities because the Bank chose to measure them initially according to the fair value alternative, although they were not acquired for trading purposes.

General comments:

Loaned securities in the amount of NIS 981 million (as of June 30, 2023 - NIS 120 million; as of December 31, 2023 - NIS 63 million) are presented under the loans to the public item.

Securities that were pledged totaled NIS 11,589 million (as of June 30, 2023 - NIS 12,795 million; as of December 31, 2023 - NIS 13,624 million).

For additional information on the financial performance of investments in bonds, equity securities and mutual funds, please see Note 2 and Note 3A.

The distinction between Israeli and foreign bonds was made according to the issuer's country of residence.

Note 5 - Securities (cont.)

Further details on Amortized Cost and Unrealized Losses, by Duration and Impairment Percentage, of Held-to-Maturity Bonds in a Deferred Loss Position

	June 30, 2024 (unaudited)									
	Less than 12 months[a]					12 months or more[b]				
		Unrealized losses from fair value adjustments					Unrealized losses from fair value adjustments			
	Amor-tized cost	0-20%[c]	20%-40%[d]	Over 40%[e]	Total	Amor-tized cost	0-20%[c]	20%-40%[d]	Over 40%[e]	Total
	In NIS million									
Bonds										
Of the Israeli Government	**1,455**	**56**	**-**	**-**	**56**	**8,079**	**476**	**474**	**-**	**950**
Asset-backed (ABS) or mortgage-backed (MBS)	**2,573**	**18**	**-**	**-**	**18**	**3,465**	**276**	**224**	**-**	**500**
Of foreign financial institutions	**55**	**-**	**-**	**-**	**-**	**1,435**	**41**	**-**	**-**	**41**
Of other foreign entities	**-**	**-**	**-**	**-**	**-**	**347**	**18**	**-**	**-**	**18**
Total held-to-maturity bonds	**4,083**	**74**	**-**	**-**	**74**	**13,326**	**811**	**698**	**-**	**1,509**

	June 30, 2023 (unaudited)									
	Less than 12 months[a]					12 months or more[b]				
		Unrealized losses from fair value adjustments					Unrealized losses from fair value adjustments			
	Amor-tized cost	0-20%[c]	20%-40%[d]	Over 40%[e]	Total	Amor-tized cost	0-20%[c]	20%-40%[d]	Over 40%[e]	Total
	In NIS million									
Bonds										
Of the Israeli Government	79	1	-	-	1	7,767	500	228	-	728
Asset-backed (ABS) or mortgage-backed (MBS)	1,778	20	-	-	20	2,864	353	80	-	433
Of foreign financial institutions	184	5	-	-	5	1,219	57	-	-	57
Of other foreign entities	28	1	-	-	1	311	16	-	-	16
Total held-to-maturity bonds	2,069	27	-	-	27	12,161	926	308	-	1,234

(a) Investments in a continuous unrealized loss position for a period of less than 12 months.
(b) Investments in a continuous unrealized loss position for a period of 12 months or more.
(c) Investments whose unrealized loss represents up to 20 percent of their amortized cost.
(d) Investments whose unrealized loss represents over 20 percent but no more than 40 percent of their amortized cost.
(e) Investments whose unrealized loss represents over 40 percent of their amortized cost.

Note 5 - Securities (cont.)

Further details on Amortized Cost and Unrealized Losses, by Duration and Impairment Percentage, of Held-to-Maturity Bonds in an Unrealized Loss Position (cont.)

	December 31, 2023 (audited)									
	Less than 12 months[(a)]					12 months or more[(b)]				
		Unrealized losses from fair value adjustments					Unrealized losses from fair value adjustments			
	Amortized cost	0-20%[(c)]	20%-40%[(d)]	Over 40%[(e)]	Total	Amortized cost	0-20%[(c)]	20%-40%[(d)]	Over 40%[(e)]	Total
	In NIS million									
Bonds										
Of the Israeli Government	232	3	-	-	3	7,827	473	251	-	724
Asset-backed (ABS) or mortgage-backed (MBS)	708	4	-	-	4	2,860	340	49	-	389
Of foreign financial institutions	-	-	-	-	-	1,372	38	-	-	38
Of other foreign entities	-	-	-	-	-	334	11	-	-	11
Total held-to-maturity bonds	940	7	-	-	7	12,393	862	300	-	1,162

(a) Investments in a continuous unrealized loss position for a period of less than 12 months.
(b) Investments in a continuous unrealized loss position for a period of 12 months or more.
(c) Investments whose unrealized loss represents up to 20 percent of their amortized cost.
(d) Investments whose unrealized loss represents over 20 percent but no more than 40 percent of their amortized cost.
(e) Investments whose unrealized loss represents over 40 percent of their amortized cost.

Note 5 - Securities (cont.)

Further details on Fair Value and Unrealized Losses, by Duration and Impairment Percentage, of Available-for-Sale Bonds in an Unrealized Loss Position without Loan Loss Provision

	June 30, 2024 (unaudited)									
	Less than 12 months[a]					12 months or more[b]				
		Unrealized losses[f]					Unrealized losses[f]			
	Fair value	0-20%[c]	20%-40%[d]	Over 40%[e]	Total	Fair value	0-20%[c]	20%-40%[d]	Over 40%[e]	Total
	In NIS million									
Bonds										
Of governments and foreign financial and institutions	**30,207**	**410**	**368**	**-**	**778**	**30,001**	**1,365**	**1,278**	**-**	**2,643**
Asset-backed (ABS) or mortgage-backed (MBS)	**2,213**	**16**	**-**	**-**	**16**	**5,978**	**268**	**373**	**-**	**641**
Of others	**1,500**	**32**	**-**	**-**	**32**	**3,286**	**259**	**34**	**-**	**293**
Total available-for-sale bonds	**33,920**	**458**	**368**	**-**	**826**	**39,265**	**1,892**	**1,685**	**-**	**3,577**

	June 30, 2023 (unaudited)									
	Less than 12 months[a]					12 months or more[b]				
		Unrealized losses[f]					Unrealized losses[f]			
	Fair value	0-20%[c]	20%-40%[d]	Over 40%[e]	Total	Fair value	0-20%[c]	20%-40%[d]	Over 40%[e]	Total
	In NIS million									
Bonds										
Of governments and foreign financial and institutions	33,299	263	1	-	264	22,942	1,836	496	-	2,332
Asset-backed (ABS) or mortgage-backed (MBS)	2,360	33	-	-	33	6,109	401	205	-	606
Of others	922	45	-	-	45	4,035	359	74	-	433
Total available-for-sale bonds	36,581	341	1	-	342	33,086	2,596	775	-	3,371

(a) Investments in a continuous unrealized loss position for a period of less than 12 months.
(b) Investments in a continuous unrealized loss position for a period of 12 months or more.
(c) Investments whose unrealized loss represents up to 20 percent of their amortized cost.
(d) Investments whose unrealized loss represents over 20 percent but no more than 40 percent of their amortized cost.
(e) Investments whose unrealized loss represents over 40 percent of their amortized cost.
(f) Amounts carried to the capital reserve as part of other comprehensive income, net of tax.

Note 5 - Securities (cont.)

Further details on Fair Value and Unrealized Losses, by Duration and Impairment Percentage, of Available-for-Sale Bonds in an Unrealized Loss Position without Loan Loss Provision (cont.)

	December 31, 2023 (audited)									
	Less than 12 months[a]					12 months or more[b]				
		Unrealized losses[f]					Unrealized losses[f]			
	Fair value	0-20%[c]	20%-40%[d]	Over 40%[e]	Total	Fair value	0-20%[c]	20%-40%[d]	Over 40%[e]	Total
	In NIS million									
Bonds										
Of governments and foreign financial and institutions	11,130	298	-	-	298	29,876	1,537	558	2	2,097
Asset-backed (ABS) or mortgage-backed (MBS)	1,225	5	-	-	5	5,836	327	230	-	557
Of others	248	30	2	-	32	4,313	297	15	-	312
Total available-for-sale bonds	12,603	333	2	-	335	40,025	2,161	803	2	2,966

(a) Investments in a continuous unrealized loss position for a period of less than 12 months.
(b) Investments in a continuous unrealized loss position for a period of 12 months or more.
(c) Investments whose unrealized loss represents up to 20 percent of their amortized cost.
(d) Investments whose unrealized loss represents over 20 percent but no more than 40 percent of their amortized cost.
(e) Investments whose unrealized loss represents over 40 percent of their amortized cost.
(f) Amounts carried to the capital reserve as part of other comprehensive income, net of tax.

Note 5 - Securities (cont.)

Further details on Mortgage-Backed and Asset-Backed Available-for-Sale Bonds in an Unrealized Loss Position

	June 30, 2024 (unaudited)					
	Up to 12 months		More than 12 months		Total	
	Fair value	Unrealized losses from fair value adjust-ments[(a)]	Fair value	Unrealized losses from fair value adjust-ments[(a)]	Fair value	Unrealized losses from fair value adjust-ments[(a)]
	In NIS million					
Mortgage-backed bonds (MBSs)	830	(11)	2,336	(407)	3,166	(418)
Other mortgage-backed bonds (including CMOs, REMICs and stripped MBSs)	705	(3)	1,483	(205)	2,188	(208)
Asset-backed bonds (ABSs)	678	(2)	2,159	(29)	2,837	(31)
Total	2,213	(16)	5,978	(641)	8,191	(657)

	June 30, 2023 (unaudited)					
	Up to 12 months		More than 12 months		Total	
	Fair value	Unrealized losses from fair value adjust-ments[(a)]	Fair value	Unrealized losses from fair value adjust-ments[(a)]	Fair value	Unrealized losses from fair value adjust-ments[(a)]
	In NIS million					
Mortgage-backed bonds (MBSs)	1,303	(20)	1,759	(345)	3,062	(365)
Other mortgage-backed bonds (including CMOs, REMICs and stripped MBSs)	401	(9)	1,369	(183)	1,770	(192)
Asset-backed bonds (ABSs)	656	(4)	2,981	(78)	3,637	(82)
Total	2,360	(33)	6,109	(606)	8,469	(639)

	December 31, 2023 (audited)					
	Up to 12 months		More than 12 months		Total	
	Fair value	Unrealized losses from fair value adjust-ments[(a)]	Fair value	Unrealized losses from fair value adjust-ments[(a)]	Fair value	Unrealized losses from fair value adjust-ments[(a)]
	In NIS million					
Mortgage-backed bonds (MBSs)	608	(3)	1,906	(327)	2,514	(330)
Other mortgage-backed bonds (including CMOs, REMICs and stripped MBSs)	420	(2)	1,379	(189)	1,799	(191)
Asset-backed bonds (ABSs)	197	-	2,551	(41)	2,748	(41)
Total	1,225	(5)	5,836	(557)	7,061	(562)

(a) Amounts carried to the capital reserve as part of other comprehensive income, net of tax.

Note 5 - Securities (cont.)

Further details on Held-to-Maturity Mortgage-Backed Bonds

	June 30, 2024 (unaudited)			
	Amortized cost[(a)]	Unrealized gains from fair value adjustments	Unrealized losses from fair value adjustments	Fair value
	In NIS million			
Mortgage-backed bonds (MBSs)				
Pass-through held-to-maturity bonds	4,281	2	(499)	3,784
Of which: GNMA-guaranteed bonds	2,891	2	(287)	2,606
Bonds issued by FNMA or FHLMC	1,390	-	(212)	1,178
Other mortgage-backed bonds (including CMOs and stripped MBSs)	1,722	-	(19)	1,703
Of which: Bonds issued or guaranteed by FNMA, FHLMC, or GNMA	1,722	-	(19)	1,703
Total mortgage-backed bonds (MBSs)	6,003	2	(518)	5,487
Asset-backed bonds (ABSs)	262	-	-	262
Of which: Loans to other than private individuals - CLO-type bonds	262	-	-	262
Total mortgage-backed held-to-maturity bonds	6,265	2	(518)	5,749

(a) Including a provision balance for credit differences in the amount of NIS 1 million.

	June 30, 2023 (unaudited)			
	Amortized cost[(a)]	Unrealized gains from fair value adjustments	Unrealized losses from fair value adjustments	Fair value
	In NIS million			
Mortgage-backed bonds (MBSs)				
Pass-through held-to-maturity bonds	4,003	-	(444)	3,559
Of which: GNMA-guaranteed bonds	2,744	-	(265)	2,479
Bonds issued by FNMA or FHLMC	1,259	-	(179)	1,080
Other mortgage-backed bonds (including CMOs and stripped MBSs)	1,189	3	(9)	1,183
Of which: Bonds issued or guaranteed by FNMA, FHLMC, or GNMA	1,189	3	(9)	1,183
Total mortgage-backed bonds (MBSs)	5,192	3	(453)	4,742
Asset-backed bonds (ABSs)	244	7	-	251
Of which: Loans to other than private individuals - CLO-type bonds	244	7	-	251
Total mortgage-backed held-to-maturity bonds	5,436	10	(453)	4,993

(a) Including a provision balance for credit differences in the amount of NIS 1 million.

Note 5 - Securities (cont.)

Further details on Held-to-Maturity Mortgage-Backed Bonds (cont.)

	December 31, 2023 (audited)			
	Amortized cost[(a)]	Unrealized gains from fair value adjustments	Unrealized losses from fair value adjustments	Fair value
	In NIS million			
Mortgage-backed bonds (MBSs)				
Pass-through held-to-maturity bonds	4,079	5	(388)	3,696
Of which: GNMA-guaranteed bonds	2,784	4	(226)	2,562
Bonds issued by FNMA or FHLMC	1,295	1	(162)	1,134
Other mortgage-backed bonds (including CMOs and stripped MBSs)	1,262	9	(4)	1,267
Of which: Bonds issued or guaranteed by FNMA, FHLMC, or GNMA	1,262	9	(4)	1,267
Total mortgage-backed bonds (MBSs)	5,341	14	(392)	4,963
Asset-backed bonds (ABSs)	251	-	(1)	250
Of which: Loans to other than private individuals - CLO-type bonds	251	-	(1)	250
Total mortgage-backed held-to-maturity bonds	5,592	14	(393)	5,213

(a) Including a provision balance for credit differences in the amount of NIS 1 million.

Note 5 - Securities (cont.)

Further details on Mortgage-Backed and Asset-Backed Available-for-Sale Bonds

	June 30, 2024 (unaudited)			
		Accumulated other comprehensive income (loss)[(a)]		
	Amortized cost	Gains	Losses	Fair value
	In NIS million			
Mortgage-backed bonds (MBSs)				
Pass-through bonds	3,869	2	(418)	3,453
Of which: GNMA-backed bonds	2,583	1	(272)	2,312
Bonds issued by FNMA or FHLMC	1,286	1	(146)	1,141
Other mortgage-backed bonds (including CMOs and stripped MBSs)	3,552	8	(208)	3,352
Of which: Bonds issued or guaranteed by FNMA, FHLMC, or GNMA	3,147	6	(206)	2,947
Total mortgage-backed bonds (MBSs)	7,421	10	(626)	6,805
Asset-backed bonds (ABSs)	4,836	25	(31)	4,830
Of which: Loans to other than private individuals - CLO-type bonds	3,187	19	(3)	3,203
Loans to non-individuals - SBA-guaranteed bonds	1,194	4	(24)	1,174
Total available-for-sale mortgage-backed and asset-backed bonds	12,257	35	(657)	11,635

	June 30, 2023 (unaudited)			
		Accumulated other comprehensive income (loss)[(a)]		
	Amortized cost	Gains	Losses	Fair value
	In NIS million			
Mortgage-backed bonds (MBSs)				
Pass-through bonds	3,587	1	(365)	3,223
Of which: GNMA-guaranteed bonds	2,465	1	(243)	2,223
Bonds issued by FNMA or FHLMC	1,122	-	(122)	1,000
Other mortgage-backed bonds (including CMOs and stripped MBSs)	2,405	5	(192)	2,218
Of which: Bonds issued or guaranteed by FNMA, FHLMC, or GNMA	2,093	2	(187)	1,908
Total mortgage-backed bonds (MBSs)	5,992	6	(557)	5,441
Asset-backed bonds (ABSs)	4,503	8	(82)	4,429
Of which: Loans to other than private individuals - CLO-type bonds	3,085	8	(50)	3,043
Loans to non-individuals - SBA-guaranteed bonds	1,114	-	(20)	1,094
Total available-for-sale mortgage-backed and asset-backed bonds	10,495	14	(639)	9,870

(a) Amounts carried to the capital reserve as part of other comprehensive income, net, after the tax effect.

Note 5 - Securities (cont.)

Further details on Mortgage-Backed and Asset-Backed Available-for-Sale Bonds (cont.)

	December 31, 2023 (audited)			
		Accumulated other comprehensive income (loss)[(a)]		
	Amortized cost	Gains	Losses	Fair value
	In NIS million			
Mortgage-backed bonds (MBSs)				
Pass-through bonds	3,336	7	(330)	3,013
Of which: GNMA-guaranteed bonds	2,310	6	(220)	2,096
Bonds issued by FNMA or FHLMC	1,026	1	(110)	917
Other mortgage-backed bonds (including CMOs and stripped MBSs)	2,648	12	(191)	2,469
Of which: Bonds issued or guaranteed by FNMA, FHLMC, or GNMA	2,322	8	(187)	2,143
Total mortgage-backed bonds (MBSs)	5,984	19	(521)	5,482
Asset-backed bonds (ABSs)	4,488	22	(41)	4,469
Of which: Loans to other than private individuals - CLO-type bonds	3,079	19	(15)	3,083
Loans to non-individuals - SBA-guaranteed bonds	1,046	1	(20)	1,027
Total available-for-sale mortgage-backed and asset-backed bonds	10,472	41	(562)	9,951

(a) Amounts carried to the capital reserve as part of other comprehensive income, net, after the tax effect.

Note 5 - Securities (cont.)

Further details on Mortgage-Backed and Asset-Backed Held-for-Trading Securities

	June 30, 2024 (unaudited)			
	Amortized cost	Unrealized gains from fair value adjustments[(a)]	Unrealized losses from fair value adjustments[(a)]	Fair value
	In NIS million			
Mortgage-backed securities (MBSs)				
Pass-through securities	1	-	-	1
Of which: Securities issued by FNMA or FHLMC	1	-	-	1
Other mortgage-backed securities (including CMOs and stripped MBSs)	17	-	(2)	15
Of which: Securities issued or guaranteed by FNMA, FHLMC, or GNMA	-	-	-	-
Total mortgage-backed securities (MBSs)	18	-	(2)	16
Total asset-backed securities (ABSs)	7	-	(2)	5
Total mortgage-backed and asset-backed held-for-trading securities	25	-	(4)	21

	June 30, 2023 (unaudited)			
	Amortized cost	Unrealized gains from fair value adjustments[(a)]	Unrealized losses from fair value adjustments[(a)]	Fair value
	In NIS million			
Mortgage-backed securities (MBSs)				
Pass-through securities	1	-	-	1
Of which: Securities issued by FNMA or FHLMC	1	-	-	1
Other mortgage-backed securities (including CMOs and stripped MBSs)	22	-	(2)	20
Of which: Securities issued or guaranteed by FNMA, FHLMC, or GNMA	-	-	-	-
Total mortgage-backed securities (MBSs)	23	-	(2)	21
Total asset-backed securities (ABSs)	8	-	(1)	7
Total mortgage-backed and asset-backed held-for-trading securities	31	-	(3)	28

(a) Gains (losses) carried to the income statement.

Note 5 - Securities (cont.)

Further details on Mortgage-Backed and Asset-Backed Held-for-Trading Securities (cont.)

	December 31, 2023 (audited)			
	Amortized cost	Unrealized gains from fair value adjustments[a]	Unrealized losses from fair value adjustments[a]	Fair value
	In NIS million			
Mortgage-backed securities (MBSs)				
Pass-through securities	1	-	-	1
Of which: Securities issued by FNMA or FHLMC	1	-	-	1
Other mortgage-backed securities (including CMOs and stripped MBSs)	21	-	(3)	18
Of which: Securities issued or guaranteed by FNMA, FHLMC, or GNMA	-	-	-	-
Total mortgage-backed securities (MBSs)	22	-	(3)	19
Total asset-backed securities (ABSs)	7	-	(1)	6
Total mortgage-backed and asset-backed held-for-trading securities	29	-	(4)	25

(a) Gains (losses) carried to the income statement.

Note 5 - Securities (cont.)

Movement in outstanding loan loss provision for available-for-sale bonds

	For the six months ended June 30, 2024 (unaudited)			
	Governments and financial institutions	Asset-backed (ABSs) or mortgage-backed (MBSs)	Of others	Total
	In NIS million			
Balance of loan loss provision as at the beginning of the reporting period	-	-	-	-
Outstanding loan loss provision as at the end of the reporting period	-	-	-	-

	For the six months ended June 30, 2023 (unaudited)			
	Governments and financial institutions	Asset-backed (ABSs) or mortgage-backed (MBSs)	Of others	Total
	In NIS million			
Balance of loan loss provision as at the beginning of the reporting period	24	-	9	33
Amortization in respect of securities sold during the period	-	-	(7)	(7)
Net decrease in the loan loss provision in respect of past loan losses	(24)	-	(2)	(26)
Outstanding loan loss provision as at the end of the reporting period	-	-	-	-

	For the year ended December 31, 2023 (audited)			
	Governments and financial institutions	Asset-backed (ABSs) or mortgage-backed (MBSs)	Of others	Total
	In NIS million			
Balance of loan loss provision as at the beginning of the year	24	-	9	33
Amortization in respect of securities sold during the period	-	-	(7)	(7)
Net decrease in the loan loss provision in respect of past loan losses	(24)	-	(2)	(26)
Balance of loan loss provision as at year end	-	-	-	-

Note 6 - Credit Risk, Loans to the Public and Loan Loss Provision

A. Debts,[(a)] held-to-maturity bonds and available-for-sale bonds, loans to the public and balance of loan loss provision

	June 30, 2024 (unaudited)					
	Loans to the public				Banks, govern-ments and bonds	Total
	Commer-cial	Housing	Private indi-viduals - Other	Total - public		
	In NIS million					
Recorded outstanding debt:						
Examined on a specific basis	246,215	-	659	246,874	130,779	377,653
Examined on a collective basis	27,963	136,566	29,077	193,606	-	193,606
Total[1]	274,178	136,566	29,736	440,480	130,779	571,259
[1]Of which:						
Non-performing debts	1,669	566	241	2,476	-	2,476
Debts in arrears of 90 days or more	59	-	70	129	-	129
Other troubled debts	3,251	10	677	3,938	-	3,938
Total troubled debts	4,979	576	988	6,543	-	6,543
Outstanding loan loss provision in respect of debts:						
Examined on a specific basis	4,411	-	262	4,673	16	4,689
Examined on a collective basis	748	595	665	2,008	-	2,008
Total loan loss provision[2]	5,159	595	927	6,681	16	6,697
[2]Of which:						
For non-performing debts	428	101	161	690	-	690
For other troubled debts	808	1	432	1,241	-	1,241

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

Note 6 - Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

A. Debts,[(a)] held-to-maturity bonds and available-for-sale bonds, loans to the public and balance of loan loss provision (cont.)

	June 30, 2023 (unaudited)					
	Loans to the public				Banks, govern-ments and bonds	Total
	Commer-cial	Housing	Private indi-viduals - Other	Total - public		
	In NIS million					
Recorded outstanding debt:						
Examined on a specific basis	232,959	-	550	233,509	119,883	353,392
Examined on a collective basis	27,362	124,018	30,158	181,538	-	181,538
Total[1]	260,321	124,018	30,708	415,047	119,883	534,930
[1]Of which:						
Non-performing debts	1,596	547	279	2,422	-	2,422
Debts in arrears of 90 days or more	76	-	91	167	-	167
Other troubled debts	3,946	15	543	4,504	-	4,504
Total troubled debts	5,618	562	913	7,093	-	7,093
Outstanding loan loss provision in respect of debts:						
Examined on a specific basis	3,547	-	197	3,744	23	3,767
Examined on a collective basis	680	460	598	1,738	-	1,738
Total loan loss provision[2]	4,227	460	795	5,482	23	5,505
[2]Of which:						
For non-performing debts	309	64	147	520	-	520
For other troubled debts	783	2	323	1,108	-	1,108

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

Note 6 - Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

A. Debts,[(a)] held-to-maturity bonds and available-for-sale bonds, loans to the public and balance of loan loss provision (cont.)

	December 31, 2023 (audited)					
	Loans to the public				Banks, governments and bonds	
	Commercial	Housing	Private individuals - Other	Total - public		Total
	In NIS million					
Recorded outstanding debt:						
Examined on a specific basis	239,573	-	661	240,234	162,912	403,146
Examined on a collective basis	26,184	130,624	29,161	185,969	-	185,969
Total[1]	265,757	130,624	29,822	426,203	162,912	589,115
[1]Of which:						
Non-performing debts	2,579	688	343	3,610	-	3,610
Debts in arrears of 90 days or more	69	-	80	149	-	149
Other troubled debts	3,161	24	630	3,815	-	3,815
Total troubled debts	5,809	712	1,053	7,574	-	7,574
Outstanding loan loss provision in respect of debts:						
Examined on a specific basis	4,324	-	275	4,599	17	4,616
Examined on a collective basis	852	622	644	2,118	-	2,118
Total loan loss provision[2]	5,176	622	919	6,717	17	6,734
[2]Of which:						
For non-performing debts	617	79	196	892	-	892
For other troubled debts	803	3	379	1,185	-	1,185

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

Note 8 - Employee Benefits (cont.)

Note 6 - Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

B. Change in Balance of Loan Loss Provision

	For the three months ended June 30, 2024 (unaudited)					
	Loan loss provision					
	Loans to the public				Banks, governments and bonds held-to-maturity and available-for-sale	Total
	Commercial	Housing	Private individuals - Other	Total - public		
	In NIS million					
Balance of loan loss provision as at the beginning of the reporting period	**6,013**	**639**	**1,004**	**7,656**	**17**	**7,673**
Loan loss expenses (income)	**(60)**	**(27)**	**69**	**(18)**	**-**	**(18)**
Charge-offs	**(265)**	**(1)**	**(171)**	**(437)**	**-**	**(437)**
Collection of debts written off in previous years	**164**	**-**	**59**	**223**	**-**	**223**
Net charge-offs	**(101)**	**(1)**	**(112)**	**(214)**	**-**	**(214)**
Outstanding loan loss provision as at the end of the reporting period[1]	**5,852**	**611**	**961**	**7,424**	**17**	**7,441**
[1]Of which: in respect of off-balance-sheet credit instruments	**693**	**16**	**34**	**743**	**1**	**744**

	For the three months ended June 30, 2023 (unaudited)					
	Loan loss provision					
	Loans to the public				Banks, governments and bonds held-to-maturity and available-for-sale	Total
	Commercial	Housing	Private individuals - Other	Total - public		
	In NIS million					
Balance of loan loss provision as at the beginning of the reporting period	4,751	430	745	5,926	22	5,948
Loan loss expenses	112	31	174	317	1	318
Charge-offs	(156)	-	(160)	(316)	-	(316)
Collection of debts written off in previous years	108	-	63	171	-	171
Net charge-offs	(48)	-	(97)	(145)	-	(145)
Outstanding loan loss provision as at the end of the reporting period[1]	4,815	461	822	6,098	23	6,121
[1]Of which: in respect of off-balance-sheet credit instruments	588	1	27	616	-	616

Note 6 - Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

B. Change in Balance of Loan Loss Provision (cont.)

	For the six months ended June 30, 2024 (unaudited)					
	Loan loss provision					
	Loans to the public				Banks, governments and bonds held-to-maturity and available-for-sale	Total
	Commercial	Housing	Private individuals - Other	Total - public		
	In NIS million					
Balance of loan loss provision as at the beginning of the reporting period	5,873	634	957	7,464	17	7,481
Loan loss expenses (income)	15	(24)	213	204	-	204
Charge-offs	(378)	(2)	(335)	(715)	-	(715)
Collection of debts written off in previous years	342	3	126	471	-	471
Net charge-offs	(36)	1	(209)	(244)	-	(244)
Outstanding loan loss provision as at the end of the reporting period[1]	5,852	611	961	7,424	17	7,441
[1]Of which: in respect of off-balance-sheet credit instruments	693	16	34	743	1	744

	For the six months ended June 30, 2023 (unaudited)					
	Loan loss provision					
	Loans to the public				Banks, governments and bonds held-to-maturity and available-for-sale	Total
	Commercial	Housing	Private individuals - Other	Total - public		
	In NIS million					
Balance of loan loss provision as at the beginning of the reporting period	4,420	419	732	5,571	54	5,625
Loan loss expenses (income)	463	44	248	755	(31)	724
Charge-offs	(251)	(2)	(294)	(547)	-	(547)
Collection of debts written off in previous years	183	-	136	319	-	319
Net charge-offs	(68)	(2)	(158)	(228)	-	(228)
Outstanding loan loss provision as at the end of the reporting period[1]	4,815	461	822	6,098	23	6,121
[1]Of which: in respect of off-balance-sheet credit instruments	588	1	27	616	-	616

Note 8 - Employee Benefits (cont.)

Note 7 - Deposits by the Public

A. Types of Deposits by Location and Type of Depositor

	June 30		December 31
	2024	2023	2023
	Unaudited		Audited
	In NIS million		
In Israel			
Demand deposits			
Non-interest bearing deposits	**142,428**	166,303	150,365
Interest-bearing deposits	**137,775**	99,590	137,351
Total demand deposits	**280,203**	265,893	287,716
Fixed deposits	**300,984**	268,084	280,108
Total deposits in Israel[1]	**581,187**	533,977	567,824
Total deposits by the public	**581,187**	533,977	567,824
[1]Of which:			
Deposits by private individuals	**175,152**	166,077	169,788
Deposits by institutional entities	**144,239**	112,530	138,478
Deposits by corporations and others	**261,796**	255,370	259,558

B. Deposits by the Public, by Amount

	June 30		December 31
	2024	2023	2023
	Unaudited		Audited
Maximum deposit in NIS million	In NIS million		
Up to 1	**132,032**	123,295	128,159
Over 1 and up to 10	**127,411**	122,125	125,586
Over 10 and up to 100	**101,497**	92,654	92,257
Over 100 and up to 500	**66,700**	62,700	57,311
Over 500	**153,547**	133,203	164,511
Total	**581,187**	533,977	567,824

Note 8 - Employee Benefits

A. Composition of Benefits

1. Employee benefits

	As at June 30		As at December 31
	2024	2023	2023
	Unaudited		Audited
	In NIS million		
Retirement benefits - pension and severance pay			
Liability amount	**15,981**	17,546	17,210
Fair value of plan assets	**9,023**	8,934	9,018
Excess of liability over plan assets	**6,958**	8,612	8,192
Accrued jubilee vacation leave			
Liability amount	**16**	18	18
Excess of liability over plan assets (included in "other liabilities")	**16**	18	18
Other benefits			
Liability amount	**490**	514	505
Fair value of plan assets	**-**	-	-
Excess of liability over plan assets	**490**	514	505
Total			
Excess of liability included in "other liabilities"[1]	**7,480**	9,165	8,733
[1]Of which: for employee benefits abroad	**10**	-	10
Excess assets included in "Other Assets"[2]	**16**	21	18
[2]Of which: for benefits to employees abroad	**-**	2	-

Note 8 - Employee Benefits (cont.)

A. Composition of Benefits (cont.)

2. Defined benefit plan

A. Obligation and funding status

1. Change in the obligation in respect of expected benefit

	For the three months ended June 30		For the six months ended June 30		For the year ended December 31
	2024	2023	**2024**	2023	2023
	Unaudited				Audited
	In NIS million				
Obligation in respect of expected benefit as at the beginning of the period	**16,698**	17,351	**17,210**	17,214	17,214
Service cost	**29**	32	**60**	63	124
Interest cost	**218**	211	**433**	409	858
Contributions by planholders	**6**	6	**11**	12	23
Actuarial loss (gain)	**(701)**	189	**(1,208)**	305	(209)
Changes in foreign exchange rates	**3**	6	**4**	12	10
Paid benefits	**(272)**	(249)	**(529)**	(469)	(971)
Downsizing, discharges, special and contractual benefits for severance	**-**	-	**-**	-	161
Obligation in respect of expected benefit as at the end of the reporting period	**15,981**	17,546	**15,981**	17,546	17,210
Obligation in respect of cumulative benefit as at the end of the reporting period	**15,194**	16,567	**15,194**	16,567	16,235

The actuarial gain in the reporting period stems mainly from an increase in the discount rate.
The increase was partially offset by the effect of change in the mortality schedules.

Note 8 - Employee Benefits (cont.)

A. Composition of Benefits (cont.)

2. Defined benefit plan (cont.)

A. Obligation and funding status (cont.)

2. Change in the fair value of plan assets and plan's funding status

	For the three months ended June 30		For the six months ended June 30		For the year ended December 31
	2024	2023	**2024**	2023	2023
	Unaudited				Audited
	In NIS million				
Fair value of plan assets as at the beginning of the period	**9,048**	8,654	**9,018**	8,816	8,816
Actual return on plan assets[(a)]	**107**	394	**269**	313	339
Plan contributions by the Bank	**14**	15	**27**	30	365
Contributions by planholders	**6**	6	**11**	12	23
Changes in foreign exchange rates	**2**	6	**5**	14	8
Paid benefits	**(154)**	(141)	**(307)**	(251)	(533)
Fair value of plan assets as at the end of the reporting period	**9,023**	8,934	**9,023**	8,934	9,018
Funding status - net liability recognized at the end of the reporting period	**6,958**	8,612	**6,958**	8,612	8,192

(a) Including the effect of the transition to a paying fund in respect of the retirees. Please see Note 23.E. to the financial statements as at December 31, 2023.

3. Amounts recognized in the consolidated balance sheet

	As at June 30		As at December 31
	2024	2023	2023
	Unaudited		Audited
	In NIS million		
Amounts recognized in the "Other assets" item	**-**	2	-
Amounts recognized in the "Other liabilities" item	**6,958**	8,614	8,192
Net liability recognized at the end of the reporting period	**6,958**	8,612	8,192

4. Amounts recognized in Accumulated other comprehensive income before tax effect

	As at June 30		As at December 31
	2024	2023	2023
	Unaudited		Audited
	In NIS million		
Net actuarial loss	**419**	2,138	1,737
Closing balance of accumulated other comprehensive income	**419**	2,138	1,737

Note 8 - Employee Benefits (cont.)

A. Composition of Benefits (cont.)

2. Defined benefit plan (cont.)

B. Expenditure for the period

1. Components of the net benefit cost recognized in profit and loss

	For the three months ended June 30		For the six months ended June 30		For the year ended December 31
	2024	2023	**2024**	2023	2023
	Unaudited				Audited
	In NIS million				
Service cost	**29**	32	**60**	63	124
Interest cost	**218**	211	**433**	409	858
Expected return on plan assets	**(131)**	(128)	**(262)**	(224)	(487)
Amortization of unrealized amounts - net actuarial loss	**40**	78	**103**	187	311
Downsizing, discharges, special and contractual benefits for severance, including restructuring	**-**	-	**-**	-	161
Total benefit cost, net	**156**	193	**334**	435	967
Total expense for defined contribution pension plan	**57**	49	**112**	107	214
Total expenses included in profit and loss	**213**	242	**446**	542	1,181

2. Changes in plan assets and obligation for benefit recognized in other comprehensive income before tax effect

	For the three months ended June 30		For the six months ended June 30		For the year ended December 31
	2024	2023	**2024**	2023	2023
	Unaudited				Audited
	In NIS million				
Net actuarial (gain) loss for the period	**(677)**	(77)	**(1,215)**	216	(61)
Amortization of unrealized amounts - net actuarial loss	**(40)**	(78)	**(103)**	(187)	(311)
Total recognized in other comprehensive income	**(717)**	(155)	**(1,318)**	29	(372)
Total benefit cost, net	**156**	193	**334**	435	967
Total recognized in net benefit cost for the period and in other comprehensive (income) loss	**(561)**	38	**(984)**	464	595

Note 8 - Employee Benefits (cont.)

A. Composition of Benefits (cont.)

3. Assumptions[(a)]

a. The assumptions, based on the weighted average, used for calculating the benefit obligation and for measuring the benefit's net cost

1. The main assumptions used for calculating the benefit obligation

	As at June 30		As at December 31
	2024	2023	2023
	Unaudited		Audited
	In %		
Discount rate	**3.11**	2.10	2.39
Rate of increase in the CPI	**2.67**	2.75	2.61[(b)]
Departure rate	**0-36.4**	0-36.4	0-38.8
Rate of compensation increase	**0-6.26**	0-6.81	0-6.41

(a) The assumptions are only in respect of the Bank's data.
(b) Restated as an informative figure, with no effect on the reported results.

2. The main assumptions used for calculating the cost of the net benefit for the period

	As at June 30		As at December 31
	2024	2023	2023
	Unaudited		Audited
	In %		
Discount rate	**2.45**	2.09	2.17
Expected long-term return on plan assets	**6.00**	5.25	5.63
Rate of compensation increase	**0-6.26**	0-6.81	0-6.41

b. The effect of a one percentage point change on the expected benefit obligation before tax effect

	Increase by one percentage point			Decrease by one percentage point		
	As at June 30		As at December 31	As at June 30		As at December 31
	2024	2023	2023	**2024**	2023	2023
	Unaudited		Audited	Unaudited		Audited
	In NIS million					
Discount rate	**(1,823)**	(2,186)	(2,056)	**2,198**	2,674	2,500
Rate of increase in the CPI	**(279)**	(375)	(356)	**318**	420	406
Departure rate	**212**	209	204	**(207)**	(239)	(232)
Rate of compensation increase	**312**	409	397	**(280)**	(366)	(355)

(a) The assumptions are only in respect of the Bank's data.

The employee benefits liability amount is affected by several key variables, which include market variables (discount rates of the liabilities for various periods) and actuarial variables, with some of the actuarial variables being associated with employee behavior. There may be a correlation between changes in market variables and changes in the behavioral actuarial variables. For example, in case of a sharp interest rate hike in the Israeli economy, government bond yields may rise (lowering the pension liability amounts), causing the number of employees opting for the pension fund track to decrease (a decision which will also decrease the Bank's pension liability amounts).

Note 8 - Employee Benefits (cont.)

A. Composition of Benefits (cont.)

4. Plan assets

A. Composition of the fair value of plan assets

	As at June 30		As at December 31
	2024	2023	2023
	Unaudited		Audited
	In NIS million		
Cash and deposits with banks	**173**	37	214
Shares	**1,099**	1,113	991
Government bonds	**59**	191	261
Corporate bonds	**425**	513	414
Other	**7,267**	7,080	7,138
Total	**9,023**	8,934	9,018

B. Fair value of plan assets by type of asset and allocation target for 2024

	Allocation target	Percentage of plan assets		
	As at December 31	As at June 30		As at December 31
	2024	**2024**	2023	2023
	Unaudited			Audited
	In %			
Cash and deposits with banks	**-**	**2**	-	2
Shares	**13**	**12**	13	11
Government bonds	**1**	**1**	2	3
Corporate bonds	**6**	**5**	6	5
Other	**80**	**80**	79	79
Total	**100**	**100**	100	100

Note 8 - Employee Benefits (cont.)

A. Composition of Benefits (cont.)

5. Cash flows

A. Contributions

	Forecast[a]	For the three months ended June 30		For the six months ended June 30		For the year ended December 31
	2024	**2024**	2023	**2024**	2023	2023
	Unaudited					Audited
	In NIS million					
Contributions	**437**	**20**	21	**38**	42	388

(a) The estimated contributions that the Bank expects to be made to the defined benefit plan by the end of 2024.

B. Benefits the Bank expects to pay in the future[a]

Year	In NIS million
2024	592
2025	1,103
2026	899
2027	811
2028	788
2029-2033	4,479
2034 and onwards	8,435
Total	17,107

(a) In discounted values.

Note 9A - Equity

Changes in the Bank's Equity

Allocation of option warrants

For details regarding the Bank's option warrants not listed for trading to employees and officers of the Bank, including the President and CEO, please see Note 24.A to the financial statements as of December 31, 2023.

The Bank's share buyback plan 2023

On the back of the Banking Supervision Department's letters of November 12, 2023 and March 5, 2024 on capital planning and profit sharing policies, on March 18, 2024 the Bank decided not to implement the third and final part of the buyback plan.

For additional information, please see Note 25.A to the financial statements as at December 31, 2023.

The Bank's share buyback plan 2024

On May 27, 2024, the Bank's Board of Directors approved a share buyback plan for a total of up to NIS 1 billion, from May 29, 2024 until the earlier of May 22, 2025 or until the total buyback amount has been reached.

The share buyback plan will take place as part of the trading on the Tel Aviv Stock Exchange (TASE) and/or through transactions outside the TASE, through an external, independent member of the TASE, which will act under an irrevocable power of appointment, in accordance with the safe harbor mechanism published by the Israel Securities Authority. The buyback plan will take place in four separate stages, each of which shall be irreversible, in accordance with the safe harbor mechanism (hereinafter - "Stage A", "Stage B", "Stage C" and "Stage D").

The implementation of Stage A began on May 29, 2024 and ended on August 7, 2024, during which time the Bank purchased (through the independent Stock Exchange member it had contracted) 8,536,690 Bank shares totaling NIS 270 million under the plan. As of the report publication date, the Bank owns 101,309,957 treasury shares.

Immediately prior to publishing this report, the Bank decided to proceed to Stage B, granting the TASE member an irreversible order to initiate Stage B on August 16, 2024. Stage B will end on the earlier of: (a) November 13, 2024; or (b) Completion of the Bank's share buyback in an amount not exceeding NIS 227 million. After the completion of Stage B, if the Bank decides to proceed to Stage C, it shall give the TASE member an irreversible order to initiate Stage C on the second trading day following the publication of the first financial statements after the decision to go forward with Stage C has been made. In such a case, Stage C will end on the earlier of: (a) February 13, 2025; or (b) Completion of the Bank's share buyback in an amount not exceeding NIS 760 million, net of the total amount of purchases actually carried out in Stages A and B. After the completion of Stage C, if the Bank decides to proceed to Stage D, it shall give the TASE member an irreversible order to initiate Stage D on the second trading day following the publication of the first financial statements after the decision to go forward with Stage D has been made. In such a case, Stage D will end on the earlier of: (a) May 22, 2025; or (b) Purchase of the Bank's shares in an amount not exceeding NIS 1 billion, less the total amount purchased as part of Stages A, B and C. If, following the completion of Stage B or Stage C, a decision will be made not to proceed with Stage C or Stage D, mutatis mutandis, the Bank will publish an immediate report to that effect.

Approval of the Banking Supervision Department to carry out the buyback plan, as required under Proper Conduct of Banking Business Directive No. 332, was received on May 22, 2024, subject to meeting the restrictions and capital targets, including the condition whereby the plan will be discontinued effective immediately if, during the plan term, the most recent financial statements published by the Bank will not comply with a Common Equity Tier 1 capital ratio of at least 10.9 percent, subject to the determination of the buyback amount in each stage taking into account the geopolitical situation as well as the Bank's actual capital ratios and the capital cushions required in the various scenarios.

Capital adequacy targets

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

Note 9A - Equity (cont.)

In addition to the Common Equity Tier 1 capital is a capital requirement of 1 percent of the outstanding housing loans, for the purpose of financing rights in land, excluding housing loans for which a relief was granted during the temporary order for dealing with the coronavirus crisis for the period ended September 30, 2021.

Accordingly, the minimum capital requirements applicable to the Bank as of June 30, 2024 are 10.23 percent for Common Equity Tier 1 capital ratio (including capital requirement for outstanding housing loans) and 13.50 percent for total capital ratio.

The Group's policy, which was approved by the Board of Directors, is to maintain a capital adequacy level that is higher than the minimum threshold set by the Bank of Israel from time to time and no less than the rate of capital required to cover the risks as assessed using the ICAAP process. In addition, the Group has set capital targets in case of a stress scenario event.

On November 29, 2023, the Bank's Board of Directors approved an set in the Bank's internal Tier 1 capital target at 10.6 percent.

Circular on Adjustments to Proper Conduct of Banking Business Directives for Dealing with the Coronavirus Crisis (Temporary Order) - Proper Conduct of Banking Business Directive No. 250

In accordance with the circular published by the Banking Supervision Department on February 7, 2024, the temporary order was revoked.

Dividend Distribution Policy

On March 6, 2019, the Bank's Board of Directors approved a dividend distribution policy, under which the Bank will distribute, each quarter, a dividend of up to 50 percent of the Bank's net income in accordance with the Bank's financial statements for the previous quarter. This was subject to, inter alia, the Bank's meeting its capital adequacy targets, even after the dividend distribution. The actual dividend distribution is subject to the specific resolutions being passed by the Board of Directors prior to each distribution, and to the provisions of the law which apply to dividend distribution, including the provisions of the Companies Law and directives of the Bank of Israel.

On August 14, 2024, the Board of Directors approved a distribution of profits at a rate of 40% of the net income for the second quarter of 2024, of which approx. 30 percent as a cash dividend in the amount of approx. NIS 681 million, and the balance by means of a share buyback in the amount of NIS 227 million, as detailed above. The dividend approved amounted is approx. 44.96 agorot p.v. per share of NIS 1 par value. The final dividend amount per share is subject to changes due to a share buyback plan and the exercise of the Bank's convertible securities. The Board of Directors has set August 26, 2024 as the record date for dividend payment and September 5, 2024 as the payment date.

Details of paid dividend

Declaration date	Payment date	Dividend per share	Paid cash dividend
		In agorot	In NIS million
August 16, 2022	September 6, 2022	25.82	399
November 29, 2022	December 19, 2022	23.08	356
March 14, 2023	April 4, 2023	45.20	698
May 23, 2023	June 15, 2023	19.10	294
August 15, 2023	September 7, 2023	48.05	736
November 29, 2023	December 17, 2023	23.21	353
March 19, 2024	April 11, 2024	23.97	365
May 28, 2024	June 20, 2024	54.91 [1]	835

[1] According to the supplementary report dated June 10, 2024.

Note 9A - Equity (cont.)

Shelf Prospectus and Bond Issue

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

On April 17, 2024, the Bank issued approx. NIS 0.8 billion par value in Credit Linked Notes (Series 2).

The series was listed for trading on the TACT Institutional on the Tel Aviv Stock Exchange.

A credit-linked note is a financial instrument that is associated with a number of real estate loans given by the Bank and bears the credit risk of these loans.

The Bank undertakes to repay the note amount (including interest in accordance with the terms and conditions of the note), with the Bank's undertaking conditioned upon non-materialization of the credit risk embodied in such loans, according to the note. The payment by the Bank to the note holder will be reduced accordingly if any of the loans to which it is linked shall be defaulted upon, or if the borrower defaults or is under bankruptcy, and the repayment to the note holder shall only be made against amounts the Bank has been able to collect in their respect, according to the terms and conditions of the note.

The proceeds of the issuance is recognized as a qualifying financial collateral in accordance with Proper Conduct of Banking Business Directive No. 203, as well as collateral deductible in calculating indebtedness of a customer under Proper Conduct of Banking Business Directive No. 313.

The Bonds' principal will be payable in one payment on August 24, 2030, as long as the Bank does not carry out early redemption, as detailed in the terms of the issuance. The unpaid balance of the Bond's principal will bear annual interest at the Bank of Israel interest rate plus 2.3 percent, which will be paid in 76 monthly installments, from May 24, 2024 to August 24, 2030, the final repayment date of the Bonds' principal.
The Notes (principal and interest) are not linked to any linkage basis.

Note 9B - Capital Adequacy, Leverage and Liquidity

Overview

In May 2013, the Banking Supervision Department amended Proper Conduct of Banking Business Directives Nos. 201-211 on Capital Measurement and Adequacy, in order to adapt them to the Basel III rules.

It should be noted that Basel III rules introduce significant changes in the calculation of regulatory capital requirements, inter alia, in relation to the following:

1. Regulatory capital components
2. Capital deductions and regulatory capital adjustments
3. Treatment of exposures to financial corporations
4. Treatment of exposures to credit risk for impaired debts
5. Capital allocation for CVA risk

Volatile Capital Components

The employee benefits standard, which was first applied in January 2015, has had a material effect on Leumi's CET1 capital, mainly due to the fact that the liability was measured in accordance with market interest rates, which caused substantial volatility in the Bank’s regulatory capital measurement.

In this context, on September 5, 2022, the Bank’s Board of Directors approved, after obtaining the approval of the Banking Supervision Department, to change the manner in which pension liabilities are measured for regulatory capital purposes. According to the new measurement method, each quarter, the Bank will calculate the change in the pension liabilities resulting from changes in the discount rate, net of the change in the value of assets pre-designated to hedge these liabilities. The change in the net pension liabilities, after tax, will be spread in a linear fashion, over four quarters, as of the quarter for which the calculation had been made. The new method will be implemented starting on July 1, 2022 and will be in effect until the earlier of the two: a) The financial statements as at December 31, 2029 (inclusive) or b) The reporting date on which the average pension liabilities across the last four quarters will be lower than NIS 10 billion, linked to the CPI (from the known CPI as of July 1, 2022 to the known CPI on the relevant reporting date).

On November 15, 2016, the Bank's Board of Directors decided, based on the recommendation of the Audit Committee, to calculate the liabilities for employee pensions according to the fixed spread of internationally AA-rated bonds.

Following is an analysis of the effects of the changes on Common Equity Tier 1 capital as at June 30, 2024:

- Change in total risk-weighted assets – risk-weighted assets amounted to approx. NIS 483 billion as at June 30, 2024. Every NIS 1 billion increase in risk-weighted assets will reduce the Common Equity Tier 1 capital ratio and total capital ratio by approx. 0.03 percent.
- Change in Common Equity Tier 1 - as of June 30, 2024, Common Equity Tier 1 totals approx. NIS 58.2 billion. A decrease of NIS 100 million in the Common Equity Tier 1 capital will reduce the CET1 capital ratio by approx. 0.02 percent.

Note 9B - Capital Adequacy, Leverage and Liquidity (cont.)

	June 30		December 31
	2024	2023	2023
	Unaudited		Audited
	In NIS million		
a. Data			
Capital for capital ratio calculation purposes			
CET1 capital, after regulatory capital deductions and adjustments[(b)(c)(e)]	**58,151**	51,373	53,892
Tier 2 capital, after deductions	**14,525**	14,667	14,141
Total capital - total	**72,676**	66,040	68,033
Balance of risk-weighted assets			
Credit risk[(b)(d)]	**442,762**	422,968	426,399
Market risks	**7,768**	5,956	5,834
Operational risk	**32,562**	28,441	29,943
Total balance of risk-weighted assets	**483,092**	457,365	462,176
Ratio of capital to risk-weighted assets			
Ratio of CET1 capital to risk-weighted assets	**12.04%**	11.23%	11.66%
Ratio of total capital to risk-weighted assets	**15.04%**	14.44%	14.72%
Minimum CET 1 capital ratio set by the Banking Supervision Department[(a)]	**10.23%**	10.20%	10.22%
Minimum total capital ratio set by the Banking Supervision Department[(a)]	**13.50%**	13.50%	13.50%

(a) The minimum Common Equity Tier 1 capital ratio required and the minimum total capital ratio required as of June 30, 2024 are 10 percent and 13.5 percent, respectively. In addition to the Common Equity Tier 1 capital is a capital requirement of 1 percent of the outstanding housing loans, excluding housing loans granted during the temporary order term.

(b) These data include adjustments in respect of the effect of first-time application of GAAP for current expected credit losses, which are gradually reduced until December 31, 2024. For further details regarding the adjustments for current expected credit losses, please see Section C below.

(c) In the capital ratio calculations, adjustments in respect of the implementation of the new measurement method relating to certain actuarial liabilities were taken into account. For further details regarding the effect of the transition to the new method, please see the section entitled "Volatile Capital Components" above.

(d) Credit risk was calculated after implementing the revisions to Proper Conduct of Banking Business Directives 203 and 203A, "Measurement and Capital Adequacy - the Standardized Approach - Credit Risk".

(e) These data include adjustments in respect of the efficiency plan in accordance with the directives of the Banking Supervision Department. On June 30, 2024, the adjustments in respect of the efficiency plan were fully reduced.

Note 9B - Capital Adequacy, Leverage and Liquidity (cont.)

B. Capital Components for the Calculation of Capital Ratios

	June 30		December 31
	2024	2023	2023
	Unaudited		Audited
	In NIS million		
1. CET1 capital			
Shareholders' equity	**58,435**	51,771	54,497
Adjustments in respect of the transition from the accounting curve to the regulatory curve[a]	**(352)**	5	(198)
Total CET1 capital before regulatory adjustments and deductions	**58,083**	51,776	54,299
Regulatory adjustments and deductions:			
Goodwill and intangible assets	**(33)**	(656)	(643)
Regulatory adjustments and other deductions - CET1 capital	**(19)**	(20)	(20)
Total regulatory adjustments and deductions before adjustments in respect of efficiency plans and before adjustments for CECL - CET1 capital	**(52)**	(676)	(663)
Total adjustments for the efficiency plan[c]	**-**	33	16
Total adjustments for current expected credit losses[b]	**120**	240	240
Total CET1 capital, after regulatory adjustments and deductions	**58,151**	51,373	53,892
2. Tier 2 capital			
Tier 2 capital: Instruments before deductions	**8,975**	9,521	8,811
Tier 2 capital: Provisions for loan losses, before deductions	**5,550**	5,146	5,330
Total Tier 2 capital	**14,525**	14,667	14,141
Total capital - total	**72,676**	66,040	68,033

(a) For further details, please see the Volatile Capital Components section above.

(b) Adjustments in respect of the effect of first-time application of GAAP for current expected credit losses, which are gradually reduced until December 31, 2024. For further details regarding the adjustments for current expected credit losses, please see Section C below.

(c) Adjustments in respect of the efficiency plans in accordance with the directives of the Banking Supervision Department, which decrease gradually. On June 30, 2024, the adjustments in respect of the efficiency plan were fully reduced.

Comment: The total capital is calculated in accordance with Proper Conduct of Banking Business Directives No. 201-211, and 299, Capital Measurement and Adequacy, which became effective on January 1, 2014.

Note 9B - Capital Adequacy, Leverage and Liquidity (cont.)

C. Effect of adjustments on CET1 capital ratio

	June 30		December 31
	2024	2023	2023
	Unaudited		Audited
Ratio of capital to risk-weighted assets			
Ratio of CET1 capital to risk-weighted components, before the effect of adjustments for the efficiency plan and adjustments for loan losses	**12.02%**	11.17%	11.61%
Adjustments in respect of the efficiency plan[(a)]	-	0.01%	0.01%
Adjustments for current expected credit losses[(b)]	**0.02%**	0.05%	0.04%
Ratio of CET1 capital to risk-weighted assets	**12.04%**	11.23%	11.66%

(a) Adjustments for the efficiency plans in accordance with the provision of the Banking Supervision Department are charged over a five-year period, on a straight-line basis, in respect of capital adequacy calculations. As at June 30, 2024, the adjustments in respect of the efficiency plan were fully reduced.

(b) These data include adjustments in respect of the effect of first-time application of GAAP for current expected credit losses, which are gradually reduced until December 31, 2024. For further details, please see Note 1.X.1 to the financial statements as of December 31, 2022.

D. Leverage ratio pursuant to the Banking Supervision Department's directives

On April 28, 2015, the Banking Supervision Department issued Proper Conduct of Banking Business Directive No. 218, "Leverage Ratio". The directive sets a simple, transparent and non-risk based leverage ratio to serve as a supplementary and reliable measure for risk-based capital requirements, with the purpose of limiting excess leverage in banking corporations.

The leverage ratio is expressed as a percentage, and is defined as the ratio between capital measurement and exposure measurement. As defined in Proper Conduct of Banking Business Directive No. 202, Tier 1 capital is used for calculating the leverage ratio, taking into account the transitional provisions. A bank's total exposure is the sum of its balance sheet exposures, exposure to derivatives, exposure to securities financing transactions and to off-balance-sheet items. As a rule, the measurement is consistent with the accounting values, and no risk-weighting is applied. In addition, unless specifically permitted to do so under the Directive, the Bank may not use physical or financial collaterals, guarantees or other credit risk mitigation techniques to reduce the exposure measurement. Balance sheet assets deducted from Tier 1 capital (in accordance with Directive No. 202) are deducted from the exposure measurement. Pursuant to the Directive, the Bank calculates the exposure to derivatives according to of Proper Conduct of Banking Business Directive No. 203, and the exposures for off-balance-sheet items - by converting the items' notional amount by credit conversion coefficients, as stipulated in Proper Conduct of Banking Business Directive No. 203.

According to the Directive, a banking corporation whose total consolidated on-balance-sheet assets constitute at least 24 percent of the Israeli banking system's total assets shall have a consolidated leverage ratio of no less than 6 percent. Thus, the Bank is required to have a minimum leverage ratio of 6 percent.

On November 15, 2020, the Bank of Israel published a circular outlining further amendments to Proper Conduct of Banking Business Directives for Handling the Coronavirus (Temporary Order) (Directive No. 250). The circular sets adjusts Proper Conduct of Banking Business Directive No. 218, "Leverage Ratio", such that a banking corporation whose consolidated on-balance sheet assets is 24 percent or more than the total on-balance sheet assets of the banking system, shall comply with a leverage ratio of no less than 5.5 percent; according to the above, the minimum leverage ratio the Bank is required to meet is 5.5 percent.

Note 9B - Capital Adequacy, Leverage and Liquidity (cont.)

Regarding the reduction of the leverage requirements, on December 20, 2023, the reduction was anchored in Proper Conduct of Banking Business Directive No. 218, Leverage Ratio, and the validity of the relief was extended to December 31, 2025. A corporation which will utilize the easement until that date will be required to once again meet the required leverage ratio that was in place prior to the temporary order in two quarters' time, by June 30, 2026. It was also determined that taking advantage of the easement shall not prevent the distribution of dividends, subject to an total capital planning aimed at reverting to the required leverage ratio.

	As at June 30		As at December 31
	2024	2023	2023
	Unaudited		Audited
	In NIS million		
In consolidated data[b]			
Tier 1 capital	**58,151**	51,373[a]	53,892[a]
Total exposures[c]	**831,575**	767,928	810,014
Leverage ratio			
Leverage ratio	**6.99%**	6.69%	6.65%
Minimum total leverage ratio set by the Banking Supervision Department	**5.50%**	5.50%	5.50%

(a) The data include adjustments in respect of the efficiency plan in accordance with the directives of the Banking Supervision Department. For further details regarding the adjustments for the efficiency plan, please see Section C above.
In addition, in the calculation of the leverage ratio, adjustments in respect of the implementation of the new measurement method relating to certain actuarial liabilities were taken into account. For further details regarding the effect of the transition to the new method, please see Section B above.

(b) The data include adjustments in respect of CECL, in accordance with the directives of the Banking Supervision Department.

(c) Total exposures were calculated after implementing the revisions to Proper Conduct of Banking Business Directive 218, "Leverage Ratio", following the revision of Directives 203 and 203A, "Measurement and Capital Adequacy - the Standardized Approach - Credit Risk".

E. Liquidity coverage ratio pursuant to the directives issued by the Banking Supervision Department

On September 28, 2014, a circular was published adding Proper Conduct of Banking Business Directive No. 221, "Liquidity Coverage Ratio", which applies the recommendations of the Basel Committee regarding liquidity coverage ratio to the banking system in Israel. The liquidity coverage ratio examines a time-horizon of 30 days under a stress scenario, and is intended to ensure that a banking corporation has an inventory of high-quality liquid assets that is able to cover the corporation's liquidity requirements in this time horizon. The Directive prescribes the manner of calculating the liquidity coverage ratio, including the characteristics and operational requirements for an "inventory of high-quality liquid assets" (the numerator) and sufficient buffers for them; it also prescribes the net cash outflow expected under the stress scenario defined in the Directive for 30 calendar days (the denominator).

The stress scenario set forth in the directive includes a shock scenario combining a corporation-specific shock and a systemic shock; in this context, standard withdrawal and deposit rates were defined for outflows and inflows, respectively, according to the various balance categories.

As from January 1, 2017, the required minimum liquidity coverage ratio is 100 percent. However, in a period of financial pressure, a banking corporation may fall below these minimum requirements.

Note 9B - Capital Adequacy, Leverage and Liquidity (cont.)

	For the three months ended		
	June 30		December 31
	2024	2023	2023
	Unaudited		Audited
	Average in %		
a. Consolidated data			
Liquidity coverage ratio	**130**	128	124
Minimum liquidity coverage ratio set by the Banking Supervision Department	**100**	100	100
b. The Bank's data			
Liquidity coverage ratio	**127**	125	120
Minimum liquidity coverage ratio set by the Banking Supervision Department	**100**	100	100

The Bank is in compliance with the regulatory requirements as of June 30, 2024.

F. Stable funding ratio pursuant to the Banking Supervision Department's directives

As of the financial statements dated December 31, 2021, the Bank is reporting the Net Stable Funding Ratio (NSFR) Directive No. 222, which is based on a publication of the Basel Committee. The NSFR is aimed at improving the resilience of banking corporations' liquidity risk profile in the long term, by requiring them to maintain a stable financing profile according to the composition of their assets and their off-balance-sheet activities. The ratio prevents banking corporations from over-reliance on short-term wholesale financing. The measurement is made both on the consolidated and separate levels each quarter; the requirement is to meet a 100 percent ratio.

	June 30		December 31
	2024	2023	2023
	Unaudited		Audited
	In %		
a. Consolidated data			
Net stable funding ratio	**118**	121	118
Minimum net stable funding ratio set by the Banking Supervision Department	**100**	100	100

Note 10 - Contingent Liabilities and Special Commitments

A. Contingent Liabilities and Other Special Commitments

	June 30		December 31
	2024	2023	2023
	Unaudited		Audited
	In NIS million		
Commitments to purchase securities	**1,501**	1,220	1,145
Commitments to invest in, and purchase of, buildings and equipment	**69**	95	9

	For the three months ended June 30		For the six months ended June 30		For the year ended December 31
	2024	2023	**2024**	2023	2023
	Unaudited				Audited
	In NIS million				
Credit sale activity					
Carrying amount of sold loans	**99**	42	**264**	42	42
Cash proceeds	**99**	42	**264**	42	42
Total net income on sale of loans	**-**	-	**-**	-	-

B. Legal claims

During the regular course of business, legal claims have been filed against the Bank and certain consolidated companies, including class actions certification motions. Note 26 to the Bank's Annual Financial Statements as at December 31, 2023 (hereinafter - the "Annual Financial Statements") included information regarding all pending material legal claims as of the publication date of the Annual Financial Statements. The following note contains information regarding material legal claims filed during the reporting period and shortly before its publication date, if any, as well as changes that occurred in respect of material lawsuits filed in previous reporting periods; the note does not repeat information regarding reported legal claims in which no change has occurred.

In the opinions of the management of the Bank and the managements of the consolidated companies - which are based on legal opinions regarding the expected results of such claims, including class action certification motions - the financial statements reflect adequate provisions, where needed, to cover any damages resulting from such claims.

In the opinion of the management of the Bank and the managements of the consolidated companies, the amount of additional exposure arising from legal claims filed against the Bank and the consolidated companies on various issues, the amount of each of which exceeds NIS 2 million, and regarding which the chances of the claims succeeding are not remote, is approx. NIS 438 million.

1. The following are changes in material claims reported:

1.1. On January 21, 2020, a motion for class certification was filed with the Tel Aviv District Court against the Bank and against other banks. The motion claims that the Bank allegedly charges all of its customers (whether private individuals, small businesses or corporations) for transactions to purchase products and/or services overseas, whether for private use or in order to transfer them overseas or import them into Israel, according to Chapter 7 of the Foreign Trade price list, rather than charge lower fees and commissions in accordance with Chapter 5 of the Foreign Currency price

Note 10 - Contingent Liabilities and Special Commitments (cont.)

list. The plaintiffs valued the damage incurred by all class members at tens of millions of shekels. On March 29, 2024, the Tel Aviv District Court dismissed the motion for class certification. On June 4, 2024, the plaintiffs appealed the ruling to the Supreme Court.

1.2. In mid-2020, a claim was filed by borrowers with a New York, US, court, against a consortium of senior lenders which financed a project to construct a residential tower in New York (hereinafter - the "Project"), including the Bank. The claim involves the call for immediate repayment of the debt by the consortium of lenders and the violation of the financing agreement by the borrowers. In November 2022, the borrowers filed an amended claim, in which the original claim amount was revised to USD 165 million (against all defendants). In April 2024, the court decided to delete the causes of action against the Bank. It should be clarified that this decision does not change the Bank's exposure for the claim due to the Bank's commitment to indemnify one of the other defendants in the consortium of lenders in respect of the claim, in line with the Bank's share in the financing. At the same time, another legal proceeding is being heard in connection with the project - a legal proceeding that was filed on September 2, 2022 with the New York, US court by the mezzanine lender in the project against the consortium of lenders, including the Bank. The claim amount in this proceeding is USD 170 million.

1.3. On July 19, 2023, a motion for class certification was filed in the Tel Aviv District Court against the Bank and against other banks. The motion claimed, among other things, that the interest rate paid on deposits made through the website or app is lower than the average interest rates and the customary and accepted interest rate and the actual interest paid on deposits made through a clerk, without informing the customers regarding the possibility of receiving higher interest and without inviting them to negotiate the terms and conditions with the Bank. The applicants estimate the class damages at over NIS 984 million (for all the defendant banks).

1.4. On February 19, 2024, a motion for class certification was filed with the Haifa District Court, alleging that the Bank is charging its customers exchange rate differentials for conducting foreign exchange transactions without disclosing the spread rate in the Bank's price list, the Bank's documents, or agreement with the customers. The plaintiffs do not state a damage assessment, either personal or for the class.

C. Other proceedings

For details regarding other proceedings, please see Note 26.E to the Annual Financial Statements of the Bank as at December 31, 2023.As at the publication date of the financial statements, there have been no material changes with respect to the Note which was included in the statements for 2023.

D. Contingent Liabilities and Various Commitments

On February 12, 2024, a notice was received from the Banking Supervision Department regarding the imposition of a financial sanction in the amount of NIS 1,000,000 in respect of the failure to report to the Execution Office on time regarding the receipt of payments on account of the debt other than through the Office and on debt settlement arrangements for the receipt of payments on account of the debt other than through the Office, in contradiction with Sections 25 and 26 of Proper Conduct of Banking Business Directive No. 450, "Debt Collection Procedures". The financial sanction amount is after the Banking Supervision Department found that it was appropriate to deduct 50 percent from the original financial sanction amount, due to the grounds for deduction stipulated in the law.

Note 11 - Derivatives Activity - Scope, Credit Risks and Maturity Dates

A. Volume of Consolidated Activity

	June 30, 2024 (unaudited)		
	Not held-for-trading derivatives	Held-for-trading derivatives	Total
	In NIS million		
(1) Nominal amount of derivatives			
a) Interest rate contracts			
Futures and forwards	3,248	66,003	69,251
Written options	1,551	3,645	5,196
Purchased options	-	1,530	1,530
Swaps[(a)]	49,972	359,104	409,076
Total[(b)]	54,771	430,282	485,053
Of which: Hedging derivatives[(c)]	10,081	-	10,081
b) Foreign currency contracts			
Futures and forwards[(d)]	57,257	351,430	408,687
Written options	1,009	20,713	21,722
Purchased options	1,009	22,479	23,488
Swaps[(a)]	3,947	20,031	23,978
Total	63,222	414,653	477,875
c) Stock contracts			
Futures and forwards	1,139	253,389	254,528
Written options	337	167,186	167,523
Purchased options[(e)]	732	166,903	167,635
Other	7	-	7
Swaps	367	243,583	243,950
Total	2,582	831,061	833,643
d) Commodities and other contracts			
Futures and forwards	-	5,074	5,074
Written options	-	69	69
Purchased options	-	69	69
Swaps	-	2,174	2,174
Total	-	7,386	7,386
e) Credit contracts			
Where the Bank is a guarantor	-	-	-
Where the Bank is a beneficiary	-	-	-
Total	-	-	-
Total nominal amount	120,575	1,683,382	1,803,957

(a) Of which: Swaps for which the banking corporation pays a fixed interest of NIS 203,689 million.
(b) Of which: NIS-CPI swaps totaling NIS 17,548 million.
(c) The Bank uses IRS Interest swap transactions for the hedging.
(d) Of which: Foreign exchange spots totaling NIS 22,624 million.
(e) Of which: A total of NIS 161,736 million is traded on the Tel Aviv Stock Exchange.

Note 11 - Derivatives Activity - Scope, Credit Risks and Maturity Dates (cont.)

A. Volume of Consolidated Activity (cont.)

	June 30, 2023 (unaudited)		
	Not held-for-trading derivatives	Held-for-trading derivatives	Total
	In NIS million		
(1) Nominal amount of derivatives			
a) Interest rate contracts			
Futures and forwards	2,606	54,340	56,946
Written options	1,740	627	2,367
Purchased options	-	1,810	1,810
Swaps[(a)]	50,515	356,795	407,310
Total[(b)]	54,861	413,572	468,433
Of which: Hedging derivatives[(c)]	10,147	-	10,147
b) Foreign currency contracts			
Futures and forwards[(d)]	61,112	302,178	363,290
Written options	1,028	18,177	19,205
Purchased options	1,028	20,541	21,569
Swaps[(a)]	3,885	20,301	24,186
Total	67,053	361,197	428,250
c) Stock contracts			
Futures and forwards	927	154,995	155,922
Written options	336	58,842	59,178
Purchased options[(e)]	621	58,653	59,274
Other	7	-	7
Swaps	262	151,851	152,113
Total	2,153	424,341	426,494
d) Commodities and other contracts			
Futures and forwards	-	11,373	11,373
Written options	-	52	52
Purchased options	-	52	52
Swaps	-	4,147	4,147
Total	-	15,624	15,624
e) Credit contracts			
Where the Bank is a guarantor	4	-	4
Where the Bank is a beneficiary	-	-	-
Total	4	-	4
Total nominal amount	124,071	1,214,734	1,338,805

(a) Of which: Swaps for which the banking corporation pays a fixed interest of NIS 196,247 million.
(b) Of which: NIS-CPI swaps totaling NIS 15,295 million.
(c) The Bank uses IRS Interest swap transactions for the hedging.
(d) Of which: Foreign exchange spots totaling NIS 22,489 million.
(e) Of which: a total of NIS 58,136 million is traded on the Tel Aviv Stock Exchange.

Note 11 - Derivatives Activity - Scope, Credit Risks and Maturity Dates (cont.)

A. Volume of Consolidated Activity (cont.)

	December 31, 2023 (audited)		
	Not held-for-trading derivatives	Held-for-trading derivatives	Total
	In NIS million		
(1) Nominal amount of derivatives			
a) Interest rate contracts			
Futures and forwards	2,888	69,552	72,440
Written options	819	1,027	1,846
Purchased options	-	541	541
Swaps[(a)]	42,938	344,715	387,653
Total[(b)]	46,645	415,835	462,480
Of which: Hedging derivatives[(c)]	9,921	-	9,921
b) Foreign currency contracts			
Futures and forwards[(d)]	49,465	312,028	361,493
Written options	887	19,240	20,127
Purchased options	887	20,317	21,204
Swaps[(a)]	3,446	21,006	24,452
Total	54,685	372,591	427,276
c) Stock contracts			
Futures and forwards	1,059	206,093	207,152
Written options	333	89,662	89,995
Purchased options[(e)]	391	89,661	90,052
Other	7	-	7
Swaps	351	158,285	158,636
Total	2,141	543,701	545,842
d) Commodities and other contracts			
Futures and forwards	-	7,084	7,084
Written options	-	53	53
Purchased options	-	53	53
Swaps	-	2,212	2,212
Total	-	9,402	9,402
e) Credit contracts			
Where the Bank is a guarantor	7	-	7
Where the Bank is a beneficiary	-	-	-
Total	7	-	7
Total nominal amount	103,478	1,341,529	1,445,007

(a) Of which: Swaps for which the banking corporation pays a fixed interest of NIS 187,057 million.
(b) Of which: NIS-CPI swaps totaling NIS 16,749 million.
(c) The Bank uses IRS Interest swap transactions for the hedging.
(d) Of which: Foreign exchange spots totaling NIS 14,004 million.
(e) Of which: a total of NIS 89,610 million is traded on the Tel Aviv Stock Exchange.

Note 11 - Derivatives Activity - Scope, Credit Risks and Maturity Dates (cont.)

A. Volume of Consolidated Activity (cont.)

	June 30, 2024 (unaudited)					
	Assets for derivatives, gross			Liabilities for derivatives, gross		
	Not held-for-trading derivatives	Held-for-trading derivatives	Total	Not held-for-trading derivatives	Held-for-trading derivatives	Total
	In NIS million					
(2) Gross fair value of derivatives						
a) Interest rate contracts	1,300	8,625	9,925	569	8,045	8,614
Of which: Hedging derivatives	875	-	875	192	-	192
b) Foreign currency contracts	547	4,759	5,306	29	4,039	4,068
Of which: Hedging derivatives	-	-	-	-	-	-
c) Stock contracts	39	11,120	11,159	33	11,171	11,204
d) Commodities and other contracts	-	293	293	-	293	293
Total assets/liabilities for derivatives, gross[(a)]	1,886	24,797	26,683	631	23,548	24,179
Amounts netted on the balance sheet	-	-	-	-	-	-
Book balance	1,886	24,797	26,683	631	23,548	24,179
Of which: Not subject to a master netting arrangement - or similar arrangements	-	1,237	1,237	-	1,014	1,014

(a) Of which: NIS 4 million in gross fair value of assets in respect of embedded derivatives, NIS 23 million in gross fair value of liabilities in respect of embedded derivatives.

	June 30, 2023 (unaudited)					
	Assets for derivatives, gross			Liabilities for derivatives, gross		
	Not held-for-trading derivatives	Held-for-trading derivatives	Total	Not held-for-trading derivatives	Held-for-trading derivatives	Total
	In NIS million					
(2) Gross fair value of derivatives						
a) Interest rate contracts	1,234	8,456	9,690	909	8,224	9,133
Of which: Hedging derivatives	860	-	860	172	-	172
b) Foreign currency contracts	389	7,340	7,729	61	5,431	5,492
Of which: Hedging derivatives	-	-	-	-	-	-
c) Stock contracts	44	8,193	8,237	28	7,954	7,982
d) Commodities and other contracts	-	527	527	-	526	526
Total assets/liabilities for derivatives, gross[(a)]	1,667	24,516	26,183	998	22,135	23,133
Amounts netted on the balance sheet	-	-	-	-	-	-
Book balance	1,667	24,516	26,183	998	22,135	23,133
Of which: Not subject to a master netting arrangement - or similar arrangements	-	1,514	1,514	-	481	481

(a) Of which: NIS 10 million in gross fair value of assets in respect of embedded derivatives, NIS 26 million in gross fair value of liabilities in respect of embedded derivatives.

Note 11 - Derivatives Activity - Scope, Credit Risks and Maturity Dates (cont.)

A. Volume of Consolidated Activity (cont.)

	December 31, 2023 (audited)					
	Assets for derivatives, gross			Liabilities for derivatives, gross		
	Not held-for-trading derivatives	Held-for-trading derivatives	Total	Not held-for-trading derivatives	Held-for-trading derivatives	Total
	In NIS million					
(2) Gross fair value of derivatives						
a) Interest rate contracts	1,044	8,654	9,698	628	8,072	8,700
Of which: Hedging derivatives	766	-	766	116	-	116
b) Foreign currency contracts	305	6,600	6,905	33	7,176	7,209
Of which: Hedging derivatives	-	-	-	-	-	-
c) Stock contracts	49	10,566	10,615	69	10,484	10,553
d) Commodities and other contracts	-	200	200	-	199	199
Total assets/liabilities for derivatives, gross[(a)]	1,398	26,020	27,418	730	25,931	26,661
Amounts netted on the balance sheet	-	-	-	-	-	-
Book balance	1,398	26,020	27,418	730	25,931	26,661
Of which: not subject to a master netting arrangement - or similar arrangements	-	950	950	-	1,005	1,005

(a) Of which: NIS 8 million in gross fair value of assets in respect of embedded derivatives, NIS 25 million in gross fair value of liabilities in respect of embedded derivatives.

Note 11 - Derivatives Activity - Scope, Credit Risks and Maturity Dates (cont.)

B. Accounting Hedges

1. Effect of hedge accounting of cash flows on accumulated other comprehensive income (loss)

	For the three months ended June 30, 2024		For the six months ended June 30, 2024	
	Amounts recognized in other comprehensive income (loss) from derivatives	Profit (loss) reclassified from accumulated other comprehensive income (loss) to profit and loss	Amounts recognized in other comprehensive income (loss) from derivatives	Profit (loss) reclassified from accumulated other comprehensive income (loss) profit and loss[(a)]
	Unaudited			
	In NIS million			
a. Derivatives used for cash flow hedges[(b)]				
Interest rate contracts[(c)]	(6)	8	(8)	5

	For the three months ended June 30, 2023		For the six months ended June 30, 2023	
	Amounts recognized in other comprehensive income (loss) from derivatives	Profit (loss) reclassified from accumulated other comprehensive income (loss) to profit and loss	Amounts recognized in other comprehensive income (loss) from derivatives	Profit (loss) reclassified from accumulated other comprehensive income (loss) profit and loss[(a)]
	Unaudited			
	In NIS million			
a. Derivatives used for cash flow hedges[(b)]				
Interest rate contracts[(c)]	4	5	(3)	7

	For the year ended December 31, 2023	
	Amounts recognized in other comprehensive income (loss) from derivatives	Profit (loss) reclassified from accumulated other comprehensive income (loss) profit and loss[(a)]
	Audited	
	In NIS million	
a. Derivatives used for cash flow hedges[(b)]		
Interest rate contracts[(c)]	1	4

(a) Profit (loss) amounts reclassified from accumulated other comprehensive income (loss) were included in the interest income (expense) line item or in the noninterest finance income (expenses) line item according to the line item in which the effect of the hedged item is presented.
(b) Represents amounts included in the hedge effectiveness assessment.
(c) The Bank designates certain derivatives as hedging instruments of cash flows - derivatives hedging an exposure to changes in cash flows from given loans. The effect of hedges is expected to lower the exposure to the given loans.

Note 11 - Derivatives Activity - Scope, Credit Risks and Maturity Dates (cont.)

B. Accounting hedges (cont.)

2. Effect of fair value hedge accounting and cash flow hedges on profit (loss)

	For the three months ended June 30, 2024	For the six months ended June 30, 2024
	Unaudited	
	In NIS million	
Total interest income (expenses) recognized in the income statement	36	88
Effect of fair value hedges:		
a. Gain (loss) from fair value hedges		
Interest rate contracts[(a)]		
Hedged items	21	7
Hedging derivatives	23	86
b. Gain (loss) on cash flow hedges		
Interest rate contracts		
Profit and loss reclassified to Accumulated other comprehensive income (loss)	(8)	(5)

	For the three months ended June 30, 2023	For the six months ended June 30, 2023
	Unaudited	
	In NIS million	
Total interest income (expenses) recognized in the income statement	53	85
Effect of fair value hedges:		
a. Gain (loss) from fair value hedges		
Interest rate contracts[(a)]		
Hedged items	12	177
Hedging derivatives	46	(85)
b. Gain (loss) on cash flow hedges		
Interest rate contracts		
Profit and loss reclassified to Accumulated other comprehensive income (loss)	(5)	(7)

	For the year ended December 31, 2023
	Audited
	In NIS million
Total interest income (expenses) recognized in the income statement	171
Effect of fair value hedges:	
a. Gain (loss) from fair value hedges	
Interest rate contracts[(a)]	
Hedged items	238
Hedging derivatives	(63)
b. Gain (loss) on cash flow hedges	
Interest rate contracts	
Profit and loss reclassified to Accumulated other comprehensive income (loss)	(4)

(a) The Bank designates certain derivatives as hedging instruments of fair value, derivatives hedging exposure to interest rate received for bonds.

Note 11 - Derivatives Activity - Scope, Credit Risks and Maturity Dates (cont.)

B. Accounting hedges (cont.)

3. Items hedged at fair value hedges

	As at June 30, 2024 (unaudited)		
		Cumulative fair value adjustments that had an effect on the carrying amount	
	Carrying amount of the hedged item	Existing hedge relationships	Discontinued hedge relationships
	In NIS million		
Securities - debt instruments classified as available-for-sale securities	**4,902**	**(1,071)**	**-**
Subordinated notes	**(3,634)**	**219**	**-**

	As at June 30, 2023 (unaudited)		
		Cumulative fair value adjustments that had an effect on the carrying amount	
	Carrying amount of the hedged item	Existing hedge relationships	Discontinued hedge relationships
	In NIS million		
Securities - debt instruments classified as available-for-sale securities	5,259	(814)	1
Subordinated notes	(3,632)	158	-

	For the year ended December 31, 2023 (audited)		
		Cumulative fair value adjustments that had an effect on the carrying amount	
	Carrying amount of the hedged item	Existing hedge relationships	Discontinued hedge relationships
	In NIS million		
Securities - debt instruments classified as available-for-sale securities	5,046	(800)	(1)
Subordinated notes	(3,601)	115	-

Note 11 - Derivatives Activity - Scope, Credit Risks and Maturity Dates (cont.)

B. Accounting hedges (cont.)

4. The effect of hedging a net investment in a foreign operations on accumulated other comprehensive income (loss) and on the income statement

	For the three months ended June 30, 2024		For the six months ended June 30, 2024	
	Amounts carried to other comprehensive income (loss)	Profit (loss) reclassified to Accumulated other comprehensive income (loss)[(a)]	Amounts carried to other comprehensive income (loss)	Profit (loss) reclassified to Accumulated other comprehensive income (loss)[(a)]
	Unaudited			
	In NIS million			
Deposits serving as investment hedges, net				
Foreign currency deposits	**(49)**	**-**	**(83)**	**-**

	For the three months ended June 30, 2023		For the six months ended June 30, 2023	
	Amounts carried to other comprehensive income (loss)	Profit (loss) reclassified to Accumulated other comprehensive income (loss)[(a)]	Amounts carried to other comprehensive income (loss)	Profit (loss) reclassified to Accumulated other comprehensive income (loss)[(a)]
	Unaudited			
	In NIS million			
Deposits serving as investment hedges, net				
Foreign currency deposits	(50)	-	(134)	-

	For the year ended December 31, 2023	
	Amounts carried to other comprehensive income (loss)	Profit (loss) reclassified to Accumulated other comprehensive income (loss)[(a)]
	Audited	
	In NIS million	
Deposits serving as investment hedges, net		
Foreign currency deposits	(86)	-

(a) Income (loss) amounts reclassified from accumulated other comprehensive income (loss) were included in the interest income (expenses) line item or in the noninterest finance income (expense) line item.

Note 11 - Derivatives Activity - Scope, Credit Risks and Maturity Dates (cont.)

B. Accounting hedges (cont.)

5. Effect of derivatives not designated as hedging instruments on the income statement

	For the three months ended June 30, 2024	**For the six months ended June 30, 2024**
	Profit (loss) recognized in income (expenses) from derivatives activity[(a)]	Profit (loss) recognized in income (expenses) from derivatives activity[(a)]
	Unaudited	
	In NIS million	
Derivatives not designated as hedging instruments		
Interest rate contracts	91	417
Foreign exchange contracts	1,027	2,113
Stock contracts	15	168
Commodity- and other contracts	-	-
Total	1,133	2,698

	For the three months ended June 30, 2023	For the six months ended June 30, 2023
	Profit (loss) recognized in income (expenses) from derivatives activity[(a)]	Profit (loss) recognized in income (expenses) from derivatives activity[(a)]
	Unaudited	
	In NIS million	
Derivatives not designated as hedging instruments		
Interest rate contracts	324	(77)
Foreign exchange contracts	1,320	2,773
Stock contracts	79	165
Commodity- and other contracts	-	-
Total	1,723	2,861

	For the year ended December 31, 2023
	Profit (loss) recognized in income (expenses) from derivatives activity[(a)]
	Audited
	In NIS million
Derivatives not designated as hedging instruments	
Interest rate contracts	(58)
Foreign exchange contracts	2,731
Stock contracts	249
Commodity- and other contracts	4
Total	2,926

(a) Included in the noninterest finance income (expenses) item.

Note 11 - Derivatives Activity - Scope, Credit Risks and Maturity Dates (cont.)

C. Credit Risk for Derivatives by Contract Counterparty

	June 30, 2024 (unaudited)						
	Stock ex-changes	Banks	Dealers/ brokers	Govern-ments and central banks	Insti-tutional entities	Other	Total
	In NIS million						
Book balance of assets in respect of derivatives[(a)(b)]	275	8,553	11,490	-	4,543	1,822	26,683
Gross amounts not netted on the balance sheet:							
Credit risk mitigation in respect of financial instruments	-	3,450	9,906	-	1,713	656	15,725
Credit risk mitigation in respect of cash collateral received	-	5,020	1,474	-	1,966	150	8,610
Total net book balance of assets in respect of derivatives[(d)]	275	83	110	-	864	1,016	2,348
Adjustment of book balance, net to on-balance-sheet credit risk[(e)]	-	30	57	-	(117)	28	(2)
Total on-balance-sheet credit risk for derivatives	275	113	167	-	747	1,044	2,346
Net off-balance-sheet credit risk for derivatives[(f)]	1,115	15,251	19,442	48	12,322	2,758	50,936
Total credit risk for derivatives	1,390	15,364	19,609	48	13,069	3,802	53,282
Book balance of liabilities in respect of derivatives[(a)(c)]	256	3,731	12,132	209	6,568	1,283	24,179
Gross amounts not netted on the balance sheet:							
Financial instruments	-	3,450	9,906	-	1,713	663	15,732
Pledged cash collateral	-	220	1,715	192	3,868	12	6,007
Net amount of liabilities in respect of derivatives	256	61	511	17	987	608	2,440

	June 30, 2023 (unaudited)						
	Stock ex-changes	Banks	Dealers/ brokers	Govern-ments and central banks	Insti-tutional entities	Other	Total
	In NIS million						
Book balance of assets in respect of derivatives[(a)(b)]	218	6,174	12,049	-	5,125	2,617	26,183
Gross amounts not netted on the balance sheet:							
Credit risk mitigation in respect of financial instruments	-	3,690	9,523	-	1,691	829	15,733
Credit risk mitigation in respect of cash collateral received	-	1,810	1,909	-	2,993	265	6,977
Total net book balance of assets in respect of derivatives[(d)]	218	674	617	-	441	1,523	3,473
Adjustment of book balance, net to on-balance-sheet credit risk[(e)]	-	(26)	47	-	(149)	138	10
Total on-balance-sheet credit risk for derivatives	218	648	664	-	292	1,661	3,483
Net off-balance-sheet credit risk for derivatives[(f)]	967	9,975	15,567	41	9,190	3,511	39,251
Total credit risk for derivatives	1,185	10,623	16,231	41	9,482	5,172	42,734
Book balance of liabilities in respect of derivatives[(a)(c)]	184	4,756	10,472	208	5,914	1,599	23,133
Gross amounts not netted on the balance sheet:							
Financial instruments	-	3,690	9,523	-	1,691	829	15,733
Pledged cash collateral	-	849	927	155	2,296	-	4,227
Net amount of liabilities in respect of derivatives	184	217	22	53	1,927	770	3,173

Please see comments below.

Note 11 - Derivatives Activity - Scope, Credit Risks and Maturity Dates (cont.)

C. Credit Risk for Derivatives by Contract Counterparty (cont.)

	December 31, 2023 (audited)						
	Stock exchanges	Banks	Dealers/ brokers	Governments and central banks	Institutional entities	Other	Total
	In NIS million						
Book balance of assets in respect of derivatives[(a)(b)]	265	9,244	12,117	17	3,529	2,246	27,418
Gross amounts not netted on the balance sheet:							
Credit risk mitigation in respect of financial instruments	-	3,419	8,901	17	2,527	1,132	15,996
Credit risk mitigation in respect of cash collateral received	-	5,595	2,998	-	769	83	9,445
Total net book balance of assets in respect of derivatives[(d)]	265	230	218	-	233	1,031	1,977
Adjustment of book balance, net to on-balance-sheet credit risk[(e)]	(2)	(21)	28	-	(23)	(71)	(89)
Total on-balance-sheet credit risk for derivatives	263	209	246	-	210	960	1,888
Net off-balance-sheet credit risk for derivatives[(f)]	951	13,583	13,907	56	8,816	2,812	40,125
Total credit risk for derivatives	1,214	13,792	14,153	56	9,026	3,772	42,013
Book balance of liabilities in respect of derivatives[(a)(c)]	172	3,983	9,277	153	11,102	1,974	26,661
Gross amounts not netted on the balance sheet:							
Financial instruments	-	3,419	8,901	17	2,527	1,132	15,996
Pledged cash collateral	-	484	198	103	7,320	1	8,106
Net amount of liabilities in respect of derivatives	172	80	178	33	1,255	841	2,559

(a) The Bank did not apply netting agreements.

(b) Of which outstanding balance-sheet standalone assets in respect of derivatives totaling NIS 26,679 million (June 30 2023 - 26,173 million, December 31 2023 - NIS 27,410 million).

(c) Of which outstanding total standalone liabilities in respect of derivatives totaling NIS 24,156 million (June 30, 2023 - 23,107 million, December 31, 2023 - NIS 26,636 million).

(d) Book balance of assets for derivatives after offsetting fair value and collateral amounts that meet the offsetting guidance, in accordance with the circular regarding offsetting assets and liabilities.

(e) The difference between all total amounts for derivatives (including derivatives with negative fair value) included in the borrower’s indebtedness, as calculated for the purpose of borrower indebtedness limitations, after credit risk mitigation, and the total of: the net book balance of assets for the derivatives and off-balance-sheet credit risk.

(f) The difference, if positive, between all total amounts for derivatives (including derivatives with negative fair value) included in the borrower’s indebtedness, as calculated for the purpose of borrower indebtedness limitations, before credit risk mitigation, and the on-balance sheet credit risk for the borrower’s derivatives.

Comments:

1. No credit losses were recognized in respect of derivatives in the three-month periods ended June 30, 2024, June 30, 2023 and the year ended December 31, 2023.
2. The effect of the counterparty credit risk and the effect of deferred gains at the transaction execution date on the valuation of assets for derivatives as at June 30, 2024, June 30, 2023 and December 31, 2023 was NIS 208 million, NIS 249 million and NIS 231 million, respectively.
   The effect of the non-performance risk on the valuation of assets for derivatives as at June 30, 2024, June 30, 2023 and December 31, 2023 was NIS 14 million, NIS 15 million and NIS 16 million, respectively.

Note 11 - Derivatives Activity - Scope, Credit Risks and Maturity Dates (cont.)

D. Breakdown of Settlement Dates - Par Value: Balances

	June 30, 2024 (unaudited)				
	Up to three months	Over three months and up to one year	Over one year and up to five years	Over five years	Total
	In NIS million				
Interest rate contracts:					
NIS-CPI	3,509	4,867	6,058	3,115	17,549
Other	56,059	130,348	197,582	83,515	467,504
Foreign exchange contracts	311,306	134,830	26,114	5,625	477,875
Stock contracts	547,768	285,557	318	-	833,643
Commodity- and other contracts	2,271	4,094	1,021	-	7,386
Total	920,913	559,696	231,093	92,255	1,803,957
Total as at June 30, 2023 (unaudited)	607,344	430,681	210,557	90,223	1,338,805
Total as at December 31, 2023 (audited)	793,782	349,598	215,087	86,540	1,445,007

Note 12A - Regulatory Operating Segments

Information on regulatory operating segments - consolidated

	For the three months ended June 30, 2024 (unaudited)			
	Activity in Israel[a]			
	Households[e]			
	Total	Of which: Housing loans	Of which: Credit cards	Private banking
	In NIS million			
Interest income from external	2,679	2,119	18	4
Interest expense from external	741	-	-	324
Interest income, net:				
From external	1,938	2,119	18	(320)
Inter-segmental	(466)	(1,720)	(2)	419
Total interest income, net	1,472	399	16	99
Total noninterest income	245	11	83	47
Total income	1,717	410	99	146
Loan loss expenses (income)	42	(27)	(4)	-
Operating and other expenses:				
For external	681	110	54	35
Inter-segmental	1	1	-	-
Total operating and other expenses	682	111	54	35
Profit (loss) before taxes	993	326	49	111
Provision (benefit) for profit taxes	348	118	17	39
Profit (loss) after taxes	645	208	32	72
The Bank's share in associates' losses, after tax effect	-	-	-	-
Net income (loss) before amount attributable to non-controlling interests	645	208	32	72
Net income (loss) attributable to the Bank's shareholders	645	208	32	72
Average balance of assets[b]	160,870	133,224	3,965	419
Of which: Investments in associates[b]	-	-	-	-
Average outstanding balance of loans to the public[b]	161,963	133,642	4,041	413
Outstanding loans to the public as at the end of the reporting period	166,070	136,334	4,817	460
Outstanding non-performing debts in arrears of over 90 days	877	566	2	-
Outstanding other troubled debts	678	10	-	9
Balance of the loan loss provision for loans to the public	1,520	595	57	2
Net charge-offs during the period	113	1	(1)	-
Average outstanding liabilities[b]	140,203	53	18	28,998
Of which: Average balance of deposits by the public[b]	140,078	-	-	28,995
Balance of deposits by the public as at the end of the reporting period	139,846	-	-	35,306
Average balance of risk-weighted assets[b][c]	108,408	81,842	4,659	916
Balance of risk-weighted assets as at the end of the reporting period[c]	107,098	80,625	4,446	999
Average balance of assets under management[b][d]	64,039	1,350	-	61,836
Breakdown of interest income, net:				
Spread[f] from credit granting activity	594	327	12	1
Spread[f] from deposit taking activity	782	-	-	90
Other	96	72	4	8
Total interest income, net	1,472	399	16	99

(a) The classification is based on the office's location.
(b) Average balance calculations are based on daily balances, as at the beginning of the quarter or the beginning of each month.
(c) Risk-weighted assets - as calculated for capital adequacy purposes.
(d) Assets under management - including customers' provident assets, study funds, mutual funds and securities.
(e) Including housing loans with outstanding loans to the public as at end of period in the amount of NIS 20.7 billion to customers whose business activity is classified to business segments.
(f) Spread from credit granting activity is the difference between the interest received from credit and the cost of raising the sources used to grant the credit (hereinafter - "transfer prices"). These transfer prices are subject to the period, currency and type of interest in the transaction. Transfer prices are the Bank's internal pricing tool and are based on internal models and the Bank's judgment. Spread from deposit taking activity is the difference between the transfer prices and the interest paid to customers for these deposits.
(g) Including the impairment loss from the investment in Valley shares in the amount of approx. NIS 0.6 billion.

Comment: Operating segments are reported according to the format and classifications prescribed by the Reporting to the Public Directives of the Banking Supervision Department, as detailed in Note 29A to the Financial statements as at December 31, 2023.

							Foreign operations[(a)]	
Small- and micro-businesses	Mid-market businesses	Corporations	Institutional entities	Financial management	Other segment	Total activity in Israel	Total activity outside Israel	Total
1,102	651	2,416	42	2,718	-	9,612	180	9,792
691	475	1,060	1,404	719	-	5,414	-	5,414
411	176	1,356	(1,362)	1,999	-	4,198	180	4,378
558	310	(253)	1,554	(2,045)	12	89	(89)	-
969	486	1,103	192	(46)	12	4,287	91	4,378
221	83	206	46	485	8	1,341	24	1,365
1,190	569	1,309	238	439	20	5,628	115	5,743
67	(64)	(53)	(1)	10	-	1	(19)	(18)
384	118	128	63	83	135	1,627	24	1,651
-	-	-	2	2	(5)	-	-	-
384	118	128	65	85	130	1,627	24	1,651
739	515	1,234	174	344	(110)	4,000	110	4,110
253	181	422	60	81	(79)	1,305	35	1,340
486	334	812	114	263	(31)	2,695	75	2,770
-	-	-	-	(501)[(g)]	-	(501)	-	(501)
486	334	812	114	(238)	(31)	2,194	75	2,269
486	334	812	114	(238)	(31)	2,194	75	2,269
66,947	39,288	148,612	4,582	302,618	7,521	730,857	8,283	739,140
-	-	-	-	4,100	-	4,100	-	4,100
68,396	39,844	149,888	4,587	-	-	425,091	8,205	433,296
67,930	40,285	151,973	4,425	-	-	431,143	9,337	440,480
564	281	779	5	-	-	2,506	99	2,605
1,076	564	1,445	-	-	-	3,772	166	3,938
2,319	842	1,928	6	-	-	6,617	64	6,681
33	(36)	104	-	-	-	214	-	214
102,661	59,682	101,876	153,658	79,634	11,532	678,244	3,640	681,884
102,521	59,544	97,957	153,239	-	1	582,335	-	582,335
101,354	59,831	100,611	144,239	-	-	581,187	-	581,187
60,498	44,985	190,601	1,285	35,665	18,335	460,693	10,180	470,873
58,936	42,709	191,850	1,311	51,020	17,850	471,773	11,319	483,092
98,093	31,782	107,185	1,032,528	39,217	-	1,434,680	-	1,434,680
440	216	707	5	-	-	1,963	181	2,144
477	230	223	187	-	-	1,989	-	1,989
52	40	173	-	(46)	12	335	(90)	245
969	486	1,103	192	(46)	12	4,287	91	4,378

Note 12A - Regulatory Operating Segments (cont.)

Information on Regulatory Operating Segments - Consolidated (cont.)

	For the three months ended June 30, 2023 (unaudited)			
	Activity in Israel[a]			
	Households[e]			
	Total	Of which: Housing loans	Of which: Credit cards	Private banking
	In NIS million			
Interest income from external	2,433	1,817	21	3
Interest expense from external	591	-	-	254
Interest income, net:				
From external	1,842	1,817	21	(251)
Inter-segmental	(292)	(1,421)	(3)	360
Total interest income, net	1,550	396	18	109
Total noninterest income	260	13	114	38
Total income	1,810	409	132	147
Loan loss expenses (income)	188	31	(2)	17
Operating and other expenses:				
For external	692	100	57	29
Inter-segmental	-	-	-	-
Total operating and other expenses	692	100	57	29
Profit (loss) before taxes	930	278	77	101
Provision (benefit) for profit taxes[h]	350	102	28	42
Profit (loss) after taxes	580	176	49	59
The Bank's share in associates' profits, after tax effect	-	-	-	-
Net income before attribution to non-controlling interests	580	176	49	59
Net income attributable to the Bank's shareholders	580	176	49	59
Average balance of assets[b]	151,402	122,085	4,558	386
Of which: Investments in associates[b]	-	-	-	-
Average outstanding balance of loans to the public[b]	152,334	122,406	4,598	379
Outstanding loans to the public as at the end of the reporting period	154,867	123,844	4,621	370
Outstanding non-performing debts in arrears of over 90 days	917	547	3	-
Outstanding other troubled debts	557	15	-	-
Balance of the loan loss provision for loans to the public	1,289	460	45	1
Net charge-offs during the period	97	-	(1)	-
Average outstanding liabilities[b]	133,335	54	14	31,760
Of which: Average balance of deposits by the public[b]	133,206	-	-	31,758
Balance of deposits by the public as at the end of the reporting period	133,687	-	-	32,390
Average balance of risk-weighted assets[b][c]	101,582	75,362	3,847	720
Balance of risk-weighted assets as at the end of the reporting period[c]	101,000	74,241	4,109	756
Average balance of assets under management[b][d]	58,502	1,729	-	48,134
Breakdown of interest income, net:				
Spread[f] from credit granting activity[g]	664	330	14	-
Spread[f] from deposit taking activity	796	-	-	98
Other[g]	90	66	4	11
Total interest income, net	1,550	396	18	109

(a) The classification is based on the office's location.

(b) Average balance calculations are based on daily balances, as at the beginning of the quarter or the beginning of each month.

(c) Risk-weighted assets - as calculated for capital adequacy purposes.

(d) Assets under management - including customers' provident assets, study funds, mutual funds and securities.

(e) Including housing loans with outstanding loans to the public as at end of period in the amount of NIS 19.0 billion to customers whose business activity is classified to business segments.

(f) Spread from credit granting activity is the difference between the interest received from credit and the cost of raising the sources used to grant the credit (hereinafter - "transfer prices"). These transfer prices are subject to the period, currency and type of interest in the transaction. Transfer prices are the Bank's internal pricing tool and are based on internal models and the Bank's judgment. Spread from deposit taking activity is the difference between the transfer prices and the interest paid to customers for these deposits.

(g) Reclassified - As from the first quarter of 2024, the notional interest on the equity attributable to each segment is presented at a different spread instead of the spread from the provision of loans to the public. Comparative figures were reclassified accordingly.

							Foreign operations[a]	
Small- and micro-businesses	Mid-market businesses	Corporations	Institutional entities	Financial management	Other segment	Total activity in Israel	Total activity outside Israel	Total
1,135	696	2,080	43	2,127	-	8,517	146	8,663
682	497	778	1,069	508	-	4,379	-	4,379
453	199	1,302	(1,026)	1,619	-	4,138	146	4,284
513	350	(537)	1,162	(1,490)	12	78	(78)	-
966	549	765	136	129	12	4,216	68	4,284
216	79	205	44	549	31	1,422	(10)	1,412
1,182	628	970	180	678	43	5,638	58	5,696
33	62	4	(1)	7	(8)	302	16	318
404	123	132	59	48	170	1,657	26	1,683
-	-	-	2	3	(5)	-	-	-
404	123	132	61	51	165	1,657	26	1,683
745	443	834	120	620	(114)	3,679	16	3,695
281	170	314	47	74	67	1,345	19	1,364
464	273	520	73	546	(181)	2,334	(3)	2,331
-	-	-	-	122	-	122	-	122
464	273	520	73	668	(181)	2,456	(3)	2,453
464	273	520	73	668	(181)	2,456	(3)	2,453
64,296	40,757	140,623	5,917	269,071	7,636	680,088	8,216	688,304
-	-	-	-	4,659	-	4,659	-	4,659
65,580	41,204	140,997	5,920	-	-	406,414	7,285	413,699
66,664	40,737	141,425	2,912	-	-	406,975	8,072	415,047
714	158	637	1	-	-	2,427	162	2,589
833	375	2,489	2	-	-	4,256	248	4,504
2,103	640	1,375	5	-	-	5,413	71	5,484
84	(2)	(34)	-	-	-	145	-	145
102,169	66,520	93,634	115,304	76,682	11,909	631,313	6,527	637,840
102,024	66,434	87,608	114,769	-	-	535,799	-	535,799
103,048	65,179	87,143	112,530	-	-	533,977	-	533,977
58,989	44,021	180,490	7,866	27,264	16,536	437,468	9,752	447,220
57,563	44,121	189,581	970	34,571	18,388	446,950	10,415	457,365
79,677	29,450	102,991	918,220	54,002	-	1,290,976	-	1,290,976
417	231	470	5	-	(3)	1,784	152	1,936
495	279	177	130	-	1	1,976	-	1,976
54	39	118	1	129	14	456	(84)	372
966	549	765	136	129	12	4,216	68	4,284

Note 12A - Regulatory Operating Segments (cont.)

Information on Regulatory Operating Segments - Consolidated (cont.)

	For the six months ended June 30, 2024 (unaudited)			
	Activity in Israel[(a)]			
	Households[(e)]			
	Total	Of which: Housing loans	Of which: Credit cards	Private banking
	In NIS million			
Interest income from external	4,737	3,626	38	7
Interest expense from external	1,451	-	-	623
Interest income, net:				
From external	3,286	3,626	38	(616)
Inter-segmental	(343)	(2,816)	(4)	814
Total interest income, net	2,943	810	34	198
Total noninterest income	491	22	163	88
Total income	3,434	832	197	286
Loan loss expenses (income)	189	(24)	(7)	-
Operating and other expenses:				
For external	1,439	227	117	66
Inter-segmental	1	1	-	-
Total operating and other expenses	1,440	228	117	66
Profit before taxes	1,805	628	87	220
Provision for profit taxes	658	230	31	80
Profit after taxes	1,147	398	56	140
The Bank's share in associates' losses, after tax effect	-	-	-	-
Net income before attribution to non-controlling interests	1,147	398	56	140
Net income attributable to the Bank's shareholders	1,147	398	56	140
Average balance of assets[(b)]	159,713	131,795	4,156	391
Of which: Investments in associates[(b)]	-	-	-	-
Average outstanding balance of loans to the public[(b)]	160,834	132,242	4,224	383
Outstanding loans to the public as at the end of the reporting period	166,070	136,334	4,817	460
Outstanding non-performing debts in arrears of over 90 days	877	566	2	-
Outstanding other troubled debts	678	10	-	9
Balance of the loan loss provision for loans to the public	1,520	595	57	2
Net charge-offs during the period	208	(1)	(1)	-
Average outstanding liabilities[(b)]	139,062	55	18	30,764
Of which: Average balance of deposits by the public[(b)]	138,934	-	-	30,761
Balance of deposits by the public as at the end of the reporting period	139,846	-	-	35,306
Average balance of risk-weighted assets[(b)(c)]	108,166	81,659	4,448	881
Balance of risk-weighted assets as at the end of the reporting period[(c)]	107,098	80,625	4,446	999
Average balance of assets under management[(b)(d)]	63,114	1,347	-	58,818
Breakdown of interest income, net:				
Spread[(f)] from granting loans to the public	1,192	662	26	1
Spread[(f)] from deposit taking from the public	1,555	-	-	180
Other	196	148	8	17
Total interest income (expense), net	2,943	810	34	198

(a) The classification is based on the office's location.
(b) Average balance calculations are based on daily balances, as at the beginning of the quarter or the beginning of each month.
(c) Risk-weighted assets - as calculated for capital adequacy purposes.
(d) Assets under management - including customers' provident assets, study funds, mutual funds and securities.
(e) Including housing loans with outstanding loans to the public as at end of period in the amount of NIS 20.7 billion to customers whose business activity is classified to business segments.
(f) Spread from credit granting activity is the difference between the interest received from credit and the cost of raising the sources used to grant the credit (hereinafter - "transfer prices"). These transfer prices are subject to the period, currency and type of interest in the transaction. Transfer prices are the Bank's internal pricing tool and are based on internal models and the Bank's judgment. Spread from deposit taking activity is the difference between the transfer prices and the interest paid to customers for these deposits.
(g) Including the impairment loss from the investment in Valley shares in the amount of approx. NIS 0.6 billion.

Comment: Operating segments are reported according to the format and classifications prescribed by the Reporting to the Public Directives of the Banking Supervision Department, as detailed in Note 29A to the Financial statements as at December 31, 2023.

							Foreign operations[a]	
Small- and micro-businesses	Mid-market businesses	Corporations	Institutional entities	Financial management	Other segment	Total activity in Israel	Total activity outside Israel	Total
2,202	1,297	4,498	99	5,424	-	18,264	355	18,619
1,416	968	2,044	2,764	1,208	-	10,474	-	10,474
786	329	2,454	(2,665)	4,216	-	7,790	355	8,145
1,145	655	(519)	3,032	(4,630)	25	179	(179)	-
1,931	984	1,935	367	(414)	25	7,969	176	8,145
445	166	453	101	1,274	842	3,860	33	3,893
2,376	1,150	2,388	468	860	867	11,829	209	12,038
49	1	(19)	1	14	-	235	(31)	204
822	253	274	128	151	290	3,423	53	3,476
-	-	-	4	4	(9)	-	-	-
822	253	274	132	155	281	3,423	53	3,476
1,505	896	2,133	335	691	586	8,171	187	8,358
550	328	778	122	189	85	2,790	53	2,843
955	568	1,355	213	502	501	5,381	134	5,515
-	-	-	-	(461)[g]	-	(461)	-	(461)
955	568	1,355	213	41	501	4,920	134	5,054
955	568	1,355	213	41	501	4,920	134	5,054
66,589	39,501	144,494	7,250	309,793	7,617	735,348	8,377	743,725
-	-	-	-	4,033	-	4,033	-	4,033
68,022	40,038	145,734	7,255	-	-	422,266	8,341	430,607
67,930	40,285	151,973	4,425	-	-	431,143	9,337	440,480
564	281	779	5	-	-	2,506	99	2,605
1,076	564	1,445	-	-	-	3,772	166	3,938
2,319	842	1,928	6	-	-	6,617	64	6,681
81	(39)	13	-	-	-	263	(19)	244
103,368	60,187	103,806	151,814	80,673	12,403	682,077	5,425	687,502
103,210	60,056	98,137	151,398	-	-	582,496	-	582,496
101,354	59,831	100,611	144,239	-	-	581,187	-	581,187
59,662	44,360	188,477	1,265	35,300	18,009	456,120	10,409	466,529
58,936	42,709	191,850	1,311	51,020	17,850	471,773	11,319	483,092
94,281	31,202	105,377	1,013,173	40,806	-	1,406,771	-	1,406,771
878	430	1,252	9	-	-	3,762	355	4,117
949	475	352	357	-	-	3,868	-	3,868
104	79	331	1	(414)	25	339	(179)	160
1,931	984	1,935	367	(414)	25	7,969	176	8,145

Note 12A - Regulatory Operating Segments (cont.)

Information on Regulatory Operating Segments - Consolidated (cont.)

	For the six months ended June 30, 2023 (unaudited)			
	Activity in Israel[a]			
	Households[e]			
	Total	Of which: Housing loans	Of which: Credit cards	Private banking
	In NIS million			
Interest income from external	4,593	3,401	39	7
Interest expense from external	1,034	-	-	451
Interest income, net:				
From external	3,559	3,401	39	(444)
Inter-segmental	(616)	(2,622)	(4)	660
Total interest income, net	2,943	779	35	216
Total noninterest income (expense)	597	24	244	78
Total income	3,540	803	279	294
Loan loss expenses (income)	275	44	16	17
Operating and other expenses:				
For external	1,324	191	115	51
Inter-segmental	-	-	-	-
Total operating and other expenses	1,324	191	115	51
Profit (loss) before taxes	1,941	568	148	226
Provision (benefit) for profit taxes	701	202	53	85
Profit (loss) after taxes	1,240	366	95	141
The Bank's share in associates' losses, after tax effect	-	-	-	-
Net income (loss) before amount attributable to non-controlling interests	1,240	366	95	141
Net income (loss) attributable to the Bank's shareholders	1,240	366	95	141
Average balance of assets[b]	150,687	121,037	4,268	389
Of which: Investments in associates[b]	-	-	-	-
Average outstanding balance of loans to the public[b]	151,519	121,364	4,305	382
Outstanding loans to the public as at the end of the reporting period	154,867	123,844	4,621	370
Outstanding non-performing debts in arrears of over 90 days	917	547	3	-
Outstanding other troubled debts	557	15	-	-
Balance of the loan loss provision for loans to the public	1,289	460	45	1
Net charge-offs during the period	160	2	(1)	-
Average outstanding liabilities[b]	131,724	54	14	30,999
Of which: Average balance of deposits by the public[b]	131,598	-	-	30,997
Balance of deposits by the public as at the end of the reporting period	133,687	-	-	32,390
Average balance of risk-weighted assets[b][c]	100,777	74,650	3,744	691
Balance of risk-weighted assets as at the end of the reporting period[c]	101,000	74,241	4,109	756
Average balance of assets under management[b][d]	58,549	1,724	-	47,300
Breakdown of interest income, net:				
Spread[f] (loss) from granting loans to the public[h]	1,273	657	28	2
Spread[f] from deposit taking from the public	1,504	-	-	196
Other[h]	166	122	7	18
Total interest income (expense), net	2,943	779	35	216

(a) The classification is based on the office's location.
(b) Average balance calculations are based on daily balances, as at the beginning of the quarter or the beginning of each month.
(c) Risk-weighted assets - as calculated for capital adequacy purposes.
(d) Assets under management - including customers' provident assets, study funds, mutual funds and securities.
(e) Including housing loans with outstanding loans to the public as at end of period in the amount of NIS 19.0 billion to customers whose business activity is classified to business segments.
(f) Spread from credit granting activity is the difference between the interest received from credit and the cost of raising the sources used to grant the credit (hereinafter - "transfer prices"). These transfer prices are subject to the period, currency and type of interest in the transaction. Transfer prices are the Bank's internal pricing tool and are based on internal models and the Bank's judgment. Spread from deposit taking activity is the difference between the transfer prices and the interest paid to customers for these deposits.
(g) Including the impairment loss from the investment in Valley shares in the amount of approx. NIS 1.1 billion. For additional information, please see Note 15.A to the financial statements as at December 31, 2023.
(h) Reclassified - As from the first quarter of 2024, the notional interest on the equity attributable to each segment is presented at a different spread instead of the spread from the provision of loans to the public. Comparative figures were reclassified accordingly.

							Foreign operations[a]	
Small- and micro-businesses	Mid-market businesses	Corporations	Institutional entities	Financial management	Other segment	Total activity in Israel	Total activity outside Israel	Total
2,180	1,287	3,780	72	4,055	-	15,974	261	16,235
1,194	934	1,521	1,975	914	-	8,023	-	8,023
986	353	2,259	(1,903)	3,141	-	7,951	261	8,212
976	717	(767)	2,222	(3,068)	20	144	(144)	-
1,962	1,070	1,492	319	73	20	8,095	117	8,212
463	178	417	93	632	29	2,487	(4)	2,483
2,425	1,248	1,909	412	705	49	10,582	113	10,695
260	40	127	(9)	1	(8)	703	21	724
774	224	254	111	117	395	3,250	62	3,312
-	-	-	4	6	(10)	-	-	-
774	224	254	115	123	385	3,250	62	3,312
1,391	984	1,528	306	581	(328)	6,629	30	6,659
505	356	554	112	18	(100)	2,231	22	2,253
886	628	974	194	563	(228)	4,398	8	4,406
-	-	-	-	(972)[g]	-	(972)	-	(972)
886	628	974	194	(409)	(228)	3,426	8	3,434
886	628	974	194	(409)	(228)	3,426	8	3,434
64,255	39,968	134,579	3,823	278,557	5,122	677,380	7,592	684,972
-	-	-	-	4,364	-	4,364	-	4,364
65,424	40,393	135,543	3,829	-	-	397,090	6,886	403,976
66,664	40,737	141,425	2,912	-	-	406,975	8,072	415,047
714	158	637	1	-	-	2,427	162	2,589
833	375	2,489	2	-	-	4,256	248	4,504
2,103	640	1,375	5	-	-	5,413	71	5,484
112	3	(47)	-	-	-	228	-	228
101,633	67,536	92,747	117,836	77,289	11,635	631,399	3,294	634,693
101,493	67,444	87,488	117,305	-	-	536,325	9	536,334
103,048	65,179	87,143	112,530	-	-	533,977	-	533,977
58,759	43,282	171,869	7,355	28,926	15,691	427,350	9,086	436,436
57,563	44,121	189,581	970	34,571	18,388	446,950	10,415	457,365
79,313	29,284	104,450	914,960	53,846	-	1,287,702	-	1,287,702
903	448	916	8	-	(4)	3,546	271	3,817
962	552	344	305	-	2	3,865	-	3,865
97	70	232	6	73	22	684	(154)	530
1,962	1,070	1,492	319	73	20	8,095	117	8,212

Note 12A - Regulatory Operating Segments (cont.)

Information on Regulatory Operating Segments - Consolidated (cont.)

	For the year ended December 31, 2023 (audited)			
	Activity in Israel[(a)]			
	Households[(e)]			
	Total	Of which: Housing loans	Of which: Credit cards	Private banking
	In NIS million			
Interest income from external	8,922	6,520	84	13
Interest expense from external	2,428	6	-	1,035
Interest income, net:				
From external	6,494	6,514	84	(1,022)
Inter-segmental	(546)	(4,943)	(12)	1,420
Total interest income, net	5,948	1,571	72	398
Total noninterest income	1,092	46	375	159
Total income	7,040	1,617	447	557
Loan loss expenses (income)	870	221	37	-
Operating and other expenses:				
For external	2,727	375	227	104
Inter-segmental	4	4	-	-
Total operating and other expenses	2,731	379	227	104
Profit (loss) before taxes	3,439	1,017	183	453
Provision (benefit) for profit taxes	1,185	348	63	156
Profit (loss) after taxes	2,254	669	120	297
The Bank's share in associates' losses, after tax effect	-	-	-	-
Net income (loss) before amount attributable to non-controlling interests	2,254	669	120	297
Net income (loss) attributable to the Bank's shareholders	2,254	669	120	297
Average balance of assets[(b)]	153,127	123,604	4,474	372
Of which: Investments in associates[(b)]	-	-	-	-
Average outstanding balance of loans to the public[(b)]	154,025	123,955	4,515	365
Outstanding loans to the public as at the end of the reporting period	160,356	130,410	4,468	330
Outstanding non-performing debts in arrears of over 90 days	1,111	688	4	-
Outstanding other troubled debts[(g)]	654	24	35	-
Balance of the loan loss provision for loans to the public	1,513	622	61	-
Net charge-offs during the period	430	6	-	-
Average outstanding liabilities[(b)]	132,758	53	13	31,690
Of which: Average balance of deposits by the public[(b)]	132,640	-	-	31,688
Balance of deposits by the public as at the end of the reporting period	137,230	-	-	32,558
Average balance of risk-weighted assets[(b)(c)]	101,932	75,452	3,987	736
Balance of risk-weighted assets as at the end of the reporting period[(c)]	107,923	81,475	4,237	844
Average balance of assets under management[(b)(d)]	59,334	1,633	-	49,433
Breakdown of interest income, net:				
Spread[(g)] from granting loans to the public[(h)]	2,533	1,336	59	1
Spread[(g)] (loss) from deposit taking from the public	3,096	(6)	-	367
Other[(h)]	319	241	13	30
Total interest income (expense), net	5,948	1,571	72	398

(a) The classification is based on the office's location.
(b) Average balance calculations are based on daily balances, as at the beginning of the quarter or the beginning of each month.
(c) Risk-weighted assets - as calculated for capital adequacy purposes.
(d) Assets under management - including customers' provident assets, study funds, mutual funds and securities.
(e) Including housing loans with outstanding loans to the public as at end of period in the amount of NIS 20.0 billion to customers whose business activity is classified to business segments.
(f) Including the impairment loss from the investment in Valley shares in the amount of approx. NIS 1.1 billion. For additional information, please see Note 15.A to the financial statements as at December 31, 2023.
(g) Spread from credit granting activity is the difference between the interest received from credit and the cost of raising the sources used to grant the credit (hereinafter - "transfer prices"). These transfer prices are subject to the period, currency and type of interest in the transaction. Transfer prices are the Bank's internal pricing tool and are based on internal models and the Bank's judgment. Spread from deposit taking activity is the difference between the transfer prices and the interest paid to customers for these deposits.
(h) Reclassified - As from the first quarter of 2024, the notional interest on the equity attributable to each segment is presented at a different spread instead of the spread from the provision of loans to the public. Comparative figures were reclassified accordingly.

							Foreign operations[a]	
Small- and micro-businesses	Mid-market businesses	Corporations	Institutional entities	Financial management	Other segment	Total activity in Israel	Total activity outside Israel	Total
4,481	2,681	8,116	156	8,690	-	33,059	596	33,655
2,690	1,939	3,314	4,311	1,941	-	17,658	-	17,658
1,791	742	4,802	(4,155)	6,749	-	15,401	596	15,997
2,087	1,367	(1,259)	4,745	(7,507)	39	346	(346)	-
3,878	2,109	3,543	590	(758)	39	15,747	250	15,997
931	359	875	181	1,491	41	5,129	52	5,181
4,809	2,468	4,418	771	733	80	20,876	302	21,178
681	160	673	(9)	(12)	-	2,363	20	2,383
1,560	459	518	220	289	886	6,763	131	6,894
-	-	1	8	11	(24)	-	-	-
1,560	459	519	228	300	862	6,763	131	6,894
2,568	1,849	3,226	552	445	(782)	11,750	151	11,901
891	638	1,146	192	(25)	(268)	3,915	73	3,988
1,677	1,211	2,080	360	470	(514)	7,835	78	7,913
-	-	-	-	(886)[f]	-	(886)	-	(886)
1,677	1,211	2,080	360	(416)	(514)	6,949	78	7,027
1,677	1,211	2,080	360	(416)	(514)	6,949	78	7,027
64,406	40,063	139,427	3,864	280,205	7,595	689,059	7,833	696,892
-	-	-	-	4,184	-	4,184	-	4,184
65,668	40,505	140,373	3,869	-	-	404,805	7,482	412,287
66,554	40,038	142,404	8,046	-	-	417,728	8,475	426,203
672	286	1,477	1	-	-	3,547	212	3,759
1,113	383	1,446	20	-	-	3,616	199	3,815
2,174	816	2,135	5	-	-	6,643	74	6,717
201	(9)	(88)	-	-	-	534	(7)	527
101,773	65,816	93,342	121,426	83,897	11,402	642,104	3,295	645,399
101,637	65,724	85,739	120,941	-	-	538,369	10	538,379
103,573	62,171	93,814	138,478	-	-	567,824	-	567,824
58,330	43,974	179,736	4,175	31,909	17,071	437,863	9,767	447,630
58,825	43,734	186,352	1,244	34,934	17,683	451,539	10,637	462,176
82,199	29,472	104,295	932,658	52,412	-	1,309,803	-	1,309,803
1,787	911	2,075	19	-	-	7,326	629	7,955
1,924	1,070	972	561	-	-	7,990	-	7,990
167	128	496	10	(758)	39	431	(379)	52
3,878	2,109	3,543	590	(758)	39	15,747	250	15,997

Note 12B - Operating Segments - Management Approach

Overview

Operating segments reporting according to management approach presents the Bank's results by business line, in accordance with the Bank's organizational structure.
The Bank's business lines specialize in providing services to customer segments with similar characteristics and needs.

Information regarding operating segments - management approach was included in Note 29B to the Annual Financial Statements as at December 31, 2023.

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

	For the three months ended June 30, 2024 (unaudited)											
	The Bank									Sub-sidiaries in Israel	Foreign subsi-diaries	Total
	Private indi-viduals	Small busi-nesses	Retail banking - total	Mortgages	Commer-cial	Corpo-rate	Real estate	Capital markets	Other and adjust-ments			
	In NIS million											
Interest income, net:												
From external	(809)	221	(588)	2,177	365	556	1,090	525	15	56	182	4,378
Inter-segmental	2,190	303	2,493	(1,830)	318	(280)	(734)	115	-	9	(91)	-
Interest income, net	1,381	524	1,905	347	683	276	356	640	15	65	91	4,378
Noninterest income (expenses)	369	115	484	4	140	76	100	456	(89)	170	24	1,365
Total income (expenses)	1,750	639	2,389	351	823	352	456	1,096	(74)	235	115	5,743
Loan loss expenses (income)	78	50	128	(23)	8	(199)	89	9	-	(11)	(19)	(18)
Total operating and other expenses	694	219	913	107	176	73	40	108	146	64	24	1,651
Profit (loss) before tax	978	370	1,348	267	639	478	327	979	(220)	182	110	4,110
Provision (benefit) for taxes	372	141	513	102	243	181	124	373	(277)	46	35	1,340
Net income attributable to the Bank's shareholders	606	229	835	165	396	297	203	96[(a)]	57	145	75	2,269

(a) Including the impairment loss from the investment in Valley shares in the amount of approx. NIS 0.6 billion.

Note 12B - Operating Segments - Management Approach (cont.)

Summary of financial performance according to management approach (cont.)

	For the three months ended June 30, 2023 (unaudited)											
	The Bank									Subsidiaries in Israel	Foreign subsidiaries	Total
	Private individuals	Small businesses	Retail banking - total	Mortgages	Commercial	Corporate	Real estate	Capital markets	Other and adjustments			
	In NIS million											
Interest income, net:												
From external	(483)	291	(192)	1,865	419	574	991	529	(78)	29	147	4,284
Inter-segmental[(a)]	1,924	255	2,179	(1,515)	336	(299)	(643)	16	4	1	(79)	-
Interest income (expenses), net	1,441	546	1,987	350	755	275	348	545	(74)	30	68	4,284
Noninterest income (expenses)[(a)]	362	118	480	5	140	65	102	514	53	63	(10)	1,412
Total income (expenses)	1,803	664	2,467	355	895	340	450	1,059	(21)	93	58	5,696
Loan loss expenses (income)	205	29	234	46	21	(85)	61	3	3	19	16	318
Total operating and other expenses	706	231	937	100	187	73	39	88	190	43	26	1,683
Profit (loss) before tax	892	404	1,296	209	687	352	350	968	(214)	31	16	3,695
Provision for taxes	305	139	444	71	235	121	120	330	13	11	19	1,364
Net income (loss) attributable to the Bank's shareholders	587	265	852	138	452	231	230	722	(227)	58	(3)	2,453

(a) As of the third quarter of 2023, a change was introduced to the allocation of profitability resulting from the Bank's asset and liability management activity, such that as from that date, all profitability from this activity is attributed to the "Capital Markets" P&L center. To present comparative information, the comparative figures were reclassified.

Note 12B - Operating Segments - Management Approach (cont.)

Summary of financial performance according to management approach (cont.)

	For the six months ended June 30, 2024 (unaudited)											
	The Bank									Sub-sidiaries in Israel	Foreign sub-sidiaries	Total
	Private indi-viduals	Small busi-nesses	Retail banking - total	Mortgages	Commer-cial	Corpo-rate	Real estate	Capital markets	Other and adjust-ments			
	In NIS million											
Interest income, net:												
From external	(1,568)	439	(1,129)	3,722	709	965	2,089	1,307	26	100	356	8,145
Inter-segmental	4,310	610	4,920	(3,022)	672	(415)	(1,369)	(624)	(1)	19	(180)	-
Interest income, net	2,742	1,049	3,791	700	1,381	550	720	683	25	119	176	8,145
Noninterest income	736	231	967	6	287	168	202	1,159	763[(a)]	308	33	3,893
Total income	3,478	1,280	4,758	706	1,668	718	922	1,842	788	427	209	12,038
Loan loss expenses (income)	224	42	266	(22)	137	(112)	(29)	(2)	(1)	(2)	(31)	204
Total operating and other expenses	1,471	466	1,937	224	375	153	85	220	320	109	53	3,476
Profit before taxes	1,783	772	2,555	504	1,156	677	866	1,624	469	320	187	8,358
Provision (benefit) for taxes	678	294	972	192	440	257	329	618	(70)	52	53	2,843
Net income attributable to the Bank's shareholders	1,105	478	1,583	312	716	420	537	517[(b)]	539	296	134	5,054

Balances as at June 30, 2024												
Loans to the public, net	29,644	26,681	56,325	138,254	63,805	64,130	69,716	24,705	6,365	1,226	9,273	433,799
Deposits by the public	224,213	56,861	281,074	-	88,504	42,209	10,749	158,644	7	-	-	581,187

(a) Including capital gains in respect of the sale of headquarters buildings in Tel Aviv in the amount of approx. NIS 830 million.
(b) Including the impairment loss from the investment in Valley shares in the amount of approx. NIS 0.6 billion.

Note 12B - Operating Segments - Management Approach (cont.)

Summary of financial performance according to management approach (cont.)

	For the six months ended June 30, 2023 (unaudited)											
	The Bank									Sub-sidiaries in Israel	Foreign subsi-diaries	Total
	Private indi-viduals	Small busi-nesses	Retail banking - total	Mortgages	Commer-cial	Corpo-rate	Real estate	Capital markets	Other and adjust-ments			
	In NIS million											
Interest income, net:												
From external	(735)	611	(124)	3,498	795	984	1,763	969	8	59	260	8,212
Inter-segmental[(b)]	3,528	476	4,004	(2,792)	679	(453)	(1,099)	(201)	1	4	(143)	-
Interest income, net	2,793	1,087	3,880	706	1,474	531	664	768	9	63	117	8,212
Noninterest income (expense)[(b)]	819	251	1,070	7	295	150	194	609	48	114	(4)	2,483
Total income	3,612	1,338	4,950	713	1,769	681	858	1,377	57	177	113	10,695
Loan loss expenses (income)	332	117	449	71	87	(70)	153	(18)	5	26	21	724
Total operating and other expenses	1,340	450	1,790	191	358	141	76	170	429	95	62	3,312
Profit (loss) before tax	1,940	771	2,711	451	1,324	610	629	1,225	(377)	56	30	6,659
Provision (benefit) for taxes	663	264	927	154	453	209	215	417	(163)	19	22	2,253
Net income (loss) attributable to the Bank's shareholders	1,277	507	1,784	297	871	401	414	(217)[(a)]	(214)	90	8	3,434
Balances as at June 30, 2023												
Loans to the public, net	31,209	25,765	56,974	125,640	64,116	61,782	63,495	22,269	6,147	1,144	7,998	409,565
Deposits by the public	214,050	53,326	267,376	-	89,850	33,355	9,720	133,669	7	-	-	533,977

(a) Including the impairment loss from the investment in Valley shares in the amount of approx. NIS 1.1 billion. For additional information, please see Note 15.A to the financial statements as at December 31, 2023.

(b) Reclassified - as of the third quarter of 2023, a change was introduced to the allocation of profitability resulting from the Bank's asset and liability management activity, such that as from that date, all profitability from this activity is attributed to the "Capital Markets" P&L center. To present comparative information, the comparative figures were reclassified.

Note 12B - Operating Segments - Management Approach (cont.)

Summary of financial performance according to management approach (cont.)

	For the year ended December 31, 2023 (audited)											
	The Bank									Subsidi-aries in Israel	Foreign subsidi-aries	Total
	Private indi-viduals	Small busi-nesses	Retail banking - total	Mortgages	Com-mercial	Corpo-rate	Real estate	Capital markets	Other and adjust-ments			
	In NIS million											
Interest income, net:												
From external	(2,113)	1,113	(1,000)	6,689	1,577	2,098	3,829	2,045	24	141	594	15,997
Inter-segmental	7,732	1,051	8,783	(5,270)	1,372	(996)	(2,453)	(1,120)	1	27	(344)	-
Interest income, net	5,619	2,164	7,783	1,419	2,949	1,102	1,376	925	25	168	250	15,997
Noninterest income	1,558	496	2,054	15	580	331	391	1,395	67	296	52	5,181
Total income	7,177	2,660	9,837	1,434	3,529	1,433	1,767	2,320	92	464	302	21,178
Loan loss expenses (income)	844	389	1,233	261	354	59	430	(35)	(4)	65	20	2,383
Total operating and other expenses	2,833	929	3,762	385	721	290	170	384	858	193	131	6,894
Profit (loss) before tax	3,500	1,342	4,842	788	2,454	1,084	1,167	1,971	(762)	206	151	11,901
Provision (benefit) for taxes	1,197	459	1,656	269	839	371	399	674	(337)	44	73	3,988
Net income (loss) attributable to the Bank's shareholders	2,303	883	3,186	519	1,615	713	768	403[(a)]	(425)	170	78	7,027
Balances as at December 31, 2023												
Loans to the public, net	30,180	26,159	56,339	132,074	62,567	60,667	66,692	25,655	5,987	1,103	8,402	419,486
Deposits by the public	216,898	56,087	272,985	-	88,206	36,305	10,107	160,215	6	-	-	567,824

(a) Including the impairment loss from the investment in Valley shares in the amount of approx. NIS 1.1 billion. For additional information, please see Note 15.A to the financial statements as at December 31, 2023.

Note 13 - Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision

A. Debts[a] and Off-Balance-Sheet Credit Instruments

1. Change in outstanding loan loss provision

	For the three months ended June 30, 2024 (unaudited)					
	Loan loss provision					
	Loans to the public				Banks, governments and bonds held-to-maturity and available-for-sale	
	Commercial	Housing	Private individuals - Other	Total - public		Total
	In NIS million					
Balance of loan loss provision as at the beginning of the reporting period	**6,013**	**639**	**1,004**	**7,656**	**17**	**7,673**
Loan loss expenses (income)	**(60)**	**(27)**	**69**	**(18)**	**-**	**(18)**
Charge-offs	**(265)**	**(1)**	**(171)**	**(437)**	**-**	**(437)**
Collection of debts written off in previous years	**164**	**-**	**59**	**223**	**-**	**223**
Net charge-offs	**(101)**	**(1)**	**(112)**	**(214)**	**-**	**(214)**
Outstanding loan loss provision as at the end of the reporting period[1]	**5,852**	**611**	**961**	**7,424**	**17**	**7,441**
[1]Of which: in respect of off-balance-sheet credit instruments	**693**	**16**	**34**	**743**	**1**	**744**

	For the three months ended June 30, 2023 (unaudited)					
	Loan loss provision					
	Loans to the public				Banks, governments and bonds held-to-maturity and available-for-sale	
	Commercial	Housing	Private individuals - Other	Total - public		Total
	In NIS million					
Balance of loan loss provision as at the beginning of the reporting period	4,751	430	745	5,926	22	5,948
Loan loss expenses	112	31	174	317	1	318
Charge-offs	(156)	-	(160)	(316)	-	(316)
Collection of debts written off in previous years	108	-	63	171	-	171
Net charge-offs	(48)	-	(97)	(145)	-	(145)
Outstanding loan loss provision as at the end of the reporting period[1]	4,815	461	822	6,098	23	6,121
[1]Of which: in respect of off-balance-sheet credit instruments	588	1	27	616	-	616

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

Note 13 - Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

A. Debts[(a)] and Off-Balance-Sheet Credit Instruments (cont.)

1. Change in outstanding loan loss provision (cont.)

	For the six months ended June 30, 2024 (unaudited)					
	Loan loss provision					
	Loans to the public				Banks, governments and bonds held-to-maturity and available-for-sale	
	Commercial	Housing	Private individuals - Other	Total - public		Total
	In NIS million					
Balance of loan loss provision as at the beginning of the reporting period	5,873	634	957	7,464	17	7,481
Loan loss expenses (income)	15	(24)	213	204	-	204
Charge-offs	(378)	(2)	(335)	(715)	-	(715)
Collection of debts written off in previous years	342	3	126	471	-	471
Net charge-offs	(36)	1	(209)	(244)	-	(244)
Outstanding loan loss provision as at the end of the reporting period[1]	5,852	611	961	7,424	17	7,441
[1]Of which: in respect of off-balance-sheet credit instruments	693	16	34	743	1	744

	For the six months ended June 30, 2023 (unaudited)					
	Loan loss provision					
	Loans to the public				Banks, governments and bonds held-to-maturity and available-for-sale	
	Commercial	Housing	Private individuals - Other	Total - public		Total
	In NIS million					
Balance of loan loss provision as at the beginning of the reporting period	4,420	419	732	5,571	54	5,625
Loan loss expenses (income)	463	44	248	755	(31)	724
Charge-offs	(251)	(2)	(294)	(547)	-	(547)
Collection of debts written off in previous years	183	-	136	319	-	319
Net charge-offs	(68)	(2)	(158)	(228)	-	(228)
Outstanding loan loss provision as at the end of the reporting period[1]	4,815	461	822	6,098	23	6,121
[1]Of which: in respect of off-balance-sheet credit instruments	588	1	27	616	-	616

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

Note 13 - Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

A. Debts,[(a)] held-to-maturity bonds and available-for-sale bonds, loans to the public and balance of loan loss provision (cont.)

2. Additional information on calculating the loan loss provision for debts,[(a)] held-to-maturity bonds and available-for-sale bonds

	June 30, 2024 (unaudited)					
	Loans to the public				Banks, governments and bonds held-to-maturity and available-for-sale	Total
	Commercial	Housing	Private individuals - Other	Total - public		
	In NIS million					
Recorded outstanding debt:[(a)]						
Examined on a specific basis	246,215	-	659	246,874	130,779	377,653
Examined on a collective basis	27,963	136,566	29,077	193,606	-	193,606
Total debts[(a)]	274,178	136,566	29,736	440,480	130,779	571,259
Outstanding loan loss provision in respect of debts:[(a)]						
Examined on a specific basis	4,411	-	262	4,673	16	4,689
Examined on a collective basis	748	595	665	2,008	-	2,008
Total loan loss provision	5,159	595	927	6,681	16	6,697

	June 30, 2023 (unaudited)					
	Loans to the public				Banks, governments and bonds held-to-maturity and available-for-sale	Total
	Commercial	Housing	Private individuals - Other	Total - public		
	In NIS million					
Recorded outstanding debt:[(a)]						
Examined on a specific basis	232,959	-	550	233,509	119,883	353,392
Examined on a collective basis	27,362	124,018	30,158	181,538	-	181,538
Total debts[(a)]	260,321	124,018	30,708	415,047	119,883	534,930
Outstanding loan loss provision in respect of debts:[(a)]						
Examined on a specific basis	3,547	-	197	3,744	23	3,767
Examined on a collective basis	680	460	598	1,738	-	1,738
Total loan loss provision	4,227	460	795	5,482	23	5,505

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

Note 13 - Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

A. Debts,[a] held-to-maturity bonds and available-for-sale bonds, loans to the public and balance of loan loss provision (cont.)

2. Additional information on calculating the loan loss provision for debts,[a] held-to-maturity bonds and available-for-sale bonds (cont.)

	December 31, 2023 (audited)					
	Loans to the public				Banks, governments and bonds held-to-maturity and available-for-sale	
	Commercial	Housing	Private individuals - Other	Total - public		Total
	In NIS million					
Recorded outstanding debt:[a]						
Examined on a specific basis	239,573	-	661	240,234	162,912	403,146
Examined on a collective basis	26,184	130,624	29,161	185,969	-	185,969
Total debts[a]	265,757	130,624	29,822	426,203	162,912	589,115
Outstanding loan loss provision in respect of debts:[a]						
Examined on a specific basis	4,324	-	275	4,599	17	4,616
Examined on a collective basis	852	622	644	2,118	-	2,118
Total loan loss provision	5,176	622	919	6,717	17	6,734

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

Note 13 - Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

B. Loans to the public

1. Credit quality and arrears

	June 30, 2024 (unaudited)					
		Troubled[a]			Performing debts - additional information	
	Non-troubled	Per-forming	Non-per-forming	Total	In arrears of 90 days or more[b]	In arrears of 30 days and up to 89 days[c]
	In NIS million					
Borrower activity in Israel						
Public - commercial						
Construction & real estate - construction	67,154	227	654	68,035	16	50
Construction & real estate - real estate activities	45,703	316	75	46,094	9	53
Financial services	35,482	14	23	35,519	-	35
Commercial - Other	93,300	2,020	597	95,917	15	182
Commercial - total	**241,639**	**2,577**	**1,349**	**245,565**	**40**	**320**
Private individuals - housing loans	135,943	10	566	136,519	-	377
Private individuals - other	28,743	747	241	29,731	70	187
Total loans to the public - activity in Israel	**406,325**	**3,334**	**2,156**	**411,815**	**110**	**884**
Borrower activity outside Israel						
Public - commercial						
Construction and real estate	10,731	71	5	10,807	-	8
Commercial - Other	16,829	662	315	17,806	19	193
Commercial - total	**27,560**	**733**	**320**	**28,613**	**19**	**201**
Private individuals	52	-	-	52	-	-
Total loans to the public - foreign operations	**27,612**	**733**	**320**	**28,665**	**19**	**201**
Total loans to the public	**433,937**	**4,067**	**2,476**	**440,480**	**129**	**1,085**

(a) Non-performing loans to the public, substandard or special mention.
(b) Classified as troubled, performing debts.
(c) Performing. Debts in arrears of 30 and up to 89 days, totaling NIS 307 million, were classified as troubled debt.

Note 13 - Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

B. Loans to the public (cont.)

1. Credit quality and arrears (cont.)

	June 30, 2023 (unaudited)					
		Troubled[a]			Performing debts - additional information	
	Non-troubled	Performing	Non-performing	Total	In arrears of 90 days or more[b]	In arrears of 30 days and up to 89 days[c]
	In NIS million					
Borrower activity in Israel						
Public - commercial						
Construction & real estate - construction	62,967	907	303	64,177	16	39
Construction & real estate - real estate activities	40,093	685	128	40,906	9	44
Financial services	34,524	10	60	34,594	1	15
Commercial - Other	94,915	1,666	530	97,111	50	150
Commercial - total	232,499	3,268	1,021	236,788	76	248
Private individuals - housing loans	123,441	15	547	124,003	-	449
Private individuals - other	29,787	633	279	30,699	91	222
Total loans to the public - activity in Israel	385,727	3,916	1,847	391,490	167	919
Borrower activity outside Israel						
Public - commercial						
Construction and real estate	8,176	105	95	8,376	-	-
Commercial - Other	14,028	649	480	15,157	-	123
Commercial - total	22,204	754	575	23,533	-	123
Private individuals	23	1	-	24	-	-
Total loans to the public - foreign operations	22,227	755	575	23,557	-	123
Total loans to the public	407,954	4,671	2,422	415,047	167	1,042

(a) Non-performing loans to the public, substandard or special mention.
(b) Classified as troubled, performing debts.
(c) Performing. Debts in arrears of 30 and up to 89 days, totaling NIS 293 million, were classified as troubled debt.

Note 13 - Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

B. Loans to the public (cont.)

1. Credit quality and arrears (cont.)

	December 31, 2023 (audited)					
		Troubled[a]			Performing debts - additional information	
	Non-troubled	Per-forming	Non-per-forming	Total	In arrears of 90 days or more[b]	In arrears of 30 days and up to 89 days[c]
	In NIS million					
Borrower activity in Israel						
Public - commercial						
Construction & real estate - construction	65,001	211	1,034	66,246	19	43
Construction & real estate - real estate activities	43,442	250	139	43,831	13	56
Financial services	38,756	32	34	38,822	1	17
Commercial - Other	91,371	2,020	666	94,057	36	113
Commercial - total	238,570	2,513	1,873	242,956	69	229
Private individuals - housing loans	129,856	24	688	130,568	-	407
Private individuals - other	28,763	710	343	29,816	80	166
Total loans to the public - activity in Israel	397,189	3,247	2,904	403,340	149	802
Borrower activity outside Israel						
Public - commercial						
Construction and real estate	8,937	60	93	9,090	-	3
Commercial - Other	12,441	657	613	13,711	-	118
Commercial - total	21,378	717	706	22,801	-	121
Private individuals	62	-	-	62	-	-
Total loans to the public - foreign operations	21,440	717	706	22,863	-	121
Total loans to the public	418,629	3,964	3,610	426,203	149	923

(a) Non-performing loans to the public, substandard or special mention.
(b) Classified as troubled, performing debts.
(c) Performing. Debts in arrears of 30 and up to 89 days, totaling NIS 262 million, were classified as troubled debt.

Note 13 - Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

B. Loans to the public (cont.)

1.1. Credit quality by credit granting year

	June 30, 2024 (unaudited)								
	Recorded outstanding debt of fixed loans to the public								
	2024	2023	2022	2021	2020	Past	Recorded outstanding debt of renewed loans	Recorded outstanding debt of renewed loans converted to fixed loans	Total
	In NIS million								
Borrower activity in Israel									
Public - commercial									
Construction and real estate - total	13,677	16,736	13,140	10,882	3,288	7,569	45,979	2,858	114,129
Credit that is rated as investment-grade	13,639	16,431	12,756	10,407	3,169	7,348	45,826	2,841	112,417
Credit that is non-investment-grade nor troubled	38	72	79	53	56	59	72	11	440
Troubled performing credit	-	124	247	59	25	40	47	1	543
Non-performing credit	-	109	58	363	38	122	34	5	729
Gross charge-offs during the period	-	(8)	(11)	(78)	(5)	(2)	(21)	(1)	(126)
Commercial - other, total	24,233	25,832	19,436	11,499	6,517	9,841	32,600	1,478	131,436
Credit that is rated as investment-grade	24,209	25,396	18,889	11,093	6,255	9,426	31,782	1,447	128,497
Credit that is non-investment-grade nor troubled	24	131	31	33	14	8	43	1	285
Troubled performing credit	-	223	368	253	161	321	695	13	2,034
Non-performing credit	-	82	148	120	87	86	80	17	620
Gross charge-offs during the period	-	(21)	(40)	(26)	(10)	(9)	(59)	(3)	(168)
Private individuals - housing loans - total	13,098	20,548	24,523	20,921	12,649	44,780	-	-	136,519
LTV of up to 60%	7,401	11,546	13,104	11,708	7,818	30,614	-	-	82,191
LTV of more than 60% and up to 75%	5,611	8,901	11,330	9,031	4,773	13,101	-	-	52,747
LTV of more than 75%	86	101	89	182	58	1,065	-	-	1,581
Credit that is non-delinquent and investment-grade	13,064	20,101	23,746	20,222	12,222	43,013	-	-	132,368
Credit that is non-delinquent nor investment-grade	11	382	681	589	321	1,224	-	-	3,208
In arrears of 30-89 days	16	38	41	61	46	175	-	-	377
Non-performing credit	7	27	55	49	60	368	-	-	566
Gross charge-offs during the period	-	(2)	-	-	-	-	-	-	(2)
Private individuals - other - total	5,823	6,866	4,966	2,870	1,534	509	6,939	224	29,731
Credit that is non-delinquent and investment-grade	5,645	6,237	4,310	2,517	1,389	430	6,479	177	27,184
Credit that is non-delinquent nor investment-grade	160	530	514	277	118	66	365	19	2,049
In arrears of 30-89 days	9	48	44	22	6	4	54	-	187
In arrears of over 90 days	1	15	13	6	2	1	32	-	70
Non-performing credit	8	36	85	48	19	8	9	28	241
Gross charge-offs during the period	(5)	(74)	(79)	(49)	(10)	(6)	(109)	(3)	(335)
Total loans to the public - activity in Israel	56,831	69,982	62,065	46,172	23,988	62,699	85,518	4,560	411,815
Total loans to the public - foreign operations	5,566	5,910	3,699	3,041	180	800	9,249	220	28,665
Non-troubled credit	5,566	5,887	3,311	2,970	49	796	8,813	220	27,612
Troubled performing credit	-	3	93	71	131	-	435	-	733
Non-performing credit	-	20	295	-	-	4	1	-	320
Gross charge-offs during the period	-	(2)	-	-	(22)	-	(60)	-	(84)
Total loans to the public	62,397	75,892	65,764	49,213	24,168	63,499	94,767	4,780	440,480

Note 13 - Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

B. Loans to the public (cont.)

1.1. Credit quality by credit granting year (cont.)

	June 30, 2023 (unaudited)								
	Recorded outstanding debt of fixed loans to the public						Recorded outstanding debt of renewed loans	Recorded outstanding debt of renewed loans converted to fixed loans	Total
	2023	2022	2021	2020	2019	Past			
	In NIS million								
Borrower activity in Israel									
Public - commercial									
Construction and real estate - total	15,979	21,417	16,305	5,246	3,882	7,727	32,424	2,103	105,083
Credit that is rated as investment-grade	15,911	21,026	15,723	5,046	3,833	7,515	31,832	1,918	102,804
Credit that is non-investment-grade nor troubled	32	66	62	25	10	11	48	2	256
Troubled performing credit	25	178	482	121	21	76	512	177	1,592
Non-performing credit	11	147	38	54	18	125	32	6	431
Commercial - other, total	23,953	29,061	16,211	10,199	4,791	10,625	35,770	1,095	131,705
Credit that is rated as investment-grade	23,887	28,555	15,886	9,915	4,508	10,066	35,260	1,059	129,136
Credit that is non-investment-grade nor troubled	32	44	32	46	11	80	51	7	303
Troubled performing credit	29	377	210	164	203	335	347	11	1,676
Non-performing credit	5	85	83	74	69	144	112	18	590
Private individuals - housing loans - total	10,463	27,316	23,281	13,782	9,294	39,867	-	-	124,003
LTV of up to 60%	5,745	14,269	12,812	8,396	6,022	26,914	-	-	74,158
LTV of more than 60% and up to 75%	4,699	12,983	10,389	5,324	3,227	11,818	-	-	48,440
LTV of more than 75%	19	64	80	62	45	1,135	-	-	1,405
Credit that is non-delinquent and investment-grade	10,434	27,002	23,030	13,621	9,175	39,061	-	-	122,323
Credit that is non-delinquent nor investment-grade	19	207	149	62	46	201	-	-	684
In arrears of 30-89 days	9	88	64	55	34	199	-	-	449
Non-performing credit	1	19	38	44	39	406	-	-	547
Private individuals - other - total	6,153	8,247	4,845	2,487	921	563	7,270	213	30,699
Credit that is non-delinquent and investment-grade	5,949	7,443	4,308	2,257	796	479	6,789	164	28,185
Credit that is non-delinquent nor investment-grade	179	623	402	179	95	66	366	12	1,922
In arrears of 30-89 days	15	77	40	13	8	5	64	-	222
In arrears of over 90 days	4	30	13	3	2	1	38	-	91
Non-performing credit	6	74	82	35	20	12	13	37	279
Total loans to the public - activity in Israel	56,548	86,041	60,642	31,714	18,888	58,782	75,464	3,411	391,490
Total loans to the public - foreign operations	6,064	3,442	2,104	1,278	758	1,215	8,500	196	23,557
Non-troubled credit	5,924	3,198	2,075	1,053	661	1,115	8,005	196	22,227
Troubled performing credit	113	106	5	1	-	99	431	-	755
Non-performing credit	27	138	24	224	97	1	64	-	575
Total loans to the public	62,612	89,483	62,746	32,992	19,646	59,997	83,964	3,607	415,047

Note 13 - Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

B. Loans to the public (cont.)

2.A. Additional information on non-performing debts[(a)]

	June 30, 2024 (unaudited)					
	Outstanding[(b)] non-performing debts for which there is a provision	Outstanding provision	Outstanding [(b)] non-performing debts for which there is a provision	Total outstanding balance[(b)] of non-performing debts	Outstanding contractual principal in respect of non-performing debts	Recorded interest income[(c)]
	In NIS million					
Borrower activity in Israel						
Public - commercial						
Construction and real estate	603	94	126	729	1,234	-
Commercial - Other	488	280	132	620	2,383	1
Commercial - total	**1,091**	**374**	**258**	**1,349**	**3,617**	**1**
Private individuals - housing loans	566	101	-	566	566	-
Private individuals - other	241	161	-	241	616	-
Total loans to the public - activity in Israel	**1,898**	**636**	**258**	**2,156**	**4,799**	**1**
Borrower activity outside Israel						
Total loans to the public - foreign operations	**183**	**54**	**137**	**320**	**617**	**-**
Total - public[1]	**2,081**	**690**	**395**	**2,476**	**5,416**	**1**
[1]Of which:						
Measured on a specific basis according to the present value of cash flows	**1,174**	**570**	**368**	**1,542**	**3,549**	
Measured on a specific basis according to fair value of collateral	**341**	**19**	**27**	**368**	**1,301**	
Measured on a collective basis	**566**	**101**	**-**	**566**	**566**	

(a) Loans to the public, loans to governments, deposits with banks (excluding deposits with the Bank of Israel) and other debts, excluding bonds and securities borrowed or purchased under reverse repurchase agreements.
(b) Recorded outstanding debt.
(c) Interest income amount recorded for the reporting period in respect of the average balance of outstanding non-performing debts during the period in which the debts were classified as non-performing.

Were the non-performing debts to accrue interest according to the original terms and conditions, interest income in the amount of NIS 370 million would be recorded.
Additional information: the total recorded average debt balance of non-performing debts in the six months ended June 30, 2024 is NIS 3,065 million.

Note 13 - Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

B. Loans to the public (cont.)

2.A. Additional information on non-performing debts[(a)] (cont.)

	June 30, 2023 (unaudited)					
	Outstanding[(b)] non-performing debts for which there is a provision	Outstanding provision	Outstanding[(b)] non-performing debts for which there is no provision	Total outstanding balance[(b)] of non-performing debts	Outstanding contractual principal in respect of non-performing debts	Recorded interest income[(c)]
	In NIS million					
Borrower activity in Israel						
Public - commercial						
Construction and real estate	332	81	99	431	827	-
Commercial - Other	372	176	218	590	2,453	2
Commercial - total	704	257	317	1,021	3,280	2
Private individuals - housing loans	547	64	-	547	557	1
Private individuals - other	279	147	-	279	549	2
Total loans to the public - activity in Israel	1,530	468	317	1,847	4,386	5
Borrower activity outside Israel						
Total loans to the public - foreign operations	390	52	185	575	800	4
Total - public[1]	1,920	520	502	2,422	5,186	9
[1]Of which:						
Measured on a specific basis according to the present value of cash flows	1,364	453	412	1,776	3,698	
Measured on a specific basis according to fair value of collateral	9	3	90	99	931	
Measured on a collective basis	547	64	-	547	557	

(a) Loans to the public, loans to governments, deposits with banks (excluding deposits with the Bank of Israel) and other debts, excluding bonds and securities borrowed or purchased under reverse repurchase agreements.
(b) Recorded outstanding debt.
(c) Interest income amount recorded for the reporting period in respect of the average balance of outstanding non-performing debts during the period in which the debts were classified as non-performing.

Were the non-performing debts to accrue interest according to the original terms and conditions, interest income in the amount of NIS 263 million would be recorded.
Additional information: the total recorded average debt balance of non-performing debts in the six months ended June 30, 2023 is NIS 2,187 million.

Note 13 - Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

B. Loans to the public (cont.)

2.A. Additional information on non-performing debts[(a)] (cont.)

	December 31, 2023 (audited)					
	Outstanding[(b)] non-performing debts for which there is a provision	Outstanding provision	Outstanding[(b)] non-performing debts for which there is no provision	Total outstanding balance[(b)] of non-performing debts	Outstanding contractual principal in respect of non-performing debts	Recorded interest income[(c)]
	In NIS million					
Borrower activity in Israel						
Public - commercial						
Construction and real estate	1,018	253	155	1,173	1,592	-
Commercial - Other	533	283	167	700	2,517	2
Commercial - total	1,551	536	322	1,873	4,109	2
Private individuals - housing loans	688	79	-	688	688	1
Private individuals - other	343	196	-	343	672	2
Total loans to the public - activity in Israel	2,582	811	322	2,904	5,469	5
Borrower activity outside Israel						
Total loans to the public - foreign operations	520	81	186	706	935	4
Total - public[1]	3,102	892	508	3,610	6,404	9
[1]Of which:						
Measured on a specific basis according to the present value of cash flows	1,723	654	417	2,140	4,108	
Measured on a specific basis according to fair value of collateral	691	159	91	782	1,608	
Measured on a collective basis	688	79	-	688	688	

(a) Loans to the public, loans to governments, deposits with banks (excluding deposits with the Bank of Israel) and other debts, excluding bonds and securities borrowed or purchased under reverse repurchase agreements.
(b) Recorded outstanding debt.
(c) Interest income amount recorded for the reporting period in respect of the average balance of outstanding non-performing debts during the period in which the debts were classified as non-performing.

Were the non-performing debts to accrue interest according to the original terms and conditions, interest income in the amount of NIS 642 million would be recorded.
Additional information: the total recorded average outstanding debt of non-performing debts in the year ended December 31, 2023 is NIS 2,691 million.

Note 13 - Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

B. Loans to the public (cont.)

2.B. Information regarding debts of borrowers with financial difficulties who underwent a change in terms and conditions

1. The credit quality and extent of arrears of debts of borrowers with financial difficulties who underwent a change in terms and conditions

	As at June 30, 2024 (unaudited)[(a)]				
	Recorded outstanding debt				
	Troubled		Non-troubled		
	Non-performing	Performing	In arrears of 30 days or more	Non-delinquent	Total
	In NIS million				
Borrower activity in Israel					
Commercial	495	285	-	227	1,007
Private individuals - housing loans	102	17	-	36	155
Private individuals - other	205	175	1	187	568
Total loans to the public - activity in Israel	802	477	1	450	1,730
Total loans to the public - foreign operations	119	134	-	155	408
Total loans to the public	921	611	1	605	2,138

(a) As from January 1, 2024, the Bank is implementing a new accounting policy for the identification of debts of borrowers with financial difficulties that underwent a change in terms and conditions (instead of restructurings troubled debt). For additional information, please see Note 1.B.1.

	As at June 30, 2023 (unaudited)[(a)]			
	Non-performing	Performing,[(a)] in arrears of 30 days to 89 days	Performing[(a)] non-delinquent	Total
	In NIS million			
Borrower activity in Israel				
Public - commercial				
Construction and real estate	248	2	80	330
Commercial - Other	231	2	371	604
Commercial - total	479	4	451	934
Private individuals - housing loans	91	1	60	152
Private individuals - other	251	4	228	483
Total loans to the public - activity in Israel	821	9	739	1,569
Borrower activity outside Israel				
Total loans to the public - foreign operations	161	-	374	535
Total - public	982	9	1,113	2,104

(a) Performing.
(b) The disclosure referring to troubled debt restructurings carried out until December 31, 2023 remained in its previous format.

Comment: As of June 30, 2023, restructured troubled debt in the amount of NIS 1,306 million was classified as troubled debt.

Note 13 - Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

B. Loans to the public (cont.)

2.B. Information regarding debts of borrowers with financial difficulties who underwent a change in terms and conditions (cont.)

1. **The credit quality and extent of arrears of debts of borrowers with financial difficulties who underwent a change in terms and conditions** (cont.)

	December 31, 2023 (audited)[b]			
	Non-performing	Performing,[a] in arrears of 30 days to 89 days	Performing[a] non-delinquent	Total
	In NIS million			
Borrower activity in Israel				
Public - commercial				
Construction and real estate	289	1	80	370
Commercial - Other	271	2	345	618
Commercial - total	560	3	425	988
Private individuals - housing loans	85	-	66	151
Private individuals - other	310	4	269	583
Total loans to the public - activity in Israel	955	7	760	1,722
Borrower activity outside Israel				
Total loans to the public - foreign operations	153	-	365	518
Total - public	1,108	7	1,125	2,240

(a) Performing.
(b) The disclosure referring to troubled debt restructurings carried out until December 31, 2023 remained in its previous format.

Comment: As of December 31, 2023, troubled debt which underwent restructuring in the amount of NIS 1,448 million was classified as troubled debt.

Note 13 - Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

B. Loans to the public (cont.)

2.B. Information regarding debts of borrowers with financial difficulties who underwent a change in terms and conditions (cont.)

2. The credit quality and extent of arrears of debts of borrowers with financial difficulties who underwent a change in terms and conditions during the reporting period

	For the three months ended June 30, 2024 (unaudited)[(a)]				
	Recorded outstanding debt				
	Troubled		Non-troubled		
	Non-performing	Performing	Non-delinquent	Total	Charge-offs
	In NIS million				
Borrower activity in Israel					
Commercial	25	6	1	32	10
Private individuals - housing loans	10	-	-	10	-
Private individuals - other	52	-	-	52	18
Total loans to the public - activity in Israel	87	6	1	94	28
Total loans to the public - foreign operations	-	134	-	134	-
Total - public	87	140	1	228	28

	Restructurings carried out		
	In the three months ended June 30, 2023 (unaudited)[(b)]		
	No. of contracts	Recorded outstanding debt before restructuring	Recorded outstanding debt after restructuring
	In NIS million		
Borrower activity in Israel			
Public - commercial			
Construction and real estate	93	235	235
Commercial - Other	381	53	52
Commercial - total	474	288	287
Private individuals - housing loans	36	12	12
Private individuals - other	2,118	117	117
Total loans to the public - activity in Israel	2,628	417	416
Borrower activity outside Israel			
Total loans to the public - foreign operations	1	31	31
Total - public	2,629	448	447

(a) As from January 1, 2024, the Bank is implementing a new accounting policy for the identification of debts of borrowers with financial difficulties that underwent a change in terms and conditions (instead of restructurings troubled debt). For additional information, please see Note 1.B.1.

(b) The disclosure referring to troubled debt restructurings carried out until December 31, 2023 remained in its previous format.

Note 13 - Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

B. Loans to the public (cont.)

2.B. Information regarding debts of borrowers with financial difficulties who underwent a change in terms and conditions (cont.)

2. **The credit quality and extent of arrears of debts of borrowers with financial difficulties who underwent a change in terms and conditions during the reporting period** (cont.)

	For the months June 30, 2024 (unaudited)[(a)]				
	Recorded outstanding debt				
	Troubled		Non-troubled		
	Non-performing	Performing	Non-delinquent	Total	Charge-offs
	In NIS million				
Borrower activity in Israel					
Commercial	191	14	1	206	13
Private individuals - housing loans	31	-	-	31	2
Private individuals - other	173	2	1	176	20
Total loans to the public - activity in Israel	395	16	2	413	35
Total loans to the public - foreign operations	-	134	-	134	-
Total - public	395	150	2	547	35

	Restructurings carried out		
	For the six months ended June 30, 2023 (unaudited)[(b)]		
	No. of contracts	Recorded outstanding debt before restructuring	Recorded outstanding debt after restructuring
	In NIS million		
Borrower activity in Israel			
Public - commercial			
Construction and real estate	172	244	244
Commercial - Other	737	90	89
Commercial - total	909	334	333
Private individuals - housing loans	51	16	16
Private individuals - other	4,085	223	222
Total loans to the public - activity in Israel	5,045	573	571
Borrower activity outside Israel			
Total loans to the public - foreign operations	1	31	31
Total - public	5,046	604	602

(a) As from January 1, 2024, the Bank is implementing a new accounting policy for the identification of debts of borrowers with financial difficulties that underwent a change in terms and conditions (instead of restructurings troubled debt). For additional information, please see Note 1.B.1.

(b) The disclosure referring to restructurings carried out until December 31, 2023 remained in its previous format.

Note 13 - Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

B. Loans to the public (cont.)

2.B. Information regarding debts of borrowers with financial difficulties who underwent a change in terms and conditions (cont.)

3. Debts of borrowers with financial difficulties who underwent a change in terms and conditions during the reporting period

	Debts of borrowers with financial difficulties who underwent a change in terms and conditions							
	For the six months ended June 30, 2024 (unaudited)[(a)]							
	Total		Type of change					
	Recorded outstanding debt	Percent of total	Waiver of interest	Period extension	Deferral of payments	Waiver of interest and period extension	Waiver of interest, period extension and deferral of payments	Period extension and deferral of payments
	In NIS million	In %	In NIS million					
Borrower activity in Israel								
Commercial	206	0.08	70	28	1	104	2	1
Private individuals - housing loans	31	0.02	-	6	25	-	-	-
Private individuals - other	176	0.59	10	92	-	70	2	3
Total loans to the public - activity in Israel	413	0.10	80	126	26	174	4	4
Total loans to the public - foreign operations	134	0.47	-	134	-	-	-	-
Total - public	547	0.12	80	260	26	174	4	4

	Financial effects of a change in terms and conditions for debts of borrowers with financial difficulties			
	For the six months ended June 30, 2024 (unaudited)[(a)]			
	Type of change			
	Waiver of principal	Average waiver of interest	Average period extension	Average deferral of payments
	In NIS million	In %	Months	Months
Borrower activity in Israel				
Commercial	12	4.04	40	3
Private individuals - housing loans	-	-	74	12
Private individuals - other	16	3.90	44	3
Total loans to the public - activity in Israel	28	3.98	44	11
Total loans to the public - foreign operations	-	-	5	-
Total - public	28	3.98	23	11

(a) As from January 1, 2024, the Bank is implementing a new accounting policy for the identification of debts of borrowers with financial difficulties that underwent a change in terms and conditions (instead of restructurings troubled debt). For additional information, please see Note 1.B.1.

Note 13 - Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

B. Loans to the public (cont.)

2.B. Information regarding debts of borrowers with financial difficulties who underwent a change in terms and conditions (cont.)

3. Debts of borrowers with financial difficulties who underwent a change in terms and conditions during the reporting period (cont.)

	Debts of borrowers with financial difficulties who defaulted in the reporting year following a change in terms and conditions[b]			
	For the six months ended June 30, 2024 (unaudited)[a]			
	Total	Type of change		
	Recorded outstanding debt	Period extension	Deferral of payments	Waiver of interest and period extension
	In NIS million			
Borrower activity in Israel				
Commercial	15	3	-	12
Private individuals - housing loans	13	10	3	-
Private individuals - other	24	10	-	14
Total loans to the public - activity in Israel	52	23	3	26
Total - public	52	23	3	26

	Failed restructurings[b]	
	For the six months ended June 30, 2023 (unaudited)[c]	
	No. of contracts	Recorded outstanding debt
		In NIS million
Borrower activity in Israel		
Public - commercial		
Construction and real estate	106	14
Commercial - Other	367	33
Commercial - total	473	47
Private individuals - housing loans	27	16
Private individuals - other	1,893	63
Total loans to the public - activity in Israel	2,393	126
Total - public	2,393	126

(a) As from January 1, 2024, the Bank is implementing a new accounting policy for the identification of debts of borrowers with financial difficulties that underwent a change in terms and conditions (instead of restructurings troubled debt). For additional information, please see Note 1.B.1.

(b) Debts which were in arrears of at least 30 days during the reporting year, which underwent a change in terms and conditions during the 12 months preceding the date on which they became delinquent.

(c) The disclosure referring to restructurings carried out until December 31, 2023 remained in its previous format.

Note 13 - Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

B. Loans to the public (cont.)

2.C. Additional information on non-performing delinquent credit

	June 30, 2024 (unaudited)							
	Is not in arrears of 90 days or more	In arrears of 90 days to 180 days	In arrears over 180 days and up to one year	In arrears of over one year and up to 3 years	In arrears of over 3 years and up to 5 years	In arrears of over 5 years and up to 7 years	In arrears of over 7 years	Total
	In NIS million							
Commercial	1,007	73	461	127	1	-	-	1,669
Housing loans	59	212	152	118	14	6	5	566
Private individuals - other	241	-	-	-	-	-	-	241
Total	1,307	285	613	245	15	6	5	2,476

	June 30, 2023 (unaudited)							
	Is not in arrears of 90 days or more	In arrears of 90 days to 180 days	In arrears over 180 days and up to one year	In arrears of over one year and up to 3 years	In arrears of over 3 years and up to 5 years	In arrears of over 5 years and up to 7 years	In arrears of over 7 years	Total
	In NIS million							
Commercial	1,272	143	74	30	72	3	2	1,596
Housing loans	45	268	137	77	10	7	3	547
Private individuals - other	279	-	-	-	-	-	-	279
Total	1,596	411	211	107	82	10	5	2,422

	December 31, 2023 (audited)							
	Is not in arrears of 90 days or more	In arrears of 90 days to 180 days	In arrears over 180 days and up to one year	In arrears of over one year and up to 3 years	In arrears of over 3 years and up to 5 years	In arrears of over 5 years and up to 7 years	In arrears of over 7 years	Total
	In NIS million							
Commercial	1,885	290	256	77	67	1	3	2,579
Housing loans	37	343	183	107	9	7	2	688
Private individuals - other	343	-	-	-	-	-	-	343
Total	2,265	633	439	184	76	8	5	3,610

Note 13 - Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

B. Loans to the public (cont.)

3. Additional information on housing loans

Outstanding end of period loan-to-value (LTV),[(a)] type of repayment and interest

		June 30, 2024 (unaudited)			
		Outstanding housing loans			
		Total[1]	[1]Of which: bullet and balloon loans	[1]Of which: variable interest	Total off-balance-sheet credit risk
		In NIS million			
First pledge: LTV ratio	Up to 60%	**81,926**	**3,595**	**49,050**	**2,787**
	Over 60%	**54,637**	**1,107**	**33,809**	**2,646**
Secondary pledge or unpledged		**3**	**-**	**3**	**-**
Total		**136,566**	**4,702**	**82,862**	**5,433**

		June 30, 2023 (unaudited)			
		Outstanding housing loans			
		Total[1]	[1]Of which: bullet and balloon loans	[1]Of which: variable interest	Total off-balance-sheet credit risk
		In NIS million			
First pledge: LTV ratio	Up to 60%	74,165	1,903	45,692	2,589
	Over 60%	49,848	647	30,998	2,371
Secondary pledge or unpledged		5	-	4	-
Total		124,018	2,550	76,694	4,960

		December 31, 2023 (audited)			
		Outstanding housing loans			
		Total[1]	[1]Of which: bullet and balloon loans	[1]Of which: variable interest	Total off-balance-sheet credit risk
		In NIS million			
First pledge: LTV ratio	Up to 60%	78,948	2,538	48,141	2,555
	Over 60%	51,672	767	32,097	2,438
Secondary pledge or unpledged		4	-	4	-
Total		130,624	3,305	80,242	4,993

(a) The ratio between the approved credit facility on the date granted and the value of the asset, as approved by the Bank when granting the credit facility.
The LTV ratio provides an additional indication of the Bank's risk assessment of a customer on granting a credit facility.

Note 13 - Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

C. Off-Balance-Sheet Financial Instruments

	June 30				December 31	
	2024		2023		2023	
	Outstanding loan contracts[(a)]	Balance of loan loss provision	Outstanding loan contracts[(a)]	Balance of loan loss provision	Outstanding loan contracts[(a)]	Balance of loan loss provision
	Unaudited				Audited	
	In NIS million					
Off-balance-sheet financial instruments						
Transactions in which the outstanding balance embodies credit risk:						
Documentary credit	**1,353**	**2**	1,051	2	642	3
Loan guarantees	**8,232**	**86**	8,244	98	8,453	103
Guarantees for apartment buyers	**37,618**	**18**	37,997	16	35,731	19
Guarantees and other commitments[(b)]	**27,987**	**87**	25,924	94	26,548	96
Unutilized credit card credit facilities	**14,137**	**28**	11,285	23	13,916	34
Unutilized current loan account facilities and other credit facilities in demand accounts	**14,227**	**51**	14,916	50	15,922	58
Irrevocable loan commitments approved but not yet granted	**57,096**	**383**	49,807	275	54,416	339
Commitments to issue guarantees	**38,991**	**89**	28,095	58	34,340	95
Unutilized credit facilities for derivatives activity	**2,994**	**-**	3,401	-	3,122	-
Approval in principle to maintain interest rate[(c)]	**7,791**	**-**	5,634	-	5,404	-

(a) The balance of the contracts or their nominal amounts as at the end of the period, before the effect of the loan loss provision.

(b) Including the Bank's liabilities for its share in the risk reserve of the TASE Clearing House in the amount of NIS 269 million (as of June 30, 2023 - NIS 240 million and on December 31, 2023 - NIS 381 million).

(c) Liabilities to extend credit to customers in the framework of "Authorization in principle and preserving the interest rate" to Proper Conduct of Banking Business Directive No. 451, "Procedures for Extending Housing Loans".

Note 13 - Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

D. Guarantees by Repayment Date

	June 30, 2024 (unaudited)				
	Up to one year	One to three years	Three to five years	Over five years	Total
	In NIS million				
Loan guarantees	**6,137**	**1,091**	**357**	**647**	**8,232**
Guarantees for apartment buyers	**-**	**37,618**	**-**	**-**	**37,618**
Guarantees and other commitments	**15,259**	**6,522**	**1,221**	**4,985**	**27,987**
Total guarantees	**21,396**	**45,231**	**1,578**	**5,632**	**73,837**

	June 30, 2023 (unaudited)				
	Up to one year	One to three years	Three to five years	Over five years	Total
	In NIS million				
Loan guarantees	5,624	1,257	678	685	8,244
Guarantees for apartment buyers	-	37,997	-	-	37,997
Guarantees and other commitments	13,321	5,956	3,230	3,417	25,924
Total guarantees	18,945	45,210	3,908	4,102	72,165

	December 31, 2023 (audited)				
	Up to one year	One to three years	Three to five years	Over five years	Total
	In NIS million				
Loan guarantees	5,214	2,091	399	749	8,453
Guarantees for apartment buyers	-	35,731	-	-	35,731
Guarantees and other commitments	13,334	6,449	2,509	4,256	26,548
Total guarantees	18,548	44,271	2,908	5,005	70,732

The following collateral information reflects collaterals the Bank has received specifically against guarantees:
The balance of cash available to the Bank to cover for losses realized under these guarantees and indemnities totaled approx. NIS 296 million (as of June 30, 2023 - NIS 322 million, as of December 31, 2023 - NIS 302 million). In addition, the balance of securities and other marketable assets held as collateral, totaled approx. NIS 11 million (as of June 30, 2023 - NIS 15 million, December 31, 2023 - NIS 9 million).

Note 14 - Assets and Liabilities by Linkage Basis

	June 30, 2024 (unaudited)						
	NIS		Foreign currency[(a)]				
	Non-linked	CPI-linked	In USD	In EUR	Other	Non-monetary items[(b)]	Total
	In NIS million						
Assets							
Cash and deposits with banks	116,591	-	5,774	877	3,073	1,963	128,278
Securities	48,669	4,006	59,796	7,214	3,307	5,581	128,573
Securities borrowed or purchased under reverse repurchase agreements	593	-	944	1	-	-	1,538
Loans to the public, net[(c)]	323,673	64,230	23,814	6,267	11,208	4,607	433,799
Loans to governments	547	-	387	984	-	-	1,918
Investments in associates	-	-	-	-	-	3,358	3,358
Buildings and equipment	-	-	-	-	-	2,688	2,688
Assets in respect of derivatives	4,852	345	9,885	296	271	11,030	26,679
Other assets	6,022	1	31	10	78	1,066	7,208
Total assets	500,947	68,582	100,631	15,649	17,937	30,293	734,039
Liabilities							
Deposits by the public	419,106	10,315	127,299	12,671	5,204	6,592	581,187
Deposits by banks	9,679	-	5,107	3,162	231	-	18,179
Deposits by governments	33	-	63	13	-	-	109
Securities loaned or sold under repurchase agreements	414	-	8,219	-	-	-	8,633
Bonds, promissory notes and subordinated notes	4,707	18,169	6,493	-	-	-	29,369
Liabilities for derivatives	5,296	317	7,224	131	138	11,050	24,156
Other liabilities	5,304	7,753	121	45	173	570	13,966
Total liabilities	444,539	36,554	154,526	16,022	5,746	18,212	675,599
Difference[(d)]	56,408	32,028	(53,895)	(373)	12,191	12,081	58,440
Effect of hedging derivatives:							
Derivatives (excluding options)	755	(755)	-	-	-	-	-
Effect of non-hedging derivatives:							
Derivatives (excluding options)	(30,982)	(4,399)	45,933	(310)	(12,078)	1,836	-
In the money options, net (according to underlying asset)	(454)	-	467	71	(84)	-	-
Out of the money options, net (according to underlying asset)	(693)	-	653	16	24	-	-
Grand total	25,034	26,874	(6,842)	(596)	53	13,917	58,440
In the money options, net (discounted nominal value)	(442)	-	459	100	(117)	-	-
Out of the money options, net (discounted nominal value)	(2,193)	-	2,000	(27)	220	-	-

(a) Including those linked to foreign currency.
(b) Including derivatives whose underlying asset relates to a non-monetary item.
(c) After deducting loan loss provisions attributed to a linkage basis, according to the linkage of the underlying credit, in the amount of NIS 6,681 million.
(d) Shareholders' equity includes non-controlling interests.

Note 14 - Assets and Liabilities by Linkage Basis (cont.)

	June 30, 2023 (unaudited)						
	NIS		Foreign currency[a]				
	Non-linked	CPI-linked	In USD	In EUR	Other	Non-monetary items[b]	Total
	In NIS million						
Assets							
Cash and deposits with banks	104,687	-	7,336	1,125	2,367	1,163	116,678
Securities	53,409	4,675	49,101	3,562	2,912	4,381	118,040
Securities borrowed or purchased under reverse repurchase agreements	906	-	369	3	-	-	1,278
Loans to the public, net[c]	311,279	57,194	21,886	4,925	9,826	4,455	409,565
Loans to governments	240	-	567	387	-	-	1,194
Investments in associates	-	-	-	-	-	3,976	3,976
Buildings and equipment	-	-	-	-	-	2,792	2,792
Assets in respect of derivatives	4,265	337	11,638	669	722	8,542	26,173
Other assets	5,931	4	45	6	131	1,044	7,161
Total assets	480,717	62,210	90,942	10,677	15,958	26,353	686,857
Liabilities							
Deposits by the public	376,884	12,228	121,827	12,463	4,916	5,659	533,977
Deposits by banks	16,406	-	2,458	688	227	14	19,793
Deposits by governments	104	-	77	9	-	-	190
Securities loaned or sold under repurchase agreements	360	-	10,647	-	-	-	11,007
Bonds, promissory notes and subordinated notes	7,135	18,003	6,447	-	-	-	31,585
Liabilities for derivatives	5,519	395	8,143	386	382	8,282	23,107
Other liabilities	5,113	9,382	141	79	154	553	15,422
Total liabilities	411,521	40,008	149,740	13,625	5,679	14,508	635,081
Difference[d]	69,196	22,202	(58,798)	(2,948)	10,279	11,845	51,776
Effect of hedging derivatives:							
Derivatives (excluding options)	445	(445)	-	-	-	-	-
Effect of non-hedging derivatives:							
Derivatives (excluding options)	(40,171)	(3,233)	51,323	1,886	(10,759)	954	-
In the money options, net (according to underlying asset)	(741)	-	486	219	36	-	-
Out of the money options, net (according to underlying asset)	(1,078)	-	901	179	(2)	-	-
Grand total	27,651	18,524	(6,088)	(664)	(446)	12,799	51,776
In the money options, net (discounted nominal value)	(900)	-	609	249	42	-	-
Out of the money options, net (discounted nominal value)	(4,590)	-	3,957	630	3	-	-

(a) Including those linked to foreign currency.
(b) Including derivatives whose underlying asset relates to a non-monetary item.
(c) After deducting loan loss provisions attributed to a linkage basis, according to the linkage of the underlying credit, in the amount of NIS 5,482 million.
(d) Shareholders' equity includes non-controlling interests.

Note 14 - Assets and Liabilities by Linkage Basis (cont.)

	December 31, 2023 (audited)						
	NIS		Foreign currency[a]				
	Non-linked	CPI-linked	In USD	In EUR	Other	Non-monetary items[b]	Total
	In NIS million						
Assets							
Cash and deposits with banks	87,257	1	10,756	2,141	3,002	2,319	105,476
Securities	83,417	4,127	58,531	4,601	4,455	4,917	160,048
Securities borrowed or purchased under reverse repurchase agreements	255	-	2,797	1	-	-	3,053
Loans to the public, net[c]	314,806	60,928	24,417	5,035	9,809	4,491	419,486
Loans to governments	644	-	686	476	-	-	1,806
Investments in associates	-	-	-	-	-	4,014	4,014
Buildings and equipment	-	-	-	-	-	2,874	2,874
Assets in respect of derivatives	8,329	301	7,080	515	573	10,612	27,410
Other assets	6,247	1	2	14	77	989	7,330
Total assets	500,955	65,358	104,269	12,783	17,916	30,216	731,497
Liabilities							
Deposits by the public	406,980	11,941	124,080	12,763	5,222	6,838	567,824
Deposits by banks	12,643	-	6,454	1,503	176	-	20,776
Deposits by governments	83	-	64	13	-	-	160
Securities loaned or sold under repurchase agreements	80	-	13,696	-	-	-	13,776
Bonds, promissory notes and subordinated notes	7,648	18,106	6,360	-	-	-	32,114
Liabilities for derivatives	9,082	308	5,249	752	706	10,539	26,636
Other liabilities	5,766	9,071	130	55	178	509	15,709
Total liabilities	442,282	39,426	156,033	15,086	6,282	17,886	676,995
Difference[d]	58,673	25,932	(51,764)	(2,303)	11,634	12,330	54,502
Effect of hedging derivatives:							
Derivatives (excluding options)	752	(752)	-	-	-	-	-
Effect of non-hedging derivatives:							
Derivatives (excluding options)	(31,512)	(4,227)	44,912	1,532	(11,968)	1,263	-
In the money options, net (according to underlying asset)	(1,126)	-	1,044	128	(46)	-	-
Out of the money options, net (according to underlying asset)	(300)	-	196	99	5	-	-
Grand total	26,487	20,953	(5,612)	(544)	(375)	13,593	54,502
In the money options, net (discounted nominal value)	(1,478)	-	1,379	175	(76)	-	-
Out of the money options, net (discounted nominal value)	(1,225)	-	713	531	(19)	-	-

(a) Including those linked to foreign currency.
(b) Including derivatives whose underlying asset relates to a non-monetary item.
(c) After deducting loan loss provisions attributed to a linkage basis, according to the linkage of the underlying credit, in the amount of NIS 6,717 million.
(d) Shareholders' equity includes non-controlling interests.

Note 15A - Balances and Fair Value Estimates of Financial Instruments

	June 30, 2024 (unaudited)				
	Book balance	Fair value			
		Level 1[a]	Level 2[a]	Level 3[a]	Total
	In NIS million				
Financial assets					
Cash and deposits with banks	128,278	118,371	8,667	1,045	128,083
Securities[b]	128,573	70,069	47,872	9,054	126,995
Securities borrowed or purchased under reverse repurchase agreements	1,538	1,538	-	-	1,538
Loans to the public, net	433,799	20,816	-	409,844	430,660
Loans to governments	1,918	-	337	1,459	1,796
Assets in respect of derivatives	26,679	3,146	21,661	1,872	26,679
Other financial assets	234	26	-	208	234
Total financial assets	721,019[c]	213,966	78,537	423,482	715,985
Financial liabilities					
Deposits by the public	581,187	25,183	313,916	240,336	579,435
Deposits by banks	18,179	5,410	4,203	8,527	18,140
Deposits by governments	109	-	61	49	110
Securities loaned or sold under repurchase agreements	8,633	8,633	-	-	8,633
Bonds, promissory notes and subordinated notes	29,369	25,155	-	3,104	28,259
Liabilities for derivatives	24,156	3,292	20,761	103	24,156
Other financial liabilities	2,749	187	1,413	1,148	2,748
Total financial liabilities	664,382[c]	67,860	340,354	253,267	661,481
Off-balance-sheet financial instruments					
Transactions in which the outstanding balance embodies credit risk	436	-	-	436	436
In addition, liabilities in respect of employee benefits, net[d]	7,464	-	-	7,464	7,464

(a) Level 1 - Fair value measurements using quoted prices in an active market.
Level 2 - Fair value measurements using other significant observable inputs.
Level 3 - Fair value measurements using significant unobservable inputs.
(b) For additional information regarding the book balance and fair value of securities, please see Note 5.
(c) Of which: Assets and liabilities in the amount of NIS 194,227 million and NIS 259,012 million, respectively, the outstanding balance-sheet amount of which is equal to their fair value (instruments presented in the balance sheet at fair value) or approximates their fair value (instruments with original maturities of up to three months for which the carrying amount is used as an approximation of the fair value). For additional information on instruments measured at fair value on recurring and non-recurring bases, please see Notes 15B to 15D.
(d) The liability is presented on a net basis and takes into account plan assets managed against it.

Note 15A - Balances and Fair Value Estimates of Financial Instruments (cont.)

	June 30, 2023 (unaudited)				
	Book balance	Fair value			
		Level 1[a]	Level 2[a]	Level 3[a]	Total
	In NIS million				
Financial assets					
Cash and deposits with banks	116,678	106,725[e]	8,674	1,066[e]	116,465
Securities[b]	118,040	72,617	37,241	6,935	116,793
Securities borrowed or purchased under reverse repurchase agreements	1,278	1,278	-	-	1,278
Loans to the public, net	409,565	18,236	-	386,720	404,956
Loans to governments	1,194	-	12	1,109	1,121
Assets in respect of derivatives	26,173	3,449	19,624	3,100	26,173
Other financial assets	456	20	-	436	456
Total financial assets	673,384[c]	202,325	65,551	399,366	667,242
Financial liabilities					
Deposits by the public	533,977	25,344	316,264[e]	190,452[e]	532,060
Deposits by banks	19,793	1,951	2,676	14,652	19,279
Deposits by governments	190	-	154	33	187
Securities loaned or sold under repurchase agreements	11,007	11,007	-	-	11,007
Bonds, promissory notes and subordinated notes	31,585	29,585	-	670	30,255
Liabilities for derivatives	23,107	3,402	19,567	138	23,107
Other financial liabilities	3,224	447	1,354	1,423	3,224
Total financial liabilities	622,883[c]	71,736	340,015	207,368	619,119
Off-balance-sheet financial instruments					
Transactions in which the outstanding balance embodies credit risk	407	-	-	407	407
In addition, liabilities in respect of employee benefits, net[d]	9,144	-	-	9,144	9,144

(a) Level 1 - Fair value measurements using quoted prices in an active market.
Level 2 - Fair value measurements using other significant observable inputs.
Level 3 - Fair value measurements using significant unobservable inputs.

(b) For additional information regarding the book balance and fair value of securities, please see Note 5.

(c) Of which: Assets and liabilities in the amount of NIS 185,467 million and NIS 242,220 million, respectively, the outstanding balance-sheet amount of which is equal to their fair value (instruments presented in the balance sheet at fair value) or approximates their fair value (instruments with original maturities of up to three months for which the carrying amount is used as an approximation of the fair value). For additional information on instruments measured at fair value on recurring and non-recurring bases, please see Notes 15B to 15D.

(d) The liability is presented on a net basis and takes into account plan assets managed against it.

(e) Restated without discounting derived from the current account rescheduling model.

Note 15A - Balances and Fair Value Estimates of Financial Instruments (cont.)

	December 31, 2023 (audited)				
	Book balance	Fair value			
		Level 1[(a)]	Level 2[(a)]	Level 3[(a)]	Total
	In NIS million				
Financial assets					
Cash and deposits with banks	105,476	90,270[(e)]	14,004	1,022[(e)]	105,296
Securities[(b)]	160,048	111,365	39,465	8,067	158,897
Securities borrowed or purchased under reverse repurchase agreements	3,053	3,053	-	-	3,053
Loans to the public, net	419,486	21,610	-	394,830	416,440
Loans to governments	1,806	-	472	1,263	1,735
Assets in respect of derivatives	27,410	5,747	18,803	2,860	27,410
Other financial assets	350	25	-	325	350
Total financial assets	717,629[(c)]	232,070	72,744	408,367	713,181
Financial liabilities					
Deposits by the public	567,824	24,491	325,507[(e)]	216,662[(e)]	566,660
Deposits by banks	20,776	5,758	4,174	10,629	20,561
Deposits by governments	160	-	109	49	158
Securities loaned or sold under repurchase agreements	13,776	13,776	-	-	13,776
Bonds, promissory notes and subordinated notes	32,114	30,117	-	911	31,028
Liabilities for derivatives	26,636	5,811	20,696	129	26,636
Other financial liabilities	3,072	175	1,289	1,607	3,071
Total financial liabilities	664,358[(c)]	80,128	351,775	229,987	661,890
Off-balance-sheet financial instruments					
Transactions in which the outstanding balance embodies credit risk	346	-	-	346	346
In addition, liabilities in respect of employee benefits, net[(d)]	8,715	-	-	8,715	8,715

(a) Level 1 - Fair value measurements using quoted prices in an active market.
Level 2 - Fair value measurements using other significant observable inputs.
Level 3 - Fair value measurements using significant unobservable inputs.

(b) For additional information regarding the book balance and fair value of securities, please see Note 5.

(c) Of which: Assets and liabilities in the amount of NIS 235,596 million and NIS 271,375 million, respectively, the outstanding balance-sheet amount of which is equal to their fair value (instruments presented in the balance sheet at fair value) or approximates their fair value (instruments with original maturities of up to three months for which the carrying amount is used as an approximation of the fair value). For additional information on instruments measured at fair value on recurring and non-recurring bases, please see Notes 15B to 15D.

(d) The liability is presented on a net basis and takes into account plan assets managed against it.

(e) Restated without discounting derived from the current account rescheduling model.

Note 15B - Items Measured at Fair Value

A. Items Measured at Fair Value on a Recurring Basis

	June 30, 2024 (unaudited)			
	Fair value measurements using			
	Prices quoted on an active market (Level 1)	In other significant observable inputs (Level 2)	In significant unobservable inputs (Level 3)	Total fair value
	In NIS million			
Assets				
Available-for-sale bonds:				
Government of Israel bonds	41,307	9,319	26	50,652
Foreign governments bonds	14,703	6,449	-	21,152
Bonds of Israeli financial institutions	164	-	-	164
Bonds of foreign financial institutions	-	8,910	-	8,910
Asset-backed (ABSs) or mortgage-backed (MBSs) bonds	-	6,373	5,262	11,635
Other Israeli bonds	638	179	-	817
Other foreign bonds	-	4,707	-	4,707
Total available-for-sale bonds	56,812	35,937	5,288	98,037
Not held for-trading equity securities and mutual funds:				
Not held for-trading equity securities and mutual funds	2,241	-	-	2,241
Held-for-trading securities:				
Government of Israel bonds	5,957	-	-	5,957
Foreign governments bonds	151	-	-	151
Bonds of Israeli financial institutions	288	-	-	288
Bonds of foreign financial institutions	-	249	-	249
Asset-backed (ABSs) or mortgage-backed (MBSs) bonds	-	20	1	21
Other Israeli bonds	246	-	-	246
Other foreign bonds	-	375	-	375
Equity securities and mutual funds	3	-	-	3
Total held-for-trading securities	6,645	644	1	7,290
Assets in respect of derivatives:				
NIS-CPI contracts	-	89	263	352
Interest rate contracts	100	9,369	104	9,573
Foreign exchange contracts	-	3,803	1,281	5,084
Stock contracts	2,291	8,379	224	10,894
Commodity- and other contracts	272	21	-	293
MAOF (Israeli financial instruments and futures) market activity	483	-	-	483
Total underlying assets for derivatives	3,146	21,661	1,872	26,679
Other:				
Credit and deposits for loaned securities	14,699	-	-	14,699
Securities borrowed or purchased under reverse repurchase agreements	1,538	-	-	1,538
Other	23	-	-	23
Other - total	16,260	-	-	16,260
Total assets	85,104	58,242	7,161	150,507

Note 15B - Items Measured at Fair Value (cont.)

A. Items Measured at Fair Value on a Recurring Basis (cont.)

	June 30, 2024 (unaudited)			
	Fair value measurements using			
	Prices quoted on an active market (Level 1)	In other significant observable inputs (Level 2)	In significant unobservable inputs (Level 3)	Total fair value
	In NIS million			
Liabilities				
Liabilities for derivatives:				
NIS-CPI contracts	-	243	90	333
Interest rate contracts	122	8,159	-	8,281
Foreign exchange contracts	-	3,837	6	3,843
Stock contracts	2,420	8,501	7	10,928
Commodity- and other contracts	272	21	-	293
MAOF (Israeli financial instruments and futures) market activity	478	-	-	478
Total liabilities in respect of derivatives	3,292	20,761	103	24,156
Other:				
Deposits in respect of loaned securities	13,739	19	-	13,758
Securities loaned or sold under repurchase agreements	8,633	-	-	8,633
Credit-linked notes (CLNs)	-	-	2,609	2,609
Other	187	-	-	187
Other - total	22,559	19	2,609	25,187
Total liabilities	25,851	20,780	2,712	49,343

Note 15B - Items Measured at Fair Value (cont.)

A. Items Measured at Fair Value on a Recurring Basis (cont.)

	June 30, 2023 (unaudited)			
	Fair value measurements using			
	Prices quoted on an active market (Level 1)	In other significant observable inputs (Level 2)	In significant unobservable inputs (Level 3)	Total fair value
	In NIS million			
Assets				
Available-for-sale bonds:				
Government of Israel bonds	45,287	5,202	26	50,515
Foreign governments bonds	12,833	3,521	-	16,354
Bonds of Israeli financial institutions	47	-	-	47
Bonds of foreign financial institutions	-	9,142	-	9,142
Asset-backed (ABSs) or mortgage-backed (MBSs) bonds	-	5,514	4,356	9,870
Other Israeli bonds	531	156	-	687
Other foreign bonds	-	4,688	-	4,688
Total available-for-sale bonds	58,698	28,223	4,382	91,303
Not held for-trading equity securities and mutual funds:				
Not held for-trading equity securities and mutual funds	1,813	-	-	1,813
Held-for-trading securities:				
Government of Israel bonds	6,262	-	-	6,262
Foreign governments bonds	184	-	-	184
Bonds of Israeli financial institutions	519	-	-	519
Bonds of foreign financial institutions	-	16	-	16
Asset-backed (ABSs) or mortgage-backed (MBSs) bonds	-	22	6	28
Other Israeli bonds	227	-	-	227
Other foreign bonds	-	66	-	66
Equity securities and mutual funds	21	-	-	21
Total held-for-trading securities	7,213	104	6	7,323
Assets in respect of derivatives:				
NIS-CPI contracts	-	159	190	349
Interest rate contracts	79	9,174	88	9,341
Foreign exchange contracts	-	5,013	2,512	7,525
Stock contracts	2,466	5,258	305	8,029
Commodity- and other contracts	502	20	5	527
MAOF (Israeli financial instruments and futures) market activity	402	-	-	402
Total underlying assets for derivatives	3,449	19,624	3,100	26,173
Other:				
Credit and deposits for loaned securities	13,197	-	-	13,197
Securities borrowed or purchased under reverse repurchase agreements	1,278	-	-	1,278
Other	17	-	-	17
Other - total	14,492	-	-	14,492
Total assets	85,665	47,951	7,488	141,104

Note 15B - Items Measured at Fair Value (cont.)

A. Items Measured at Fair Value on a Recurring Basis (cont.)

	June 30, 2023 (unaudited)			
	Fair value measurements using			
	Prices quoted on an active market (Level 1)	In other significant observable inputs (Level 2)	In significant unobservable inputs (Level 3)	Total fair value
	In NIS million			
Liabilities				
Liabilities for derivatives:				
NIS-CPI contracts	-	287	109	396
Interest rate contracts	49	8,687	-	8,736
Foreign exchange contracts	-	5,272	22	5,294
Stock contracts	2,448	5,298	7	7,753
Commodity- and other contracts	503	23	-	526
MAOF (Israeli financial instruments and futures) market activity	402	-	-	402
Total liabilities in respect of derivatives	3,402	19,567	138	23,107
Other:				
Deposits in respect of loaned securities	14,037	16	-	14,053
Securities loaned or sold under repurchase agreements	11,007	-	-	11,007
Other	447	-	-	447
Other - total	25,491	16	-	25,507
Total liabilities	28,893	19,583	138	48,614

Note 15B - Items Measured at Fair Value (cont.)

A. Items Measured at Fair Value on a Recurring Basis (cont.)

	December 31, 2023 (audited)			
	Fair value measurements using			
	Prices quoted on an active market (Level 1)	In other significant observable inputs (Level 2)	In significant unobservable inputs (Level 3)	Total fair value
	In NIS million			
Assets				
Available-for-sale bonds:				
Government of Israel bonds	68,202	6,660	26	74,888
Foreign governments bonds	21,896	5,020	-	26,916
Bonds of Israeli financial institutions	45	-	-	45
Bonds of foreign financial institutions	-	8,882	-	8,882
Asset-backed (ABSs) or mortgage-backed (MBSs) bonds	-	5,062	4,889	9,951
Other Israeli bonds	672	151	-	823
Other foreign bonds	-	4,632	-	4,632
Total available-for-sale bonds	90,815	30,407	4,915	126,137
Not held for-trading equity securities and mutual funds:				
Not held for-trading equity securities and mutual funds	2,011	-	-	2,011
Held-for-trading securities:				
Government of Israel bonds	12,905	-	-	12,905
Bonds of Israeli financial institutions	436	-	-	436
Bonds of foreign financial institutions	-	26	-	26
Asset-backed (ABSs) or mortgage-backed (MBSs) bonds	-	20	5	25
Other Israeli bonds	159	-	-	159
Other foreign bonds	-	35	2	37
Equity securities and mutual funds	89	-	-	89
Total held-for-trading securities	13,589	81	7	13,677
Assets in respect of derivatives:				
NIS-CPI contracts	-	136	200	336
Interest rate contracts	1,080	8,164	118	9,362
Foreign exchange contracts	-	4,355	2,363	6,718
Stock contracts	4,050	6,128	179	10,357
Commodity- and other contracts	180	20	-	200
MAOF (Israeli financial instruments and futures) market activity	437	-	-	437
Total underlying assets for derivatives	5,747	18,803	2,860	27,410
Other:				
Credit and deposits for loaned securities	14,149	-	-	14,149
Securities borrowed or purchased under reverse repurchase agreements	3,053	-	-	3,053
Other	22	-	-	22
Other - total	17,224	-	-	17,224
Total assets	129,386	49,291	7,782	186,459

Note 15B - Items Measured at Fair Value (cont.)

A. Items Measured at Fair Value on a Recurring Basis (cont.)

	December 31, 2023 (audited)			
	Fair value measurements using			
	Prices quoted on an active market (Level 1)	In other significant observable inputs (Level 2)	In significant unobservable inputs (Level 3)	Total fair value
	In NIS million			
Liabilities				
Liabilities for derivatives:				
NIS-CPI contracts	-	212	116	328
Interest rate contracts	1,165	7,207	-	8,372
Foreign exchange contracts	-	7,020	6	7,026
Stock contracts	4,030	6,237	7	10,274
Commodity- and other contracts	179	20	-	199
MAOF (Israeli financial instruments and futures) market activity	437	-	-	437
Total liabilities in respect of derivatives	5,811	20,696	129	26,636
Other:				
Deposits in respect of loaned securities	13,682	17	-	13,699
Securities loaned or sold under repurchase agreements	13,776	-	-	13,776
Credit-linked notes (CLNs)	-	-	419	419
Other	175	-	-	175
Other - total	27,633	17	419	28,069
Total liabilities	33,444	20,713	548	54,705

Note 15B - Items Measured at Fair Value (cont.)

B. Items Measured at Fair Value on a Non-Recurring Basis

	June 30, 2024 (unaudited)				
	Fair value measurements using				
	Prices quoted on an active market (Level 1)	In other significant observable inputs (Level 2)	In significant unobservable inputs (Level 3)	Total fair value	Total profit (loss) from changes in value during the period
	In NIS million				
Collateral-dependent non-performing credit	-	-	368	368	89
Total	-	-	368	368	89

	June 30, 2023 (unaudited)				
	Fair value measurements using				
	Prices quoted on an active market (Level 1)	In other significant observable inputs (Level 2)	In significant unobservable inputs (Level 3)	Total fair value	Total profit (loss) from changes in value during the period
	In NIS million				
Collateral-dependent non-performing credit	-	-	99	99	19
Total	-	-	99	99	19

	December 31, 2023 (audited)				
	Fair value measurements using				
	Prices quoted on an active market (Level 1)	In other significant observable inputs (Level 2)	In significant unobservable inputs (Level 3)	Total fair value	Total profit (loss) from changes in value during the period
	In NIS million				
Collateral-dependent non-performing credit	-	-	782	782	(127)
Total	-	-	782	782	(127)

Note 15C - Changes in items Measured at Fair Value on a Recurring Basis Included in Level 3

	For the three months ended June 30, 2024 (unaudited)										
	Fair value as at the beginning of the period	Realized/ unrealized gains (losses), net, including: In the income statement[(a)]	In other comprehensive income[(b)]	Purchases and issuances	Sales	Discharges	Adjustments from translation of financial statements	Transfers to Level 3[(c)]	Transfers from Level 3[(c)]	Fair value as at June 30, 2024	Unrealized gain (losses) in respect of instruments held as at June 30, 2024
	In NIS million										
Assets											
Available-for-sale bonds:											
Israeli Government	26	-	-	-	-	-	-	-	-	26	-
MBS/ABS	4,996	64	(6)	417	-	(269)	-	-	60	5,262	(5)
Total available-for-sale bonds	5,022	64	(6)	417	-	(269)	-	-	60	5,288	(5)
Held-for-trading bonds:											
MBS/ABS	1	-	-	-	-	-	-	-	-	1	-
Total held-for-trading bonds	1	-	-	-	-	-	-	-	-	1	-
Assets in respect of derivatives:											
NIS-CPI contracts	222	21	-	-	-	-	-	20	-	263	31
Interest rate contracts	119	70	-	-	-	(85)	-	-	-	104	32
Foreign exchange contracts	972	249	-	60	-	-	-	-	-	1,281	725
Stock contracts	257	(33)	-	-	-	-	-	-	-	224	(8)
Total underlying assets for derivatives	1,570	307	-	60	-	(85)	-	20	-	1,872	780
Total assets	6,593	371	(6)	477	-	(354)	-	20	60	7,161	775
Liabilities											
Liabilities for derivatives:											
NIS-CPI contracts	93	(23)	-	-	-	-	-	20	-	90	25
Foreign exchange contracts	5	1	-	-	-	-	-	-	-	6	-
Stock contracts	7	-	-	-	-	-	-	-	-	7	-
Total liabilities in respect of derivatives	105	(22)	-	-	-	-	-	20	-	103	25
Other - total	374	(2)	(3)	2,298	-	(58)	-	-	-	2,609	(6)
Total liabilities	479	(24)	(3)	2,298	-	(58)	-	20	-	2,712	19

(a) Net realized gains (losses) reported in the income statement under the noninterest finance income line item.

(b) Unrealized gains included in the Statement of Changes in Equity under accumulated other comprehensive income (loss). The balance of unrealized other comprehensive income (loss) in respect of available-for-sale bonds as of June 30, 2024, amounted to NIS (5) million.

(c) Transfers from Level 2 to Level 3 – forward CPI contracts for a period of more than one year were transferred when at the date of the financial statements the term to maturity was less than one year.

Note 15C - Changes in items Measured at Fair Value on a Recurring Basis Included in Level 3 (cont.)

For the three months ended June 30, 2023 (unaudited)

	Fair value as at the beginning of the period	Realized/unrealized gains (losses), net, including: In the income statement[(a)]	In other comprehensive income[(b)]	Purchases and issuances	Sales	Discharges	Adjustments from translation of financial statements	Transfers to Level 3[(c)]	Transfers from Level 3[(c)]	Fair value as at June 30, 2023	Unrealized gain (losses) in respect of instruments held as at June 30, 2023
	In NIS million										
Assets											
Available-for-sale bonds:											
Israeli Government	26	2	(2)	-	-	-	-	-	-	26	(2)
MBS/ABS	3,987	93	31	407	-	(56)	-	-	(106)	4,356	32
Total available-for-sale bonds	4,013	95	29	407	-	(56)	-	-	(106)	4,382	30
Held-for-trading bonds:											
MBS/ABS	10	-	-	-	-	(4)	-	-	-	6	-
Total held-for-trading bonds	10	-	-	-	-	(4)	-	-	-	6	-
Assets in respect of derivatives:											
NIS-CPI contracts	204	(15)	-	-	-	-	-	1	-	190	(3)
Interest rate contracts	88	38	-	-	-	(38)	-	-	-	88	3
Foreign exchange contracts	2,639	(193)	-	66	-	-	-	-	-	2,512	1,307
Stock contracts	446	(141)	-	-	-	-	-	-	-	305	(76)
Commodity- and other contracts	1	4	-	-	-	-	-	-	-	5	4
Total underlying assets for derivatives	3,378	(307)	-	66	-	(38)	-	1	-	3,100	1,235
Total assets	7,401	(212)	29	473	-	(98)	-	1	(106)	7,488	1,265
Liabilities											
Liabilities for derivatives:											
NIS-CPI contracts	152	(76)	-	-	-	-	-	33	-	109	37
Foreign exchange contracts	1	21	-	-	-	-	-	-	-	22	-
Stock contracts	7	-	-	-	-	-	-	-	-	7	-
Total liabilities in respect of derivatives	160	(55)	-	-	-	-	-	33	-	138	37
Total liabilities	160	(55)	-	-	-	-	-	33	-	138	37

(a) Net realized gains (losses) reported in the income statement under the noninterest finance income line item.
(b) Unrealized gains included in the Statement of Changes in Equity under accumulated other comprehensive income (loss). The balance of unrealized other comprehensive income (loss) in respect of available-for-sale bonds as of June 30, 2023, amounted to NIS 30 million.
(c) Transfers from Level 2 to Level 3 – forward CPI contracts for a period of more than one year were transferred when at the date of the financial statements the term to maturity was less than one year.

Note 15C - Changes in Items Measured at Fair Value on a Recurring Basis Included in Level 3 (cont.)

For the six months ended June 30, 2024 (unaudited)

	Fair value as at the beginning of the year	Realized/unrealized gains (losses), net, including: In the income statement[a]	In other comprehensive income[b]	Purchases and issuances	Sales	Discharges	Adjustments from translation of financial statements	Transfers to Level 3[c]	Transfers from Level 3[c]	Fair value as at June 30, 2024	Unrealized gain (losses) in respect of instruments held as at June 30, 2024
	In NIS million										
Assets											
Available-for-sale bonds:											
Israeli Government	26	-	-	-	-	-	-	-	-	26	(1)
MBS/ABS	4,889	111	(7)	654	-	(377)	-	-	(8)	5,262	(8)
Total available-for-sale bonds	4,915	111	(7)	654	-	(377)	-	-	(8)	5,288	(9)
Held-for-trading bonds:											
MBS/ABS	5	-	-	-	-	(4)	-	-	-	1	-
Other - foreign	2	-	-	-	(2)	-	-	-	-	-	-
Total held-for-trading bonds	7	-	-	-	(2)	(4)	-	-	-	1	-
Assets in respect of derivatives:											
NIS-CPI contracts	200	21	-	-	-	-	-	42	-	263	67
Interest rate contracts	118	518	-	-	-	(532)	-	-	-	104	24
Foreign exchange contracts	2,363	(3,152)	-	2,070	-	-	-	-	-	1,281	846
Stock contracts	179	45	-	-	-	-	-	-	-	224	117
Total underlying assets for derivatives	2,860	(2,568)	-	2,070	-	(532)	-	42	-	1,872	1,054
Total assets	7,782	(2,457)	(7)	2,724	(2)	(913)	-	42	(8)	7,161	1,045
Liabilities											
Liabilities for derivatives:											
NIS-CPI contracts	116	(54)	-	-	-	-	-	28	-	90	15
Foreign exchange contracts	6	-	-	-	-	-	-	-	-	6	-
Stock contracts	7	-	-	-	-	-	-	-	-	7	-
Total liabilities in respect of derivatives	129	(54)	-	-	-	-	-	28	-	103	15
Other - total	419	(2)	(3)	2,298	-	(103)	-	-	-	2,609	(5)
Total liabilities	548	(56)	(3)	2,298	-	(103)	-	28	-	2,712	10

(a) Net realized gains (losses) reported in the income statement under the noninterest finance income line item.

(b) Unrealized gains (losses) included in "Statement of Changes in Equity" under "Accumulated other comprehensive income (loss)". The balance of unrealized other comprehensive income (loss) in respect of available-for-sale bonds as of June 30, 2024, amounted to NIS (9) million.

(c) Transfers from Level 2 to Level 3 – forward CPI contracts for a period of more than one year were transferred when at the date of the financial statements the term to maturity was less than one year.

Note 15C - Changes in items Measured at Fair Value on a Recurring Basis Included in Level 3 (cont.)

For the six months ended June 30, 2023 (unaudited)

	Fair value as at the beginning of year	Realized/unrealized gains (losses), net, including: In the income statement[a]	Realized/unrealized gains (losses), net, including: In other comprehensive income[b]	Purchases and issuances	Sales	Discharges	Adjustments from translation of financial statements	Transfers to Level 3[c]	Transfers from Level 3[c]	Fair value as at June 30, 2023	Unrealized gain (losses) in respect of instruments held as at June 30, 2023
	In NIS million										
Assets											
Available-for-sale bonds:											
Israeli Government	24	3	(1)	-	-	-	-	-	-	26	(1)
MBS/ABS	4,059	212	51	597	-	(111)	-	-	(452)	4,356	50
Total available-for-sale bonds	4,083	215	50	597	-	(111)	-	-	(452)	4,382	49
Held-for-trading bonds:											
MBS/ABS	10	-	-	-	-	(4)	-	-	-	6	-
Other - foreign	2	-	-	-	-	(2)	-	-	-	-	-
Total held-for-trading bonds	12	-	-	-	-	(6)	-	-	-	6	-
Assets in respect of derivatives:											
NIS-CPI contracts	153	19	-	-	-	-	-	18	-	190	57
Interest rate contracts	77	379	-	-	-	(368)	-	-	-	88	17
Foreign exchange contracts	1,823	(1,101)	-	1,790	-	-	-	-	-	2,512	2,087
Stock contracts	1,715	(1,410)	-	-	-	-	-	-	-	305	(206)
Commodity- and other contracts	4	1	-	-	-	-	-	-	-	5	2
Total underlying assets for derivatives	3,772	(2,112)	-	1,790	-	(368)	-	18	-	3,100	1,957
Total assets	7,867	(1,897)	50	2,387	-	(485)	-	18	(452)	7,488	2,006
Liabilities											
Liabilities for derivatives:											
NIS-CPI contracts	148	(102)	-	-	-	-	-	63	-	109	30
Foreign exchange contracts	4	18	-	-	-	-	-	-	-	22	-
Stock contracts	7	-	-	-	-	-	-	-	-	7	-
Total liabilities in respect of derivatives	159	(84)	-	-	-	-	-	63	-	138	30
Other - total	-	-	-	-	-	-	-	-	-	-	1
Total liabilities	159	(84)	-	-	-	-	-	63	-	138	31

(a) Net realized gains (losses) reported in the income statement under the noninterest finance income line item.

(b) Unrealized gains (losses) included in "Statement of Changes in Equity" under "Accumulated other comprehensive income (loss)". The balance of unrealized other comprehensive income (loss) in respect of available-for-sale bonds as of June 30, 2023, amounted to NIS 49 million.

(c) Transfers from Level 2 to Level 3 – forward CPI contracts for a period of more than one year were transferred when at the date of the financial statements the term to maturity was less than one year.

Note 15C - Changes in items Measured at Fair Value on a Recurring Basis Included in Level 3 (cont.)

For the year ended December 31, 2023 (audited)

	Fair value as at the beginning of year	Realized/unrealized gains (losses), net, including: In the income statement[a]	In other comprehensive income[b]	Purchases and issuances	Sales	Discharges	Adjustments from translation of financial statements	Transfers to Level 3[c]	Transfers from level 3[c]	Fair value as at December 31, 2023	Unrealized gains (losses) for instruments held as at December 31, 2023
	In NIS million										
Assets											
Available-for-sale bonds:											
Israeli Government	24	2	-	-	-	-	-	-	-	26	-
MBS/ABS	4,059	84	84	881	-	(393)	-	174	-	4,889	83
Total available-for-sale bonds	4,083	86	84	881	-	(393)	-	174	-	4,915	83
Held-for-trading bonds:											
MBS/ABS	10	-	-	-	-	(5)	-	-	-	5	-
Other - foreign	2	-	-	-	-	(2)	-	2	-	2	-
Total held-for-trading bonds	12	-	-	-	-	(7)	-	2	-	7	-
Assets in respect of derivatives:											
NIS-CPI contracts	153	(1)	-	-	-	-	-	48	-	200	75
Interest rate contracts	77	475	-	-	-	(434)	-	-	-	118	58
Foreign exchange contracts	1,823	(1,413)	-	1,953	-	-	-	-	-	2,363	2,131
Stock contracts	1,715	(1,536)	-	-	-	-	-	-	-	179	160
Commodity- and other contracts	4	(4)	-	-	-	-	-	-	-	-	-
Total underlying assets for derivatives	3,772	(2,479)	-	1,953	-	(434)	-	48	-	2,860	2,424
Total assets	7,867	(2,393)	84	2,834	-	(834)	-	224	-	7,782	2,507
Liabilities											
Liabilities for derivatives:											
NIS-CPI contracts	148	(145)	-	-	-	-	-	113	-	116	26
Foreign exchange contracts	4	2	-	-	-	-	-	-	-	6	-
Stock contracts	7	-	-	-	-	-	-	-	-	7	-
Total liabilities in respect of derivatives	159	(143)	-	-	-	-	-	113	-	129	26
Other - total	-	-	-	500	-	(81)	-	-	-	419	-
Total liabilities	159	(143)	-	500	-	(81)	-	113	-	548	26

(a) Net realized gains (losses) reported in the income statement under the noninterest finance income line item.

(b) Unrealized gains (losses) included in "Statement of Changes in Equity" under "Accumulated other comprehensive income (loss)". The balance of unrealized other comprehensive income (loss) including in respect of available-for-sale bonds as at December 31, 2023, amounted to NIS 83 million.

(c) Transfers from Level 2 to Level 3 – forward CPI contracts for a period of more than one year were transferred when at the date of the financial statements the term to maturity was less than one year.

Note 15D - Quantitative Information on Items Measured at Fair Value Included in Level 3

Quantitative Information on Fair Value Measurement in Level 3

	June 30, 2024 (unaudited)				
	Fair value	Valuation technique	Unobservable inputs	Range	Average[3]
	In NIS million				
a. Items measured at fair value on a recurring basis					
Assets					
Available-for-sale bonds[1]					
Government of Israel bonds	**26**	Discounted cash flows	Spread	205 bp	205 bp
			Probability of default	1.68%	1.68%
			% of loss	25%	25%
Asset-backed (ABSs) or mortgage-backed (MBSs) bonds	**5,262**	Discounted cash flows	Spread	200-280 bp	240bp
			Probability of default	2%-3.8%	2.90%
			Early repayment rate	20%	20%
			% of loss	30%	30%
Held-for-trading securities[1]					
Asset-backed (ABSs) or mortgage-backed (MBSs) bonds	**1**	Discounted cash flows	Spread	200-280 bp	240bp
			Probability of default	2%-3.8%	2.90%
			Early repayment rate	20%	20%
			% of loss	30%	30%
Assets for derivatives[2]					
NIS-CPI interest contracts	**263**	Discounted cash flows	Expected inflation	0.19%-2.91%	1.55%
	-	Discounted cash flows	Counterparty risk	0.18%-100%(*)	0.76%
Interest rate contracts	**104**	Discounted cash flows	Counterparty risk	0.18%-100%(*)	0.76%
Foreign exchange contracts	**1,281**	Discounted cash flows	Counterparty risk	0.18%-100%(*)	0.76%
Stock contracts	**224**	Discounted cash flows	Counterparty risk	0.18%-100%(*)	0.76%
Liabilities					
Liabilities for derivatives[2]					
NIS-CPI interest contracts	**90**	Discounted cash flows	Expected inflation	0.19%-2.91%	1.55%
Foreign exchange contracts	**6**	Discounted cash flows	Expected inflation	0.19%-2.91%	1.55%
Stock contracts	**7**	Discounted cash flows	Counterparty risk	0.18%-100%	0.76%
Other liabilities	**338**	Discounted cash flows	Probability of default	3.67%-4.31%	4.36%
			Effective average duration in years	0.29-0.64	0.482
	773	Discounted cash flows	Probability of default	3.67%-4.98%	4.53%
			Effective average duration in years	0.80-1.73	1.439
	572	Discounted cash flows	Probability of default	3.67%-4.98%	4.65%
			Effective average duration in years	4.51	4.51
	151	Discounted cash flows	Probability of default	3.67%-4.98%	4.35%
			Effective average duration in years	1.39	1.39
	234	Discounted cash flows	Probability of default	3.67%-4.98%	4.63%
			Effective average duration in years	2.63	2.63
	541	Discounted cash flows	Probability of default	3.67%-4.98%	4.37%
			Effective average duration in years	1.59	1.59
b. Items measured at fair value on a non-recurring basis					
Collateral-dependent non-performing credit	**368**	Collateral's fair value			

* For a defaulted counterparty.

Please see comments below.

Note 15D - Quantitative Information on Items Measured at Fair Value Included in Level 3 (cont.)

Quantitative Information on Fair Value Measurement in Level 3 (cont.)

	June 30, 2023 (unaudited)				
	Fair value	Valuation technique	Unobservable inputs	Range	Average[3]
	In NIS million				
a. Items measured at fair value on a recurring basis					
Assets					
Available-for-sale bonds[1]					
Government of Israel bonds	26	Discounted cash flows	Spread	205 bp	205 bp
			Probability of default	1.68%	1.68%
			% of loss	25%	25%
Asset-backed (ABSs) or mortgage-backed (MBSs) bonds	4,356	Discounted cash flows	Spread	200-280 bp	240bp
			Probability of default	2%-3.8%	2.90%
			Early repayment rate	20%	20%
			% of loss	30%	30%
Held-for-trading securities[1]					
Asset-backed (ABSs) or mortgage-backed (MBSs) bonds	6	Discounted cash flows	Spread	200-280 bp	240bp
			Probability of default	2%-3.8%	2.90%
			Early repayment rate	20%	20%
			% of loss	30%	30%
Assets for derivatives[2]					
NIS-CPI interest contracts	186	Discounted cash flows	Expected inflation	0.45%-2.80%	1.63%
	4	Discounted cash flows	Counterparty risk	0.22%-100%[*]	1.60%
Interest rate contracts	88	Discounted cash flows	Counterparty risk	0.22%-100%[*]	1.60%
Foreign exchange contracts	2,512	Discounted cash flows	Counterparty risk	0.22%-100%[*]	1.60%
Stock contracts	305	Discounted cash flows	Counterparty risk	0.22%-100%[*]	1.60%
Commodity contracts	5	Discounted cash flows	Counterparty risk	0.22%-100%[*]	1.60%
Liabilities					
Liabilities for derivatives[2]					
NIS-CPI interest contracts	109	Discounted cash flows	Expected inflation	0.45%-2.80%	1.63%
Foreign exchange contracts	22	Discounted cash flows	Expected inflation	0.45%-2.80%	1.63%
Stock contracts	7	Discounted cash flows	Counterparty risk	0.22%-100%	1.60%
b. Items measured at fair value on a non-recurring basis					
Collateral-dependent non-performing credit	99	Collateral's fair value			

* For a defaulted counterparty.

Please see comments below.

Note 15D - Quantitative Information on Items Measured at Fair Value Included in Level 3 (cont.)

Quantitative Information on Fair Value Measurement in Level 3 (cont.)

	December 31, 2023 (audited)				
	Fair value	Valuation technique	Unobservable inputs	Range	Average[3]
	In NIS million				
a. Items measured at fair value on a recurring basis					
Assets					
Available-for-sale bonds[1]					
Government of Israel bonds	26	Discounted cash flows	Spread	205 bp	205 bp
			Probability of default	1.68%	1.68%
			% of loss	25%	25%
Asset-backed (ABSs) or mortgage-backed (MBSs) bonds	4,889	Discounted cash flows	Spread	200-280 bp	240bp
			Probability of default	2%-3.8%	2.90%
			Early repayment rate	20%	20%
			% of loss	30%	30%
Held-for-trading securities[1]					
Asset-backed (ABSs) or mortgage-backed (MBSs) bonds	5	Discounted cash flows	Spread	200-280 bp	240bp
			Probability of default	2%-3.8%	2.90%
			Early repayment rate	20%	20%
			% of loss	30%	30%
Other - foreign	2	Discounted cash flows	Spread	105-210 bp	158 bp
			Probability of default	1.1%-1.8%	1.45%
			% of loss	30%	30%
Assets for derivatives[2]					
NIS-CPI interest contracts	198	Discounted cash flows	Expected inflation	0.03%-2.33%	1.18%
	2	Discounted cash flows	Counterparty risk	0.26%-100%(*)	1.40%
Interest rate contracts	118	Discounted cash flows	Counterparty risk	0.26%-100%(*)	1.40%
Foreign exchange contracts	2,363	Discounted cash flows	Counterparty risk	0.26%-100%(*)	1.40%
Stock contracts	179	Discounted cash flows	Counterparty risk	0.26%-100%(*)	1.40%
Liabilities					
Liabilities for derivatives[2]					
NIS-CPI interest contracts	116	Discounted cash flows	Expected inflation	0.03%-2.33%	1.18%
Foreign exchange contracts	6	Discounted cash flows	Expected inflation	0.03%-2.33%	1.18%
Stock contracts	7	Discounted cash flows	Counterparty risk	0.26%-100%	1.40%
Other liabilities	419	Discounted cash flows	Probability of default	4.08%-5.49%	4.70%
			Effective average duration in years	0.54-1.00	0.72
b. Items measured at fair value on a non-recurring basis					
Collateral-dependent non-performing credit	782	Collateral's fair value			

* For a defaulted counterparty.

Please see comments below.

Note 15D - Quantitative Information on Items Measured at Fair Value Included in Level 3 (cont.)

Quantitative Information on Fair Value Measurement in Level 3 (cont.)

Comments:

(1) The following unobservable inputs were used to measure the fair value of asset-backed or mortgage-backed securities: Spread, probability of default, early repayment rate, and severity of loss in the event of a default.
A significant increase/decrease in the unobservable inputs will be reflected in a significantly lower/higher fair value, respectively.

(2) The following unobservable inputs were used to measure the derivatives' fair value: counterparty credit risk and expected inflation rate. The higher/lower a counterparty's credit risk, the lower/higher the contract's fair value, respectively.
A change in the expected inflation rate will affect the contracts' fair value in accordance with the Bank's CPI-linked position on these contracts. The higher (lower) the expected inflation rate with the Bank committed to paying the CPI-linked amount, the lower (higher) the contracts' fair value, respectively. If the forecast inflation increases (decreases) and the counterparty to the transaction is committed to paying the Bank the CPI-linked amount, the fair value of the transactions will increase (decrease).

(3) The average figure for the unobservable input "counterparty risk" reflects a weighted average. The weighted average was calculated based on the relative fair value of the exposures.

Note 16 - Miscellaneous Topics and Events after the Balance Sheet Date

A. The Iron Swords War

As of October 7, 2023, Israel has been fighting the Iron Swords War.

The economic indicators for the second quarter of 2024 indicate a continuing recovery in the state of the economy. In the job market, the demand for workers has stabilized against the backdrop of the recovery in the first quarter of the year and thereafter. In first half of 2024, the demand for workers was evident in a wide variety of industries, including the construction, commerce and service industries. At the same time, wages continued to rise and the unemployment rate continued to decline.

Looking ahead, economic activity is expected to be led by local demand, investments in fixed assets, strengthened security and private consumption. Geopolitical risks remained very high on the back of the possibility of greater escalation on additional fronts, including a direct confrontation with Iran, and due to the risks associated with the sentiment towards Israel in international financial markets and in the global market.

The degree of risk to the Israeli economy has increased during 2023 and has further risen due to the outbreak of the Iron Swords War and developments since then, in 2024 as well.

On the back of the War and its immediate and long-term ramifications on Israel's economic activity and Israel's fiscal situation, the three major rating agencies reacted by downgrading the ratings and/or rating outlook.

Moody's reiterated Israel's rating in May 2024 at a level of A2, with a negative outlook. In August 2024, Fitch downgraded the State of Israel's rating to A, maintaining the negative rating outlook. S&P downgraded Israel's credit rating to A+ with a negative rating outlook. These moves led to the downgrading of the Israeli banks' credit rating as well, with a negative outlook. In early August, S&P published an extraordinary announcement regarding Israel, in which it stated that the basic rating scenario for Israel assumes that a broader regional war will be avoided, but the risk of escalation is increasing.

The downgrading of the credit ratings did not have any effect on the Bank's capital adequacy ratios.

Since the outbreak of the War and as of the report publication date, uncertainty prevails in the Israeli economy, which has caused a worsening in macroeconomic indicators compared with the pre-war situation, and was taken into account in the calculation of the collective loan loss expense for possible consequences of the War. The increase in the provision is intended, among other things, to cover a possible future increase in the specific provision and possible negative developments in terms of arrears days, given the current high level of uncertainty regarding the impact of the War on the Bank's customers.

Reliefs for coping with the War's ramifications

On October 15, 2023 and on November 8, 2023, the Banking Supervision Department published an outline to support bank customers in coping with the consequences of the Iron Swords War in three operating segments (mortgages, consumer credit and business credit) for three months, while distinguishing between the First Circle Customer Group - population living within 30 km of the Gaza Strip, the population evacuated from their homes by an official government authority, reservists on duty, and those with first kinship with the War dead or hostages or missing persons, and other customers of the banks. On December 17, 2023, the Banking Supervision Department published a notice regarding the extension of the outline by three months, from January 1, 2024, which, among other things, added hostages and missing persons to the First Circle (who were also included, in effect, in the First Outline), as well as participants of the Nova party at Re'im. On March 4, 2024, the Banking Supervision Department issued an notice regarding the extension of the Outline for an additional three months from April 1, 2024, under which, as from that date, additional groups have been included in the First Circle, including the residents of eight localities in the north for whom a government decision has been made to evacuate them and they have not yet been evacuated, reserve soldiers who have been hospitalized for a period of at least 7 days for war-related injuries, victims of the Psyduck Festival and victims of the preparation meeting for the Midburn Festival. In view of the continuing security situation and its effects on the financial conduct of various populations, on June 23, 2024, the Bank of Israel announced a further extension and expansion of the relief outline for banking system customers for an additional three months from July 1, 2024 to September 30, 2024.

Note 16 - Miscellaneous Topics and Events after the Balance Sheet Date (cont.)

The Bank has adopted the outlines and implemented additional expedients for its customers, which further expanded those of the Bank of Israel. In addition, the Bank undertook to accompany Kibbutz Be'eri until its rehabilitation, it introduced a unique project, under which college students who volunteer to assist farmers in harvesting crops on an ongoing basis, receive a full year's tuition from the Bank, and the "Leumi Matriculation", in which the Bank assists youth throughout the country preparing for the matriculation exams, with special emphasis on study centers where evacuees from the north or south are concentrated. A designated donation was granted by the Bank, through the Jewish Agency, to support reservists who have businesses and their self-employed spouses who, in many cases, are currently in danger of financial collapse. Through the donation, a grant system has been established that includes mentoring services and business support. The grants will be provided through the "Otef for Reserve Business" project.

B. Impairment of the investment in Valley

As detailed in Note 15 and Note 1.E.2 to the Bank's financial statements as at December 31, 2023, the Bank's investment in the shares of Valley National Bancorp (hereinafter - "Valley") is recorded in the Bank's books according to the equity method.

In view of the impairment of the Valley shares as from the beginning of 2024, the Bank examined the need for an impairment of the investment in Valley's shares as recorded in the Bank's books.

The Bank examined indicators related to Valley's performance and to the performance of the shares, taking into consideration the general situation in the markets, and in the US banking system in particular, with emphasis on mid-sized banks.

In view of the above, the Bank believes that the decrease in fair value is of an other-than-temporary nature, and accordingly, the difference between the fair value of the investment and its value in the books was recognized as an impairment loss in the second quarter of 2024.

The fair value of the investment in Valley was determined according to the quoted market value of the share as of June 30, 2024 without adjustments, which was USD 6.98 per share, and as of that date - amounts to approx. NIS 1.9 billion. Therefore, in the second quarter of 2024, the Bank recorded an impairment of its investment in Valley in the amount of approx. NIS 0.6 billion, after tax.

The impairment loss was recorded in the income statement under the "Bank's share in associates' profits (losses)" line item and is reported under the financial management segment.

The reduction in the value did not have a significant effect on the Bank's regulatory capital adequacy.

For additional information regarding the impairment of investments in equity-accounted associates, please see Note 1.V.4 to the financial statements as at December 31, 2023.

Subsequent to the balance sheet date and up to shortly before the report publication date, the market value of Valley's shares held by the Bank was in the NIS 1.8-2.3 billion range.

C. Sale of headquarters buildings in Tel Aviv

Beit Lin - on March 25, 2024, the Beit Lin transaction was completed, the balance of the consideration was paid to the Bank and the property was delivered to the buyer. For the Beit Lin transaction, a capital gain (before tax) in the amount of approx. NIS 271 million was included in the reporting period.

Beit Mani - On February 29, 2024, the Beit Mani transaction was completed, the Bank was paid the remaining consideration and the building was delivered to the buyer. For the Beit Mani transaction, a capital gain (before tax) in the amount of approx. NIS 559 million was included in the reporting period.

Note 16 - Miscellaneous Topics and Events after the Balance Sheet Date (cont.)

D. Special Payment for Achieving the Budgetary Targets Law (Temporary Order - Iron Swords), 2024 and a change in the payroll and profit tax rate.

On March 17, 2024 - as part of the Balancing Plan Bill (Legislative Amendments for Obtaining the Budgetary Targets for the 2024 Budget Year), 2024 - the Law of Special Payment for Achieving the Budgetary Targets (Temporary Order - Iron Swords), 2024 (hereinafter - the "Law") was published by the Knesset; according to the law, a bank whose scope of activity is not small (a bank whose assets are valued more than 5 percent of Israeli banks' total assets, hereinafter - a "paying bank") shall pay the government - for the period beginning on April 1, 2024 and ending on December 31, 2025 (hereinafter - the "effective period") - an annual payment equal to 6 percent of the profits generated for its activity in Israel (hereinafter - the "annual payment amount").

If the total annual payment of all the paying banks exceeds NIS 1.2 billion for 2024 or NIS 1.3 billion for 2025, paying banks will be refunded the difference between the annual payment amount of all the paying banks and the maximum amount for 2024 or 2025, as the case may be, multiplied by the relative share of the said paying bank from the total annual payment of all paying banks.

The Minister of Finance may issue, with the approval of the Knesset's Finance Committee, by October 31, 2024, an ordinance shortening the effective period until December 31, 2024, if he is made aware of a material change in Israel's expected economic conditions for 2025, compared with the economic conditions expected for that year prior to the passing of the law, including in the Bank of Israel's interest rate, inflation rate or rate of the unemployed out of the labor force), such that may materially compromise the banks' ability to generate profits in 2025.

In addition, the tax payable by a bank for its activity in Israel in 2025 will be 17 percent of the salaries it paid and the profit it generated (unless the Minister of Finance promulgates such an ordinance.

It should be noted that due to the effect of the law, in the reporting period, the Bank recorded tax expenses in the amount of approx. NIS 281 million.

At the same time, on February 28, 2024, the Value Added Tax Ordinance (Tax Rate on Transaction and Imports of Goods) (Amendment), 2024 was published, according to which the VAT rate will be raised to 18 percent as from January 1, 2025.

Accordingly, on March 11, 2024, the Knesset approved the Value Added Tax Ordinance (Tax Rate on NPOs and Financial Institutions) (Amendment), 2024, according to which the salary tax and profit tax will be revised in accordance with the increase in VAT as from 2025 (hereinafter - the "Additional Ordinance"). The Additional Ordinance was published in the Official Gazette on April 14, 2024. In view of the above, the Bank included the effect of the additional ordinance on the deferred tax asset balances as of March 31, 2024. The effect led to an increase in deferred tax asset balances whose total effect on the profit and loss in the amount of approx. NIS 75 million.

According to the above, the combined tax rate applicable to the Bank in 2024, considering the effective period, is 38.03 percent, and is expected to increase to 39.32 percent in 2025. In addition, the profit tax payable by the Bank will increase to 18 percent from January 1, 2026, such that the combined tax rate applicable to the Bank in 2026 and thereafter shall be 34.75 percent.

BANK LEUMI LE-ISRAEL B.M. AND ITS INVESTEE COMPANIES
Corporate Governance, Additional Details and Appendices
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Changes in the Board of Directors

As of the report publication date, the Board of Directors includes ten members, in accordance with the number of directors allowed in banking corporations pursuant to Proper Conduct of Banking Business Directive No. 301 (hereinafter - "**Directive 301**"). During the second quarter of 2024, there were no changes in the composition of the Board of Directors.

On May 5, 2024, the Bank published a preliminary notice regarding the intention to summon an annual general meeting of the Bank's shareholders to discuss several topics, including the appointment of two external directors in accordance with the requirements of the Companies Law, 1999 (hereinafter - the "**Companies Law**") and appointment of two external directors in accordance with Directive No. 301. For further details, please see the immediate report published by the Bank on May 5, 2024 (Ref. No. 2024-01-043501).

On June 20, 2024, the Bank received approval from the Banking Supervision Department (hereinafter - the "**Banking Supervision Department**"), according to which: 1) The Banking Supervision Department approves, by virtue of its authority under Section 11.E(a)(6) of the Banking Ordinance, 1941 (hereinafter - the "**Banking Ordinance**"), the extension of the term of office of Dr. Shmuel Ben Zvi, Chairman of the Bank's Board of Directors, for a period not to exceed 30 days from the date of the beginning of the term of office of the new directors who will be elected at the Bank's general meeting or up to one week from the date of the election of a new Chairman of the Board by the Bank's Board of Directors, the earlier of the two, provided that it does not exceed six months from the date of the end of the term of office of the Chairman of the Board, for the continuity of the term of office of the Chairman of the Board and the overlap period. 2) The Banking Supervision Department approves, by virtue of its authority under Section 22(d) of Directive 301, that the proper quorum of directors will be the total number of Board members serving on the Board of Directors plus the new directors who will be elected at the Bank's general meeting (subject to their approval by the Banking Supervision Department) plus the Chairman of the Board (whose term of office will be extended according to Subsection 1 above), until the end of the directors' terms of office, including the Chairman of the Board, who will end their terms of office in 2024. As detailed in the Banking Supervision Department letter, the approvals were given in view of the exceptional circumstances regarding a delay in the work of the Committee for the Appointment of Directors, which operates under the Banking Ordinance due to the absence of a committee chairman for a long time. Please see the immediate report published by the Bank on June 20, 2024 (Ref. No. 2024-01-062725).

On July 1, 2024, the Bank received the letter from the Chairman of the Committee for the Appointment of Directors in Banking Corporations, which was appointed under Section 36A of the Banking Law (Licensing), 1981, regarding the list of the candidates to serve as the Bank's directors for election at the Bank's 2024 annual general meeting. For more information, including the list of candidates, please see the immediate report published by the Bank on July 1, 2024 (Ref. No. 2024-01-067237).

For information regarding the directors' competencies as required by Directive 301, please see the section entitled Members of the Bank's Board of Directors in the Corporate Governance Report as at December 31, 2023.

The Chief Internal Auditor

Information regarding the Group's internal auditing function, the professional standards pursuant to which the Internal Audit Division operates, the annual and multi-year work plans and the considerations taken into account in formulating the work plans were included in the Corporate Governance Report as at December 31, 2023.

The 2023 Internal Audit Report of the Leumi Group was submitted to the Audit Committee on February 21, 2024, discussed by the Committee on February 26, 2024, submitted to the Board of Directors on March 4, 2024 and presented to the Board on March 11, 2024.

Control of the Bank

The Bank is defined by law as a banking corporation without a controlling core, and no shareholder meets the definition of a controlling shareholder of the Bank.

For up-to-date information regarding interested parties' holdings in the Bank as at June 30, 2024, please see the immediate report on the status of holdings of interested parties and senior officers dated July 7, 2024 (Ref. No.: 2024-01-070369). Please see also the immediate report on the list of holders of significant means of control in the Bank as of March 31, 2024, dated April 7, 2024 (Ref. No.: 2024-01-034303) and the immediate report on who became a holder of material means of control dated April 8, 2024 (Ref. No.: 2024-01-034966).

Appointments and Departures

Appointments

Mr. **Eyal Efrat**, Head of the Strategy, Digital, Data and Projects Division, member of the Bank's management and First Executive Vice President, was appointed Head of Technologies Division as of January 31, 2024.

Ms. **Tamar Mass** was appointed Head of the Strategy Division and Chief of Staff, as a member of the Bank's management and First Executive Vice President starting from March 13, 2024.

Adv. **Nitzan Sandor** will be appointed Head of the Legal Counsel Division, as a member of the Bank's management and First Executive Vice President; the appointment was approved by the Bank of Israel and will enter into effect during 2024.

Departures

Michal Alterman, Adv., Head of the Legal Counsel Division and member of the Bank's management, has ended her tenure during the first quarter of 2024.

Corporate Structure

For details, please see the section entitled "Corporate Structure" in the Corporate Governance Report as of December 31, 2023.

Material Agreements

For details regarding additional material agreements, please see the Note 16 and the Material Agreements section in the financial statements as at December 31, 2023.

Laws and Regulations Governing the Banking System

Some of the information in this section constitutes forward-looking information. For the meaning and implications of the term, please see the section entitled "Forward-Looking Information".

During the reporting period, several proposals for regulatory amendments and changes to various legal provisions were published, which could have an impact on the characteristics, scope and profitability of some of the Group's activities and on the credit, operational and legal risks to which it is exposed. Some of the directives are at various stages of discussion and, consequently, it is impossible to assess whether or not they will be issued as binding provisions and, if issued, what the ultimate provisions will be. As a result, at this stage, it is impossible to assess the effect of these provisions on the Group's overall activity, if any.

The following section provides detailed information on newly enacted legislation, which came into effect during the reporting period and provisions expected to enter into effect, which were published after the signing date of the financial statements for 2023, which may have a significant effect on the Bank.

For a description of directives published in the reporting period before the signing date of the financial statements for 2023, please see the section entitled "Legislation and Regulation of the Banking System" in the Corporate Governance Report of 2023.

Directives Issued by the Banking Supervision Department

Draft policy and general terms and conditions for an applicant for a holding permit in banking corporations, in acquirers or in their holding corporations

In the Draft Policy published on March 21, 2024, guidelines are detailed for examining an application for a holding permit in a bank, in an acquirer or in a holding corporation therein, in accordance with the Banking Law (Licensing), 1981, including the manner of holding means of control, financial strength and personal and business integrity and guidelines for when the permit applicant is a private equity fund.

Amendment of Proper Conduct of Banking Business Directive No. 368, Application of the Open Banking Standard in Israel

On April 7, 2024, an amendment to the Directive was published, which mainly included technical adjustments to the technological standard (the appendix to the Directive), which were intended to support the transfer of information regarding large corporate customers and adjustments to the standard regarding the payment initiation service.

Regarding the activity of corporations (small and large) - The information sources were required to mark each account as a private or corporate account. In addition, it was clarified that the corporations' activity will be carried out by an authorized person chosen by the corporation.

Regarding payment initiation transactions - The payment initiator, who is also the financial information service provider, must be allowed to link the payment initiation transaction it carried out to an entry on the customer's current account statement. It is also required to allow the customer to choose the account from which the payment is made (in the bank managing the payment account).

The obligation to transfer information in accounts of large corporations entered into effect on April 14, 2024 and the Bank is in compliance with the Directive. The effective date regarding the obligation for access to the payment initiation service is December 6, 2024 for the initiation of a basic payment and June 6, 2026 for an advanced payment initiation service.

In the draft amendment of the Directive, which was published on June 30, 2024, among other things, in view of the publication of the Regulation of Payment and Payments Initiation Services Law, 2023 (the "Payments Initiation Law") it is proposed, among other things, to also expand the scope of the Directive to corporations under the control of payment service providers of stable importance and in addition for foreign banks, the provisions regarding the obligation to provide access applicable to the Bank for basic initiated service have been adjusted, the purpose of which is to preserve the interest of the payer when receiving the service.

Amendment to Proper Conduct of Banking Business Directive No. 425 - "Annual Reports to Customers of the Banking Corporations"

According to the amended directive published on July 29, 2024, the rate of return in the investment portfolio (securities deposit), managed by a portfolio manager for the customer, will be reported to the customer by the investment portfolio manager rather than by the banking corporation.

Amendment to Proper Conduct of Banking Business Directive No. 414 - "Disclosure of the Cost of Services in Securities"

According to an amendment published on July 29, 2024, a banking corporation shall send to a customer that has a securities deposit in the bank, a semi-annual notice regarding the weighted average rate of fees and commissions collected from the banking corporation's customers with securities deposits in an amount similar to the customer's securities deposit.

Amendment to Proper Conduct of Banking Business Directive No. 417 - "Activity of a Banking Corporation in a Closed System"

On May 20, 2024, an amendment was published to Directive 417, which the requirement to return funds to the original account, at the end of the period, which revokes the requirement to return funds deposited by a customer in a banking corporation where his/her current banking activity is not managed to the source account, and the customer will be able to leave the funds in the aforementioned banking corporation to be deposited for another period.

Proper Conduct of Banking Business Directive No. 447 - "Interest Rates on Deposits and Credit Balances in an Account"

On May 20, 2024, a new Proper Conduct of Banking Business Directive was published, which includes guidelines for the banking system regarding the presentation of information on deposits and on credit balances in an account. The Directive established principles and a uniform structure for presenting information to the public so as to make it easier for customers to compare value propositions of the various banking corporations, and an obligation was established to offer customers a search mechanism in the digital apps that will enable them to receive targeted information regarding deposits that meets their needs. The Directive will enter into effect on April 1, 2025.

Draft of Proper Conduct of Banking Business Directive and Draft of the FAQ File on the subject of model risk management

On June 5, 2024, a new draft of Proper Conduct of Banking Business Directive was published, which deals with the main aspects of effective management of model risks. The Directive refers, among other things, to appropriate the development, implementation and use of models, the model validation process and the corporate governance and control mechanisms that must be established in relation to each model and to all models. The Directive is intended to replace the Banking Supervision Department's letter regarding model validation from October 2010 and is based on the guidelines of the US regulators regarding model risk management (SR Letter11-7).

Together with the publication of the draft Directive, a draft FAQ File was published, serving as a concentration of Banking Supervision Department positions regarding various issues related to the implementation of the Directive, including model risks, model validation, corporate governance, policy and controls.

Bank of Israel letter - General Permit for the Provision of Certain Banking Services (according to the Banking Law (Licensing), 1981)

On June 16, 2024, the Banking Supervision Department published an updated general permit, which replaces the permit from 2022, and expands the physical banking services that a bank may provide to customers outside of the branch, while making adjustments to customer characteristics and their needs. Its main points are as follows: (1) A list of the banking services that a bank may provide to its customers outside of the branch through a bank employee who has been authorized for this purpose, including - opening an account, performing current and common transactions in the account, providing credit, except for housing loans; (2) A permit to manage businesses and to provide banking services at any location to customers who have an objective difficulty reaching the branch, and to customers with financial understanding, according to criteria to be determined by the bank, with the exception of certain services listed in the permit; (3) A permit for a bank to perform certain operations other than through a bank employee, including signing an agreement to provide credit for a car purchase, including lien documents, receiving funds and checks from the bank's customers and transferring them through the courier company, receiving a guarantor's signature before a lawyer or accountant. In addition, the permit details the terms and conditions enabling the banking services and operations listed in the permit, including the policy determined by the bank, risk management processes, provision of an appropriate environment for the service, provision of contact information for transactions or inquiries and full documentation of the banking service provided. A bank wishing to operate in accordance with the permit format is required to contact the Licensing and New Banks Unit in the Banking Supervision Department with a request for a permit by December 31, 2024.

Revision of Proper Conduct of Banking Business Directive No. 206 - Capital Measurement and Adequacy - Operational Risk and FAQ File for implementing the Directive

On March 23, 2024, a revision to the Directive was published, which included the adoption of the Basel Committee provisions from December 2017 on the calculation of capital requirements in respect of operational risk, in accordance with the adoption of international accepted regulatory standards for banks. The revision defines operational risk and determines, among other things, the calculation method for the allocation of capital required of a banking corporation in respect of operational risk. The effective date is January 1, 2026.

Together with the revision of the Directive, on the same date a FAQ File was published regarding the Directive's implementation. The FAQs deal, among other things, with the accounting treatment of operational loss, monetary refunds to customers due to an operational malfunctions and costs in respect of a damaged or ruined asset.

Draft Proper Conduct of Banking Business Directive on Information Technology, Information Security and Cybersecurity Risks

On July 10, 2024, a new Draft Proper Conduct of Banking Business Directive was published with the aim of adapting the regulatory framework for technological risk management to the changing technological environment, to new threats and to accepted regulation around the world in this regard. The Draft Directive refers, among other things, to corporate governance aspects, information technology risk management, information security risk and cybersecurity risk management, technological failure event management and information security incidents, reporting on information technology risks, business continuity management and more, and will replace Proper Conduct of Banking Business Directive No. 357 - "Information Technology Management", Proper Conduct of Banking Business Directive No. 361 - "Cybersecurity Management" and Proper Conduct of Banking Business Directive No. 363 - "Management of Cyber Risks in the Supply Chain".

Update of the general policy and the terms and conditions for granting holding permits in banking corporations, payment service providers of stability importance and in their holding corporations, to entities managing customer funds

According to the Banking Law (Licensing), 1981, any holding in means of control in a banking corporation, a payment service provider of stability importance or a holding corporation (hereinafter - a "corporation in which holdings require a permit") at a rate exceeding 5 percent requires a holding permit from the Governor of the Bank of Israel after appearing before the Licensing Committee. The Banking Supervision Department policy, as published in June 2016, allows controlling shareholders in entities that manage customer funds (provident funds, insurers and mutual funds) holdings of up to 7.5 percent of the means of control in a corporation for which a holding permit is required, where the total holding of any entity that manages customer funds, controlled by the permit applicant, may not exceed 5 percent of any type of means of control in a corporation for which a holding permit is required.

On July 14, 2024, the Banking Supervision Department published an update of the above policy and general terms and conditions, whose main points are as follows: The limitation according to which the total holding of provident funds or insurers that are controlled by the permit applicant may not exceed, each of them, 5 percent of any type of means of control in a corporation for which a holding permit is required, with the exception of the limitation on the funds' activity which remains at a rate of 5 percent; setting the permit period until December 31, 2029 and the addition of requirements for permit holders' reporting to the Banking Supervision Department on various subjects.

Draft for public comment - FAQ file for implementation of Proper Conduct of Banking Business Directive No. 301A regarding the compensation policy in a banking corporation

On July 23, 2024, a draft for public comment was published, which proposes, among other things, to determine in the FAW that equity compensation may be paid in shares to directors, provided that there is no prohibition according to the Companies Regulations (Rules regarding Compensation and Expenses to an External Director), 2000, to pay an equity compensation to directors, subject to the existence of all the requirements in the directive regarding directors' compensation and subject to the existence of the terms and conditions according to which an equity compensation will be considered a fixed compensation. According to the FAQ, the equity compensation in shares may be granted for the first time or updated for all directors upon the appointment or renewal of the term of office of one of the external directors.

Directives regarding banking consumerism

Revisions to Banking Principles (Customer Service) (Fees and Commissions), 2008

On July 31, 2024, several revisions to the Rules were made, the main ones being: (a) Revision of the "Small Business" definition to exclude from the definition venture capital funds and a corporation that presents an investment in a venture capital fund in an amount exceeding NIS 5 million; (b) Addition of a section allowing a banking corporation to make effective a customer's request to join the fees and commissions track service or to cancel it before the beginning of a calendar month; (c) It was determined that a banking corporation must return a charge to a customer within 5 days in the event of a check being bounced for a technical reason due to an error; (d) Revocation of a banking corporation's ability to charge an additional payment for additional pages as part of a document search at the customer's request; (e) Determining of a maximum price for the "handling of a housing loan request" service; (f) Revision of the price structure for the "bank guarantee secured by a specific financial deposit" fee in a NIS amount rather than as a percentage of the deposit value, and the addition of a new fee for the "bank guarantee secured by a specific financial deposit for a residential apartment rental agreement" service; (f) Regulation of the collection of an early repayment fee in a mortgage loan; (g) Addition of an "automatic coverage of an overdraft balance in a foreign currency account" service; (h) Benefits in the prices of services offered on e-banking channels.

In addition, on June 26, 2024, the Banking Supervision Department published a draft revision, which proposes an additional chapter to the fees and commissions price list regarding payment applications (with the exception of payment applications of a banking corporation that are only used by customers with a current account at the same banking corporation) and refers to services regarding receipt of a payment, a payment order and subscription fees for the service. According to the proposed amendment, fees and commissions can be collected in respect of the receipt of a payment or payment orders by customers receiving or transferring payments through payment applications, with an activity volume exceeding NIS 25 thousand per calendar year, in each of the services. The activity volume is determined for a two-year period, after which, the banking corporation may revise the threshold subject to approval by the Banking Supervision Department. In addition, the collection of subscription fees for special services provided to interested payment application customers will be allowed, in addition to payment transfer and receipt services. The item was added with the aim of enabling business flexibility and the addition of new and valuable services for customers choosing to subscribe to them. Collection of the fees and commissions in respect of these types of services will be possible subject to approval by the Banking Supervision Department.

The Banking Law (Licensing) (Amendment No. 32) (Closing of Permanent Bank Branches), 2024

On July 25, 2024, the amendment to the Law, according to which any decision regarding a motion to close a bank branch will require the approval of the Licensing Committee, and the time period has been extended, for the Banking Supervision Department to issue a decision regarding the motion to close a bank branch, to 90 days from the date of receipt of the motion or from the date of receipt of additional information required to examine the motion, as the case may be. In addition, a reporting obligation has been added for the Banking Supervision Department to the Knesset Economy Committee, twice a year, on the implementation of the provisions of the arrangement regarding the closing of permanent branches.

Initiatives for Increasing Competition

The Competition Commissioner's announcement of her intention, subject to a hearing, to declare the five main banking groups a concentration group and each of the banks therein as a member of a concentration group regarding the basket of banking services for retail customers

On March 26, 2024, the Competition Commissioner announced her intention, subject to a hearing, to declare the five main banking groups (including Bank Leumi le-Israel B.M.) a concentration group regarding the basket of banking services for retail customers (households and small businesses) and each of the banks therein as a member of a concentration group, and under her authority, the Commissioner is considering including guidance for the those banks regarding deposits, as follows: (1) Obligation to offer a composite financial deposit, independent of the current account or other banking transactions carried out by the customer, as well as access to a Money Market Fund for retail customers as a non-banking product similar to the bank deposit; (2) Obligation to present comparative information to the customer regarding prices and performance of deposits, including information on a Money Market Fund; (3) Obligation to offer deposits on similar terms and conditions to non-banking entities which seek to operate as "financial centers"; (4) Obligation for deposit transition.

The Competition Commissioner's announcement regarding the ownership structure in the Bank Clearing Center Ltd. (MASAV)

On March 31, 2024, the Competition Commissioner announced that she does not intend to extend the exemption according to which the binding arrangement regarding the ownership structure of the five largest banks in MASAV was excluded, and therefore it will expire on June 18, 2025. The significance is that the parties to the arrangement (including the Bank) will have to turn to the court to receive approval for the existing arrangement, contrary to the Commissioner's position, or alternatively, to reduce their holding rates in MASAV to a rate accepted by the Commissioner by the expiry date of the exemption, on June 18, 2025 or by a later date to be determined by the Commissioner.

Banking Law (Licensing) (Amendment No. 31), 2024

On July 23, 2024, the amendment to the law was published, according to which: (a) A bank with a moderate scope of activity (whose assets constitute 5-10 percent of the total assets of all the banks in Israel) shall not control a corporation which is an acquirer with a broad scope of activity (an acquirer which cleared 20 percent or more of the number of payment cards transactions cleared in Israel by acquirers or of the total consideration paid to suppliers in Israel by acquirers in a year); (b) A bank with a moderate scope of activity will not serve as an acquirer with a broad scope of activity; (c) If a bank with a moderate scope of activity holds means of control in an acquirer with a broad scope of activity and has passively (without increasing its holdings in the acquirer) gained control over the corporation, the prohibition on control will not apply for a period of two years and nine months, during which it will be required to sell its holdings such that it will not have control over the acquirer; (d) A bank with a broad scope of activity (whose assets constitute more than 10 percent of the total assets of all the banks in Israel) which controls or holds means of control of a payment card company prior to January 30, 2023 may continue to control or to hold means of control in that company until four years and three months will have elapsed from the effective date, i.e. - until May 1, 2027. If during the aforementioned period, the bank's means of control in the company decreased to 40 percent or less, and at least 25 percent of the means of control in the company were issued to the public - until five years and three months will have elapsed from the effective date, i.e. - May 1, 2028; (e) The prohibition on a large institutional entity to acquire means of control in a payment cards company from a bank with a broad scope of activity in an initial acquisition. (This amendment is relevant only with regard to the sale of ICC, which is still owned by Bank Discount and the First International Bank).

Establishment of a team to examine the reduction of regulatory arbitrage in short- and medium-term investment and savings instruments

On April 18, 2024, the Ministry of Finance published a call for comments and public positions regarding the reduction of regulatory arbitrage in short- and medium-term investment and savings instruments. The Minister of Finance decided to establish a team in the Ministry of Finance headed by the Ministry CEO and including the Capital Markets Authority, Insurance and Savings Authority, the Israel Securities Authority, the Israel Tax Authority, the Chief Economist Department, the Accountant General Department and the Budget Department, whose purpose will be to examine the existing regulation regarding investment and savings instruments managed for the short- and medium-term - savings policies, investment provident funds and mutual funds, including a mapping of regulatory and tax differences; and to form recommendations for an appropriate regulatory outline for promoting competition in the instruments and for the benefit of savers and investors. The team turned to the public for comments on the subject.

Competition Authority decision according to Section 14 of the Economic Competition Law, 1988 regarding the provision of a conditional exemption from approval of a binding arrangement in respect of the cross-acquiring arrangement

On May 15, 2024, the Competition Commissioner published the decision regarding the provision of an exemption in respect of the cross-acquiring arrangement for international payment cards Visa and Mastercard between Isracard, Max, CAL, Tranzila, CardCom, Bank Leumi, Bank Discount and the First International Bank of Israel. The exemption was given until December 31, 2028 and is conditional upon, among other things, an obligation to attach a "new player" to an the agreement without delay, equally and without cost; a prohibition on discriminating against customers, acquirers and issuers; a prohibition for a party to the agreement to link between acquiring payment cards issued by a party to the agreement and acquiring of payment cards issued by one who is not a party to the agreement, a prohibition on an acquirer to reach agreements with a business preventing or limiting a merchant from giving discounts to its customers which depend on the means of payment used by the customer.

Notice of an amendment to the terms and conditions of the exemption from cartel clearance according to the Economic Competition Law, 1988, regarding a joint transaction by the banks under ABS

On August 5, 2024, the Competition Commissioner's notice was published in the Official Gazette, according to Section 14 of the Law, regarding an amendment to the terms and conditions of the exemption from cartel clearance in relation to a joint transaction by the banks under ABS in the system for approval of payment card and cash withdrawal transactions, the clearing interface between acquirers and issuers and software for terminals. The parties to the cartel are Bank Hapoalim Ltd., Bank Leumi le-Israel B.M., Israel Discount Bank Ltd., First International Bank of Israel Ltd., Automatic Bank Services Ltd. The terms and conditions for the exemption (which was given until December 31, 2028) regulate ABS's obligation to allow access to its systems in an equal and open manner. In addition, ABS may not harm the activity of terminal manufacturers that are in competition with ABS, and it must carry out a certification process for the EMV standard equally for all of those certified. The terms and conditions that defined ABS's permitted areas of activity was canceled, and the entrance into new areas of activity is subject to the Economic Competition Rules (Block Exemption from Joint Ventures) (Temporary Order), 2006.

Regulation of Payment Services and Payment Initiation Law, 2023

Further to the section entitled Legislation and Regulation of the Banking System in the Corporate Governance Report of 2023, regarding publication of the Law that allows non-bank entities, among other things, to enter the field of payment services and in view of its entry into effect on June 6, 2024, during May-July 2024, the Israel Securities Authority published a series of directives concerning the licensing obligation that applies to payment companies and to basic initiating service providers (including the exemption for the licensing obligation) and regarding the requirements that will apply to license holders.

On July 14, 2024, a draft order was published to postpone the effective date of the Law in connection with the obligation to access a basic initiative according to Section 35(a) of the Law. With regard to a payment account manager that is a banking corporation or a stable payment service provider and a corporation under its control, the effective date has been postponed from December 6, 2024 to June 6, 2025; with regard to a payment account manager that is a licensee for the provision of deposit and credit services, the effective date has been postponed from March 6, 2025 to September 6, 2025, the proposal that the obligation to provide access to supervised initiators (including those who are supervised but not by the Banking Supervision Department) for the purpose of initiating a single payment order, will apply until the updated effective date in order not to harm the payment initiation service currently provided.

Banking Supervision Department letter - The banking corporations' activity with payment service provider customers

On June 23, 2024, following the entry into effect of the Regulation of Payment and Payments Initiation Services Law, 2023, the Banking Supervision Department letter regarding the banking corporations' activity with payment service provider customers was published. The letter determines, among other things, that a banking corporation will open a bank account for a payment service provider, including a multi-user account in favor of payment service provider customers, as required by law, unless there are reasonable justifications for not opening an account, and that a banking corporation will perform transactions in the account, unless there are reasonable justifications for not performing them. The opening and management of such accounts will be carried out with risk management and activity monitoring appropriate for the risk level and the relevant activity of each payment service provider.

Joint Investment in Trust Law (Amendment no. 31), 2024

On July 3, 2024, the Law was published, which indirectly amended the Joint Investment in Trust Law, 1994, the Regulation of Investment Advice, Investment Marketing and Investment Portfolio Management Law, 1995, and the Securities Law, 1968, with the aim of enabling the launch of new money market funds with characteristics that are more similar to those of financial deposits (low-risk fund, expected return estimated in advance and fixed dates). The distribution channels of these funds will be expanded such that they can be distributed not only by an investment advisor or an investment marketer, so as to increase their accessibility to the general public. The Law's effective date is October 3, 2024.

As part of the Law, the Israel Securities Authority was authorized to determine directives and principles that will apply to money market funds. On July 18, 2024, the Authority published draft directives and principles for public comment on the following subjects: (1) A draft directive regarding the yield calculation version and yield publication periods, instead of the Joint Investment in Trust Regulations (Calculation of Yield), 1995, (2) A draft directive for fund managers and trustees regarding the terms and conditions that will apply to a money market fund, such as: a prohibition on the holding of assets that are not traded in a money market fund; an obligation imposed on a money market fund manager regarding fixed dates for reporting to the public on an update or validation of the last published expected yield estimate, at least five trading days before the effective date, as well as the regulation of the possibility to carry out reverse repurchase transactions in money market funds. (3) Draft Joint Investment in Trust Principles (Directives for the Creation and Redemption of Fund Units, Fixed Dates, Disclosure of Prospectus Details of a Money Market Fund and Additional Information to be Presented regarding a Money Market Fund in the Publication), 2024, which regulates various aspects regarding the creation and redemption of fund units, fixed dates, such as the transfer of indications to the fund manager by a distributor regarding the amounts of creations and redemptions expected in the fund, fixed dates and presentation of the possibility to the investor to give redemption orders; determination of reporting and disclosure requirements in a money market fund's prospectus; and determination of principles for a money market fund's classification for advertising purposes.

Regulatory measures following the Iron Swords War

Against the backdrop of the continuation of the Iron Swords War and its consequences for the Israeli population and economy, including for households and businesses, the Banking Supervision Department and other regulators established a series of regulatory measures - including adjustments, expedients and deferral of dates in various regulatory provisions - with the aim of ensuring business continuity and provision of ongoing services by the banking system, in accordance with the limitations of the security situation for the purpose of providing the assistance required by customers of the banking system, with heightened sensitivity to the customers' needs and difficulties. Various arrangements were also approved in legislation to meet the needs of the economy, certain population groups and the public due to the War, and some have an impact on the Bank's activities. Following are the main measures:

Directives Issued by the Banking Supervision Department

Proper Conduct of Banking Business Directive 251, "Adjustments to Proper Conduct of Banking Business Directives for Dealing with the Iron Swords War" (Temporary Order)

On October 16, 2023, October 31, 2023, November 21, 2024, December 28, 2023, February 7, 2024 and June 30, 2024, various adjustments to Proper Conduct of Banking Business Directives were published following the War, which will remain in effect until March 31, 2024 (unless noted otherwise). For details regarding these adjustments, please see the section entitled "Legislation and Regulation Governing the Banking System" in the Corporate Governance Report for 2023.

On March 31, 2024, the validity of some of the adjustments was extended until June 30, 2024 (unless stated otherwise) and on June 30, 2024, the validity of some of the adjustments was extended for the second time, as detailed below, until December 31, 2024 (unless stated otherwise):

- Proper Conduct of Banking Business Directive No. 311 - "Credit Risk Management" - An additional three-month extension was provided for the receipt of an up-to-date financial statement from borrowers (a total of eighteen months from the date of the financial statement). In addition, the period for receipt of semiannual financial information from borrowers was extended by an additional three months (a total of twelve months). The relief expired on June 30, 2024.

- Proper Conduct of Banking Business Directive No. 360, "Rotation and Uninterrupted Vacation" - If the maximum period defined by a banking corporation for a manager or an employee serving in a sensitive position expired before December 31, 2023, the banking corporation may extend the maximum period until June 30, 2024. An extension was provided for utilization of an uninterrupted vacation in 2023 until April 30, 2024 is in effect. The reliefs expired on June 30, 2024.

- Proper Conduct of Banking Business Directive No. 449, "Simplifying Agreements for Customers" - The provision requiring fair disclosure using a specific form will not apply to a customer's request for deferral of payments as part of a credit agreement, provided that the deferral is according to the Outline for Assistance to Bank Customers Dealing with the Consequences of the Iron Swords War. On June 30, 2024, the relief was extended until December 31, 2024.

- Rules of Banking (Customer Service) (Fair Disclosure and Delivery of Documents), 1992 - A customer's signature will not be required for a customer's request to defer payments according to the Outline for Assistance to Bank

Customers Dealing with the Consequences of the Iron Swords War, provided that the customer's consent is obtained, including in a documented telephone conversation. In housing loans of two or more borrowers - if one of the borrowers finds it difficult to sign the loan papers due to the Iron Swords War, that borrower's signature will not be required, provided adequate authentication procedures are conducted and the borrower's consent is documented. On June 30, 2024, the reliefs were extended until December 31, 2024.

- Proper Conduct of Banking Business Directive No. 301 - "Board of Directors" - Relief regarding deferral of deadlines for approval of minutes of meetings and distribution of a draft decision list. The reliefs expired on June 30, 2024.
- Proper Conduct of Banking Business Directive No. 329, "Restrictions on the Granting of Housing Loans" - An exemption was determined regarding certain restrictions on the granting of housing loans related to a loan for the construction of a mamad (residential secure space), which is exempt from a permit under the Planning and Building Regulations (Work and Structures Exempt from a Permit) (Temporary Order - Iron Swords), 2023, whose amount does not exceed NIS 200,000. The exemption is given in relation to the restrictions determined in Sections 5 to 8 of Proper Conduct of Banking Business Directive No. 329 - The restriction on granting a housing loan at a repayment rate from income exceeding 40 percent; the restriction of 66.6 percent in variable interest rate out of the total housing loan; the restriction on the final repayment period of a maximum of 30 years in a housing loan). On February 7, 2024, it was determined that the exemption from these restrictions will also apply to a loan to improve protection in a residential apartment (in an amount not exceeding NIS 200,000), as detailed in the Home Front Command listing; an exemption was also determined in relation to these restrictions regarding the restriction on the loan to value ratio (LTV), which is set in Section 4 of Proper Conduct of Banking Business Directive No. 329. The exemptions are in effect until October 25, 2024. In addition, it was determined that a banking corporation will be entitled to grant an all-purpose loan with a mortgage on an apartment (a housing loan not for the purpose of acquiring a land right), at a financing rate of 70 percent instead of 50 percent, provided that the amount of the loan that exceeds the LTV ratio of 50 percent does not exceed NIS 200,000. On June 30, 2024, the relief in respect of an all-purpose loan with a home mortgage was extended until December 31, 2024.
- Proper Conduct of Banking Business Directive No. 350, "Operational Risk Management" determined that a banking corporation, for which the end of the cyclical period for performing the multi-year gap survey regarding operational risks (a survey that is the Bank's continuous operational risks mapping process) that it is required to carry out ends by March 31, 2024, will be entitled to complete it by June 30, 2024. The reliefs expired on June 30, 2024.
- Proper Conduct of Banking Business Directive No. 357, "Information Technology Management" - Banking corporations are required to perform a safety survey for high-risk systems and e-banking systems once every eighteen months. It was determined that a deferral of the final date for performing the survey of the aforementioned systems will be allowed, for which the eighteen-month period ends in the period to which the temporary order applies. The deferral will be allowed for a period of up to six months, but no later than June 30, 2024. The Chief Risk Officer will be required to approve and document the deferral while ensuring that the banking corporation will make a reasonable effort to prepare the survey even earlier than the final date possible. The reliefs expired on June 30, 2024.

Outline for assistance to bank customers in dealing with the consequences of the Iron Swords War

Further to the section entitled "Legislation and Regulation Governing the Banking System" in the Corporate Governance Report for 2023, on March 4, 2024, a notice was published regarding an additional extension of the outline for assistance to bank customers to ease the burden of credit and fees due to the consequences of the Iron Swords War for three months as from April 1, 2024, and its expansion to other populations from that date. According to the notice, the residents of eight localities in the north who were evacuated under a government resolution, but who have not yet inf act been evacuated, reserve soldiers who were hospitalized for a period of at least seven days for injuries incurred during the War, victims of the Psyduck Festival and victims of the preparation meeting for the Midburn Festival will be added to the First Circle Customer Group. The terms and conditions of the outline regarding the First Circle Customer Group were expanded in April-June, as follows: An exemption will be given to reserve soldiers from overdraft interest in a current account (with regard to a customer who had an overdraft on the eve of the publication date of this outline) up to an overdraft of NIS 10,000 for three months, according to the actual overdraft amounts; the benefits will be granted to reserve soldiers under the outline initiated by the Bank for a three-month period, with no need for documentation.

In view of the continuing security situation prevailing in Israel and its effects on the financial conduct of various populations, on June 23, 2024, the Bank of Israel announced a further extension and expansion of the relief outline it had published for banking system customers for an additional three months from July 1, 2024 to September 30, 2024.According to the announcement, the period for submitting requests to defer loans under the outline will be extended by an additional three months; an exemption from most of the fees and commissions for the ongoing management of a current account (according to the updated table presented in the appendix to the announcement) and an exemption from overdraft interest in a current account were extended under the outline by an additional three months to the First Circle population group; in relation to the exemption from overdraft interest in a business current account for business owners, the exemption was expanded and given to any business with an annual turnover of up to NIS 10 million (instead of NIS 5 million). In addition, the business owners population group entitled to the exemption from overdraft interest in a current account (with regard to a customer who had an overdraft on the eve of the publication date of this outline) up to an overdraft of NIS 30,000 for three months, according to the actual overdraft amounts; the benefits will continue to be granted to reserve soldiers - exemption from fees and commissions and absorption of overdraft interest in a current account and in a business account according to the terms and conditions of the outline (the First Circle) were extended for an additional three-month period.

Banking Supervision Department letter regarding the Iron Swords War - Clarifications regarding the Implementation of the Bad Checks Regulations (Exceptions to the Scope of the Law), 2023

On April 2, 2024, the Banking Supervision Department published a letter stating that further to the Bad Checks Regulations (Exceptions to the Scope of the Law), 2023, in which it was determined, among other things, that a dishonored check in an account of a reserve soldier or his/her spouse during the period stipulated in the regulations (from October 7, 2023 to January 21, 2024) will be removed from the count of checks for the purpose of Section 2(a) to the Bad Checks Law, 1981. It is also stipulated in the regulations that the applicant for the removal of the check must contact the bank, unless the conditions are met (reserve duty) and the fact was made known to the bank while carrying out another transaction. The Banking Supervision Department letter clarifies that the bank's ability to identify the customer account as an account of a reserve soldier based on reserve duty grants transferred to the account will be considered as information on reserve duty made known to the bank while carrying out another transaction. Removal due to the identification of a reserve soldier in the period stipulated in the regulations will apply retroactively regarding dishonored checks in that period.

Capital planning and profit distribution policy

In a letter dated May 16, 2024, the Banking Supervision Department instructed the banking corporations to reexamine the capital planning, the policies regarding the distribution of dividends and share buybacks in the coming period, while paying attention to the actual capital ratios and the capital cushions required in the various possible scenarios in view of the continuation of the War and the current geopolitical situation.

Directives of the Supervisor of Credit Data Sharing

Amendment to Directive No. 201, "Reporting on Credit Data"

According to the amendment to the directive, dated November 9, 2023, an arrears payment of a debt to a source of financial information will be reported to the Central Credit Register only after 60 days (instead of 30 days) from the date on which the amount was due but not paid, with respect to reports for October and November 2023. Due to the duration of the War, the amendment regarding reporting was extended until September 2024.

Measures Published by Additional Entities and Specific Legislation

Order for the Protection of Special Grants (Iron Swords) (Amendment of the Addendum to the Law) (No. 3), 2024

Further to the section entitled Legislation and Regulation of the Banking System in the Corporate Governance Report of 2023, regarding the publication of the Law for the Protection of Special Grants (Iron Swords), 2023, dated November 1, 2023, on May 27, 2024, an Order for the Protection of Special Grants (Iron Swords) (Amendment of the Addendum to the Law) (No. 3), 2024 was published, which determined additional protected grants - an organization grant for equipping due to the continued evacuation or a recouping period and for preparing for the holidays, limited to NIS 1,000 per person or NIS 5,000 per family and a protected assistance grant for businesses in tourism oriented local authorities along the borders and local authorities included in the special area in the Golan Heights.

The Law Authorizing the IDF and the General Security Service to Perform an Operation on Computer Material Used to Operate a Stationary Camera and to Operate It (Temporary Order - Iron Swords) (Amendment), 2024

Further to the section entitled Legislation and Regulation of the Banking System in the Corporate Governance Report of 2023, regarding the publication of the Law, on June 5, 2024, the amendment to the Law was published, which extends the validity of the Law until December 31, 2024.

The Law for Protection of Workers in Times of Emergency (Amendment No. 5 and Temporary Order - Iron Swords) (Extension of the Temporary Order Period) (No. 3), 2024 was published.

Further to the section entitled Legislation and Regulation of the Banking System in the Corporate Governance Report of 2023, regarding the publication of the Law for Protection of Workers in Times of Emergency (Amendment no. 5 and Temporary Order - Iron Swords), 2023, on June 30, 2024, the Order for the Protection of Workers in Times of Emergency (Amendment no. 5 and Temporary Order - Iron Swords) (Extension of the Period of the Temporary Order) (No. 3), 2024 was published, which extends the Temporary Order until October 6, 2024.

Additional Topics

The Insolvency and Economic Rehabilitation Law (Amendment No. 4 - Temporary Order - Novel Coronavirus) (Amendment No. 2), 2023

Further to the details in the chapter Laws and Regulations Governing the Banking System in the Corporate Governance Report for 2023, Amendment 4 to the Law prescribes a dedicated track for handling debts of debtors (corporations and private individuals) hurt by the coronavirus crisis, which will allow debtors, among other things, to reach debt settlement agreements as an alternative to full insolvency proceedings. On March 21, 2023, the amendment's validity was extended by an additional twelve months, until March 17, 2024. On March 14, 2024, it was announced that the validity of the amendment was extended once more until December 17, 2024.

The Insolvency and Economic Rehabilitation Memorandum of Law (Amendment No. 9) (Temporary Stay of Proceedings in a Debt Settlement Procedure), 2024

On June 4, 2024, the memorandum of law was published, which proposed to amend the Insolvency and Economic Rehabilitation Law, 2018 (hereinafter - the "Law") with the aim of permanently establishing a track that will encourage debt settlement arrangements and enable a stay of proceedings during the negotiation period for their formation in order to increase the chance of achieving them. The proposed amendment establishes in Section J of the Law, which deals with debt settlement procedures not included in an order to open proceedings, the right of the debtor offering a debt settlement, whether an individual or a corporation, to request temporary relief from the court as a stay of proceedings and the terms and conditions under which the court may order such temporary relief. The proposed amendment is intended to replace the temporary arrangement included in the Law as a temporary order in the coronavirus pandemic period - the Insolvency and Economic Rehabilitation Law (Amendment No. 4 - Temporary Order - Novel Coronavirus), 2021 (hereinafter - the "Temporary Order"), which is still in effect and is expected to expire in December 2024. In the temporary order, special directives were added to Section J of the Law for a limited period, which allowed debtors to receive a temporary stay of proceedings of up to four months from the court in order to negotiate a debt settlement. The memorandum proposes to permanently establish in the Law the same relief that was established until now only temporarily in the temporary order, but the proposed amendment differs from the temporary order in several significant and fundamental aspects, the purpose of which is to protect the interests of the creditors, to provide a solution to the problems created in the implementation of the temporary order and to reduce the concern of abuse of the stay of proceedings.

The Companies Law (Amendment No. 37) (Corporate Governance in Public Companies with no Controlling Shareholder), 2023 and Draft Companies Regulations (Easements in Transactions with Interested Parties) (Amendment), 2024

On April 1, 2024, the Knesset plenum approved in the first reading the proposal to amend the Companies Law regarding public companies in which there is no controlling shareholder, which would adapt the corporate governance principles in the Companies Law to companies with a decentralized ownership structure. In addition, the bill includes several adjustments relevant for all companies. The main points of the proposal: amendment of the definition of "Control"; change in the composition of the board of directors in a company with no controlling shareholder such that it will be composed of mainly independent directors; establishment of an arrangement that allows a company to determine additional compensation to be paid to an independent director who serves as chairman of the board; improvement of the procedure for appointing directors and the manner of approving transactions with company directors and dominant shareholders.

In addition, on July 7, 2024, draft regulations were published which proposed the addition of easements regarding the approval mechanism for an exceptional company transaction with one who serves as a director, similar to the easements currently existing in the regulations regarding transactions with a controlling shareholder.

A call to consider a change in trading days on the Tel Aviv Stock Exchange

On May 16, 2024, the TASE published a public appeal, according to which the TASE is examining, together with the Israel Securities Authority and the Bank of Israel, the possibility of a change in the trading days on the TASE, making an adjustment to that accepted around the world, among other things in order to increase accessibility to the local market for foreign investors and for foreign market makers which is likely to increase the tradability and liquidity in the local market, increase the chance of adding Israel to the MSCI Europe index, and provide local investors with flexibility to trade while waiting for material market announcements abroad on Fridays. In the public appeal, the public is presented with two alternatives for a change in trading days: (1) A transition from trading from Sunday to Thursday as is customary today to trading from Sunday to Friday; (2) A transition from trading from Sunday to Thursday as is customary today to trading from Monday to Friday.

Tel Aviv Stock Exchange announcement regarding the decision of the TASE Board of Directors, according to which companies distributing a dividend will be required to declare the final dividend amount per share

On May 22, 2024, the TASE Board of Directors approved an amendment to the TASE Rules, according to which companies distributing a dividend will be required to report the dividend amount per share to the public instead of the total dividend amount that will be distributed. According to the amendment, it will be possible to update the amount of the final dividend per share up to two trading days before the record date for payment, and in case of exercises of convertible securities for shares from the above date and until the effective date for payment, the dividend amount per share will not change and the total dividend amount will increase. The decision will enter into effect, subject to the approval of the authorities, on February 1, 2025.

The Payment Services Memorandum of Law (Amendment) (Consumer Protection against Dealers who Commit Violations under Aggravating Circumstances), 2024, and the Payment Services Memorandum of Law (Consumer Protection against Dealers who Commit Violations under Aggravating Circumstances) (Legislative Amendments), 2024

On June 17, 2024, the Payment Services Memorandum of Law was published, which proposed an amendment to the responsibility arrangement established in Section 24 of the Law such that the responsibility imposed on the payment service provider will be expanded in circumstances of abuse of the essential component of means of payment. The memorandum proposes the imposition of the responsibility on the payment service provider, among other things also in a situation where the payer made the essential component available to another person who pretended impersonated the payment service provider or the beneficiary.

In addition, on July 4, 2024, the amendment to the Law was published, which is intended to deal with the phenomenon of swindling and exploiting senior citizens and other consumers in a weak position by strengthening the administrative enforcement. Several indirect adjustments were made in the Law: (1) The Consumer Protection Law, 1981, was amended such that it authorized the Commissioner of the Consumer Protection and Fair Trade Authority (hereinafter - the “Commissioner”) to ask the court for a search warrant for computer material to determine that a dealer is committing violations under aggravating circumstances and to transmit information regarding such a determination to the payment service provider and to the Execution System Manager; (2) the Execution Law, 1967, was amended such that a determination that a dealer is violating under aggravating circumstances will result in no new portfolios will be opened for him, active portfolios defined in the Law in which the dealer is the winner will be closed and funds and proceedings in his favor will be delayed; (3) the Payment Services Law, 2019, was amended and an obligation was added for a payment service provider to stop performing a guaranteed payment transaction in circumstances where the Commissioner has announced his intention to determine that the beneficiary is a dealer who is committing violations under aggravating circumstances or in a case where the Commissioner announces such a determination where the manner of stopping the payment transaction varies according to the type of announcement.

Encouragement of Capital Market Activity Bill (Legislative Amendments), 2024

On June 26, 2024, the Bill for the Encouragement of Capital Market Activity (Legislative Amendments), 2024 was published, which proposed an expansion of the use of commercial securities (CSs) to finance the operations of corporations; to expand the option to register for trading for dual listed companies on the stock exchange in Israel; to establish a platform for creating alternative mutual funds; and to increase the interest and activity in the stock market through general consulting activity.

The National Insurance Bill (Amendment No. 247), 2024

On July 16, 2024, the amendment to the Law was published, which deals with the Savings for Every Child Plan. According to the amendment, parents who chose to deposit the funds in the bank for their first child and do not make an active choice for their second child, the default for their second child will be deposits in a provident fund in an increased track. It will also be possible to change the deposit track, which will enable people who started with a bank deposit as part of the Savings for Every Child Plan to transition to depositing in a provident fund. Amounts deposited up to the transition will remain in the original deposit. The Law's effective date will be January 1, 2025.

Privacy Protection Law (Amendment No. 13), 2024

On August 5, 2024, the bill was passed in the Knesset plenum in the second and third readings. The amendment to the Law adapts the Israeli privacy protection laws to the accepted standards around the world, and in particular to the EU's General Data Protection Regulation (the GDPR). The amendment to the Law includes, among other things, an expansion of the obligation to appoint an Information Security Supervisor, a significant reduction of the database registration obligation alongside a new obligation to inform the Privacy Protection Authority regarding certain databases, determination of the obligation to appoint a Privacy Protection Supervisor in certain cases, establishment of new directives regarding preliminary opinions of the database's compliance with legal requirements, which will be given by the Authority at the request of a controlling shareholder, or a holder, in a database, and more. The amendment to the Law includes a significant expansion of authorities and enforcement tools of the Privacy Protection Authority and the courts and includes, among other things, the possible imposition of financial sanctions that may reach, in certain circumstances, millions of shekels, and the option to impose part of the financial sanctions without allowing for the breach to be cured. The effective date of the amendment to the Law will be one year from the date of publication.

Credit Ratings

Following are the credit ratings and outlook of the State of Israel and the Bank as at August 14, 2024:

	Rating agency	Long term	Outlook	Short term
State of Israel	Moody's	A2	Negative	P-2
	S&P	A+	Negative	A-1
	Fitch	A	Negative	F1+
Bank Leumi: foreign currency	Moody's	A3	Negative	P-2
	S&P	A-	Negative	A-2
	Fitch	A	Negative	F1+
	Fitch	A-	Negative	F1 (xgs)
Local rating (in Israel)	S&P Maalot	AAA	Negative	A-1+
	Midroog	Aaa	Stable	P-1

Following is the development of the Bank's credit rating and credit outlook from January 1, 2024 to August 14, 2024

On February 13, 2024, rating agency Moody's announced that - following the downgrading of the State of Israel's rating from A1 to A2 with a negative outlook - the agency was also downgrading the long-term deposits to A3 and the short-term - to P-2 of the Bank and other Israeli banks, as well as the CRR rating of the Bank and other Israeli banks to A2, with a negative outlook.

On April 6, 2024, Fitch rating agency announced that due to the removal of the State of Israel from the Ratings Watch Negative (RWN), it removed the Bank's long-term IDR rating from the RWN and reiterated the long-term rating at a level of A and the short-term rating at a level of F1+, with a negative outlook.

On May 2, 2024, rating agency S&P announced that - following the downgrading of the State of Israel's rating from AA-/A-1+ to A+/A-1 with a negative outlook - the agency was downgrading the (long-term and short-term) rating of the Bank and other Israeli banks from A/A-1 to A-/A-2, with a negative outlook.

On May 2, 2024, rating agency S&P Maalot announced that - following the downgrading of the State of Israel's rating from AA-/A-1+ to A+/A-1 with a negative outlook - the agency was downgrading the rating outlook of the Bank and other Israeli banks from stable to negative and reiterated the Bank's rating.

On August 1, 2024, credit rating agency S&P reiterated the Bank's rating and rating outlook.

On August 6, 2024, credit rating agency S&P Maalot reiterated the Bank's rating and rating outlook.

A downgrade (by one notch) in the credit rating of the State of Israel by one or even several of the rating agencies that rate the State of Israel, will not affect the Bank's capital adequacy ratios.

Appendix 1 - Income and Expenditure Rates[(a)] and Analysis of Changes in Interest Income and Expenses

Part A - Average Balances and Interest Rates – Assets

	For the three months ended June 30					
	2024			2023		
	Average balance[(b)]	Interest income	% of income	Average balance[(b)]	Interest income	% of income
	In NIS million		In %	In NIS million		In %
Interest-bearing assets						
Loans to the public[(c)]						
In Israel	**418,305**	**6,889**	**6.59**	396,564	6,389	6.44
Outside Israel	**8,205**	**182**	**8.87**	6,490	145	8.94
Total[(i)]	**426,510**	**7,071**	**6.63**	403,054	6,534	6.48
Loans to the government						
In Israel	**1,378**	**16**	**4.64**	1,144	13	4.55
Outside Israel	**-**	**-**	**-**	-	-	-
Total	**1,378**	**16**	**4.64**	1,144	13	4.55
Deposits with banks						
In Israel	**12,626**	**130**	**4.12**	15,894	168	4.23
Outside Israel	**286**	**1**	**1.40**	227	-	-
Total	**12,912**	**131**	**4.06**	16,121	168	4.17
Deposits with central banks						
In Israel	**101,788**	**1,141**	**4.48**	81,788	943	4.61
Outside Israel	**-**	**-**	**-**	76	1	5.26
Total	**101,788**	**1,141**	**4.48**	81,864	944	4.61
Securities borrowed or purchased under reverse repurchase agreements						
In Israel	**1,875**	**26**	**5.55**	2,454	32	5.22
Outside Israel	**-**	**-**	**-**	-	-	-
Total	**1,875**	**26**	**5.55**	2,454	32	5.22
Bonds - held-to-maturity and available-for-sale[(d)]						
In Israel	**119,932**	**1,317**	**4.39**	104,040	921	3.54
Outside Israel	**-**	**-**	**-**	-	-	-
Total	**119,932**	**1,317**	**4.39**	104,040	921	3.54
Bonds - held-for-trading[(d)]						
In Israel[(j)]	**7,488**	**90**	**4.81**	6,418	51	3.18
Outside Israel	**-**	**-**	**-**	-	-	-
Total	**7,488**	**90**	**4.81**	6,418	51	3.18
Total interest-bearing assets	**671,883**	**9,792**	**5.83**	615,095	8,663	5.63
Non-interest-bearing receivables for credit cards	**6,371**			6,123		
Other non-interest-bearing assets[(e)]	**64,911**			70,504		
Total assets	**743,165**	**9,792**		691,722	8,663	
Total interest-bearing assets attributable to foreign operations	**8,491**	**183**	**8.62**	6,793	146	8.60

Please see comments below.

Part B - Average Balances and Interest Rates - Liabilities and Equity

	For the three months ended June 30					
	2024			2023		
	Average balance(b)	Interest expenses	% of expense	Average balance(b)	Interest expenses	% of expense
	In NIS million		In %	In NIS million		In %
Interest-bearing liabilities						
Deposits by the public						
In Israel	**439,578**	**4,683**	**4.26**	359,717	3,858	4.29
Demand deposits	**134,304**	**1,247**	**3.71**	101,675	1,084	4.26
Fixed deposits	**305,274**	**3,436**	**4.50**	258,042	2,774	4.30
Outside Israel	**-**	**-**	**-**	-	-	-
Demand deposits	**-**	**-**	**-**	-	-	-
Fixed deposits	**-**	**-**	**-**	-	-	-
Total	**439,578**	**4,683**	**4.26**	359,717	3,858	4.29
Deposits by the Israeli Government						
In Israel	**104**	**-**	**-**	286	-	-
Outside Israel	**-**	**-**	**-**	-	-	-
Total	**104**	**-**	**-**	286	-	-
Deposits by central banks						
In Israel	**8,286**	**23**	**1.11**	15,815	2	0.05
Outside Israel	**-**	**-**	**-**	-	-	-
Total	**8,286**	**23**	**1.11**	15,815	2	0.05
Deposits by banks						
In Israel	**8,917**	**73**	**3.27**	7,826	26	1.33
Outside Israel	**-**	**-**	**-**	-	-	-
Total	**8,917**	**73**	**3.27**	7,826	26	1.33
Securities loaned or sold under repurchase agreements						
In Israel	**8,147**	**139**	**6.82**	6,445	110	6.83
Outside Israel	**-**	**-**	**-**	-	-	-
Total	**8,147**	**139**	**6.82**	6,445	110	6.83
Bonds						
In Israel	**30,801**	**496**	**6.44**	29,471	383	5.20
Outside Israel	**-**	**-**	**-**	-	-	-
Total	**30,801**	**496**	**6.44**	29,471	383	5.20
Total interest-bearing liabilities	**495,833**	**5,414**	**4.37**	419,560	4,379	4.17
Non-interest-bearing deposits by the public	**142,757**			176,082		
Non-interest-bearing payables for credit cards	**1,718**			1,665		
Other non-interest-bearing liabilities(f)	**41,576**			40,533		
Total liabilities	**681,884**	**5,414**		637,840	4,379	
Total capital resources	**61,281**			53,882		
Total capital commitments and resources	**743,165**	**5,414**		691,722	4,379	
Interest rate spread			**1.46**			1.46
Net return(g) on interest-bearing assets						
In Israel	**663,392**	**4,195**	**2.53**	608,302	4,138	2.72
Outside Israel	**8,491**	**183**	**8.62**	6,793	146	8.60
Total	**671,883**	**4,378**	**2.61**	615,095	4,284	2.79
Total interest-bearing liabilities attributable to foreign operations	-	-	-	-	-	-

Please see comments below.

Part A - Average Balances and Interest Rates – Assets (cont.)

	For the six months ended June 30					
	2024			2023		
	Average balance[(b)]	Interest income	% of income	Average balance[(b)]	Interest income	% of income
	In NIS million		In %	In NIS million		In %
Interest-bearing assets						
Loans to the public[(c)]						
In Israel	415,558	12,831	6.18	385,935	11,917	6.18
Outside Israel	8,340	357	8.56	6,888	259	7.52
Total[(i)]	423,898	13,188	6.22	392,823	12,176	6.20
Loans to the government						
In Israel	1,466	35	4.77	1,101	23	4.18
Outside Israel	-	-	-	-	-	-
Total	1,466	35	4.77	1,101	23	4.18
Deposits with banks						
In Israel	13,224	267	4.04	15,950	335	4.20
Outside Israel	258	1	0.78	221	-	-
Total	13,482	268	3.98	16,171	335	4.14
Deposits with central banks						
In Israel	**99,384**	**2,220**	**4.47**	96,388	2,016	4.18
Outside Israel	**-**	**-**	**-**	79	2	5.06
Total	**99,384**	**2,220**	**4.47**	96,467	2,018	4.18
Securities borrowed or purchased under reverse repurchase agreements						
In Israel	**2,080**	**54**	**5.19**	2,891	66	4.57
Outside Israel	**-**	**-**	**-**	-	-	-
Total	**2,080**	**54**	**5.19**	2,891	66	4.57
Bonds - held-to-maturity and available-for-sale[(d)]						
In Israel	**124,420**	**2,642**	**4.25**	97,211	1,542	3.17
Outside Israel	**-**	**-**	**-**	-	-	-
Total	**124,420**	**2,642**	**4.25**	97,211	1,542	3.17
Bonds - held-for-trading[(d)]						
In Israel[(j)]	**10,485**	**212**	**4.04**	4,961	75	3.02
Outside Israel	**-**	**-**	**-**	-	-	-
Total	**10,485**	**212**	**4.04**	4,961	75	3.02
Total interest-bearing assets	**675,215**	**18,619**	**5.51**	611,625	16,235	5.31
Non-interest-bearing receivables for credit cards	**6,311**			6,159		
Other non-interest-bearing assets[(e)]	**65,833**			70,657		
Total assets	**747,359**	**18,619**		688,441	16,235	
Total interest-bearing assets attributable to foreign operations	**8,598**	**358**	**8.33**	7,188	261	7.26

Please see comments below.

Part B - Average Balances and Interest Rates - Liabilities and Equity (cont.)

	For the six months ended June 30					
	2024			2023		
	Average balance[b]	Interest expenses	% of expense	Average balance[b]	Interest expenses	% of expense
	In NIS million		In %	In NIS million		In %
Interest-bearing liabilities						
Deposits by the public						
In Israel	438,098	9,248	4.22	360,073	7,084	3.93
Demand deposits	136,507	2,531	3.71	108,176	2,014	3.72
Fixed deposits	301,591	6,717	4.45	251,897	5,070	4.03
Outside Israel	-	-	-	9	-	-
Demand deposits	-	-	-	9	-	-
Fixed deposits	-	-	-	-	-	-
Total	438,098	9,248	4.22	360,082	7,084	3.93
Deposits by the Israeli Government						
In Israel	111	1	1.80	265	1	0.75
Outside Israel	-	-	-	-	-	-
Total	111	1	1.80	265	1	0.75
Deposits by central banks						
In Israel	9,545	44	0.92	16,365	5	0.06
Outside Israel	-	-	-	-	-	-
Total	9,545	44	0.92	16,365	5	0.06
Deposits by banks						
In Israel	10,340	137	2.65	6,423	47	1.46
Outside Israel	-	-	-	-	-	-
Total	10,340	137	2.65	6,423	47	1.46
Securities loaned or sold under repurchase agreements						
In Israel	10,062	290	5.76	5,443	177	6.50
Outside Israel	-	-	-	-	-	-
Total	10,062	290	5.76	5,443	177	6.50
Bonds						
In Israel	31,437	754	4.80	29,073	709	4.88
Outside Israel	-	-	-	-	-	-
Total	31,437	754	4.80	29,073	709	4.88
Total interest-bearing liabilities	499,593	10,474	4.19	417,651	8,023	3.84
Non-interest-bearing deposits by the public	144,398			176,252		
Non-interest-bearing payables for credit cards	1,706			1,727		
Other non-interest-bearing liabilities[f]	41,805			39,063		
Total liabilities	687,502	10,474		634,693	8,023	
Total capital resources	59,857			53,748		
Total capital commitments and resources	747,359	10,474		688,441	8,023	
Interest rate spread			1.32			1.47
Net return[g] on interest-bearing assets						
In Israel	666,617	7,787	2.34	604,437	7,951	2.63
Outside Israel	8,598	358	8.33	7,188	261	7.26
Total	675,215	8,145	2.41	611,625	8,212	2.69
Total interest-bearing liabilities attributable to foreign operations	-	-	-	9	-	-

Please see comments below.

Part C - Average Balances and Interest Rates - Additional Information on Interest-Bearing Assets and Liabilities Attributable to Activities in Israel

	For the three months ended June 30					
	2024			2023		
	Average balance[(b)]	Interest income (expenses)	% of income (expense)	Average balance[(b)]	Interest income (expenses)	% of income (expense)
	In NIS million		In %	In NIS million		In %
CPI-linked NIS						
Total interest-bearing assets	**68,157**	**1,543**	**9.06**	61,343	1,197	7.81
Total interest-bearing liabilities	**29,149**	**(514)**	**(7.05)**	28,436	(423)	(5.95)
Interest rate spread			**2.01**			1.86
Non-linked NIS						
Total interest-bearing assets	**481,476**	**6,637**	**5.51**	441,034	6,200	5.62
Total interest-bearing liabilities	**349,081**	**(3,341)**	**(3.83)**	274,969	(2,552)	(3.71)
Interest rate spread			**1.68**			1.91
Foreign currency						
Total interest-bearing assets	**113,759**	**1,429**	**5.02**	105,925	1,120	4.23
Total interest-bearing liabilities	**117,603**	**(1,559)**	**(5.30)**	116,155	(1,404)	(4.83)
Interest rate spread			**(0.28)**			(0.60)
Total activity in Israel						
Total interest-bearing assets	**663,392**	**9,609**	**5.79**	608,302	8,517	5.60
Total interest-bearing liabilities	**495,833**	**(5,414)**	**(4.37)**	419,560	(4,379)	(4.17)
Interest rate spread			**1.42**			1.43

Please see comments below.

Part C - Average Balances and Interest Rates - Additional Information on Interest-Bearing Assets and Liabilities Attributable to Activities in Israel (cont.)

	For the six months ended June 30					
	2024			2023		
	Average balance[(b)]	Interest income (expenses)	% of income (expense)	Average balance[(b)]	Interest income (expenses)	% of income (expense)
	In NIS million		In %	In NIS million		In %
CPI-linked NIS						
Total interest-bearing assets	**67,237**	**2,178**	**6.48**	60,543	2,192	7.24
Total interest-bearing liabilities	**29,384**	**(680)**	**(4.63)**	27,680	(753)	(5.44)
Interest rate spread			**1.85**			1.80
Non-linked NIS						
Total interest-bearing assets	**484,757**	**13,325**	**5.50**	441,716	11,731	5.31
Total interest-bearing liabilities	**346,067**	**(6,666)**	**(3.85)**	278,295	(4,645)	(3.34)
Interest rate spread			**1.65**			1.97
Foreign currency						
Total interest-bearing assets	**114,623**	**2,758**	**4.81**	102,178	2,051	4.01
Total interest-bearing liabilities	**124,142**	**(3,128)**	**(5.04)**	111,667	(2,625)	(4.70)
Interest rate spread			**(0.23)**			(0.69)
Total activity in Israel						
Total interest-bearing assets	**666,617**	**18,261**	**5.48**	604,437	15,974	5.29
Total interest-bearing liabilities	**499,593**	**(10,474)**	**(4.19)**	417,642	(8,023)	(3.84)
Interest rate spread			**1.29**			1.45

Please see comments below.

Part D - Analysis of Changes in Interest Income and Interest Expenses

	2024 vs. 2023			2024 vs. 2023		
	For the three months ended June 30			For the six months ended June 30		
	Increase (decrease) due to change[h]		Net change	Increase (decrease) due to change[h]		Net change
	Quantity	Price		Quantity	Price	
	In NIS million					
Interest-bearing assets						
Loans to the public						
In Israel	358	142	500	915	(1)	914
Outside Israel	38	(1)	37	62	36	98
Total	396	141	537	977	35	1,012
Other interest-bearing assets						
In Israel	370	222	592	704	669	1,373
Outside Israel	-	-	-	-	(1)	(1)
Total	370	222	592	704	668	1,372
Total interest income	766	363	1,129	1,681	703	2,384
Interest-bearing liabilities						
Deposits by the public						
In Israel	851	(26)	825	1,647	517	2,164
Outside Israel	-	-	-	-	-	-
Total	851	(26)	825	1,647	517	2,164
Other interest-bearing liabilities						
In Israel	(47)	257	210	78	209	287
Outside Israel	-	-	-	-	-	-
Total	(47)	257	210	78	209	287
Total interest expenses	804	231	1,035	1,725	726	2,451

Comments:

(a) The data in the above tables are stated after the effect of derivatives instruments hedging.

(b) Based on monthly opening balances, except for the unlinked Israeli currency segment where the average balance is calculated according to daily inputs, and before deducting the average on-balance sheet loan loss provisions; foreign subsidiaries - based on quarterly opening balances.

(c) Before deducting the average balance of loan loss provisions. Including non-accrual debts.

(d) The average balance of unrealized gains/losses from fair value adjustments of held-for-trading bonds were deducted from/added to the average outstanding held-for-trading bonds and available-for-sale bonds, as were gains/losses in respect of available-for-trading bonds included in shareholder's equity under Accumulated other comprehensive income (loss), in the Adjustments in respect of presentation of available-for-sale securities at fair value item in respect of bonds transferred from the available-for-sale portfolio for the three- and six-month periods ended June 30, 2024, in the amount of NIS (4,025) million and NIS (3,634) million, respectively, and for the three- and six-month periods ended June 30, 2023 - NIS (3,418) million and NIS (3,469) million, respectively.

(e) Including book balances of derivatives, other non-interest-bearing assets, non-monetary assets, and less loan loss provision.

(f) Including book balances of derivative instruments and non-monetary liabilities.

(g) Net yield – net interest income divided by total interest-bearing assets.

(h) The change attributable to the quantity change was calculated by multiplying the new price by the change in quantity. The change attributable to the change in price was calculated by multiplying the former quantity by the new price.

(i) Fees and commissions for the three-month and six-month periods ended June 30, 2024 in the amount of NIS 99 million and NIS 189 million, respectively, were included in the interest income from loans to the public (fees and commissions for the three-month and six-month periods ended June 30, 2023 in the amount of NIS 102 million and NIS 199 million, respectively).

(j) Of which interest income for the three and six months in the amount of NIS 7 million and NIS 13 million, respectively, in respect of bonds classified as held-for-trading securities because the Bank chose to measure them initially according to the fair value alternative, although they were not acquired for trading purposes.

Glossary of Terms

Term	Definition
A	
Actuarial Calculation	Any calculation that reflects uncertainties, i.e., is risk-adjusted. For example, an Actuarial Calculation reflects past experience and management's estimates as to the expected retirement dates of a bank's employees and the expected retirement benefits which are allocated on a linear basis over the expected service period.
Active Market	A market in which transactions in an asset or liability exist at a sufficient frequency and volume to provide information about pricing on an ongoing basis.
Actuarial Gain/Loss	Mostly reflects adjustments in respect of actuarial estimates, as at the end of the year, of defined benefit pension plans and a deduction of amounts previously recorded in other comprehensive income.
Asset and Liability Management (ALM)	Management of the Bank's assets and liabilities with the aim of avoiding a mismatch between the two and, in the long-term, increasing the Bank's capital for the benefit of its shareholders.
Asset-Backed Securities (ABSs)	A security whose interest and principal payments are collateralized or pledged by a specific financial asset.
Auxiliary Corporation	A corporation which is not in itself a bank and whose activities are limited to the fields of activity permitted to the bank controlling it, except activities reserved exclusively for corporations defined as banks under law.
Average Duration (AD)	Average duration is measured in years and weights the periodic interest payments of the financial instrument over its life until final redemption.
B	
Balanced Score Card (BSC)	A performance metric used for measuring the performance of the Bank and its business lines on a number of quantitative and qualitative issues defined by Bank's management in its strategic plan.
Basel II/Basel III	Banks' risk management directives set by the Basel Committee on Banking Supervision (BCBS), which is the primary supervision and global standard setter for prudential regulation and supervision of banks. The BCBS's directives serve as the benchmark for leading standards designed to ensure the stability of financial institutions.
Basic Earnings per Share	Basic earnings per share will be calculated by dividing the profit or loss attributed to holders of the parent company's ordinary shares (the numerator) by the weighted average number of ordinary shares outstanding during the period (the denominator).
Basis Point (BP)	1/100th of 1 percent; BP is used as a common unit of measure for interest rates.

Basis Risks	Basis Risk is the potential loss as a result of changes in the consumer price index and exchange rates due to the difference between the value of assets and the value of liabilities, including the impact of future transactions in each of the linkage bases.
Benchmark Interest Rate	Interest determined on an external objective basis according to a pre-set formula, i.e., the bank plays no direct role in setting it.
Bid-Ask Spread	The difference between the offered purchase price and selling price. This is, in fact, the difference between the highest price a buyer is willing to pay for an asset and the lowest price in which a seller is willing to sell it.
Build Operate Transfer (BOT)	A model used to finance public projects whereby a public entity grants a concession to a private company to finance, plan, build and operate a public facility for a fixed period of time, at the end of which control of the facility is transferred to the government.
C	
Capital Adequacy Ratio	The ratio between the Bank's qualifying Regulatory Capital and its risk-weighted assets (the Bank's assets weighted to reflect credit, market and operational risks), calculated in accordance with the Bank of Israel's directives and to reflect the risk associated with exposures undertaken by the Bank during the course of its activities.
Collateralized Debt Obligation (CDO)	A bond backed by a portfolio of bonds and/or loans of various seniority levels and ratings.
Collateralized Loan Obligation (CLO)	A bond backed by a loans portfolio.
Collective Provision	A Collective Provision for Loan losses is applied to large groups of relatively small and homogeneous debts and to debts that were reviewed specifically and were found to be non-performing. The Collective Provision in respect of the off-balance sheet instruments is based on provision rates that were set for on-balance sheet loans, while taking into account the Bank's estimates regarding the probability of utilizing the various off-balance-sheet items.
Common Equity Tier 1 Capital	Going Concern Capital Common Equity Tier 1 (CET1) Capital includes the equity attributed to a bank's shareholders, with the addition of some of the non-controlling interests (minority interests) of consolidated subsidiaries less goodwill, other intangible assets and regulatory adjustments and additional deductions, pursuant to Proper Conduct of Banking Business Directive No. 202, "Measurement and Capital Adequacy – Regulatory Capital" and pursuant to the transitional provisions of Proper Conduct of Banking Business Directive No. 299, "Measurement and Capital Adequacy – Regulatory Capital – Transitional Provisions".

Conduct Risk	Conduct Risk is the risk that any dealings with Bank's customers which are not fair, transparent and aimed to meet their needs will lead to losses due to legal damages, fines or reputational damage.
Committee Of Sponsoring Organizations of the Treadway Commission (COSO)	A structured internal controls model. The model is intended to assist businesses and other entities to assess, estimate and enhance their internal control functions.
Cost of Interest	The interest component allocated to a current year and classified into payroll expenses.
Cost of Service	All components of employee benefits costs allocated to a specific period.
Credit Default Swap (CDS)	A financial instrument that transfers the credit exposure between parties to a transaction to the issuing entity.
Credit Derivative	A contract that transfers the credit risk from a buyer to a seller. There are various forms of Credit Derivatives: Credit Default Swap (CDS), a note for partial cover of credit risk, Total Return Swap (TRS), etc.
Credit Valuation Adjustment (CVA)	The calculation of credit risk in derivatives reflects the expected loss to the bank in case the counterparty to the transaction will default.
Credit Risk	Credit risk is the Bank's risk of loss as a result of the possibility that a borrower or counterparty fails to meet its agreed commitments towards the bank.
Cross Border Activity	A term referring to various cross-border financing arrangements, such as cross border loans, letters of credit or bankers' acceptances.
Current Expected Credit Losses (CECL)	A model for expected credit losses.
Cyber Event	An event during which the Bank's IT and/or computer-embedded systems and infrastructures are attacked by, or on behalf of, opponents (whether external or internal to the bank) and such attack may result in the materialization of the cyber risk, including an attempted attack even if it did not result in actual damage.
D	
Defined Benefit Plan	Fixed and predetermined pension or insurance amounts which are paid to eligible employees, whether or not they depend on the investment results of the pension fund or insurer.

Delinquent Debt	The delinquency (arrears) status of a debt is determined according to its contractual repayment terms. The debt is in arrears if some or all of the debt amount has not been repaid within 30 days of its due date. For this purpose, a debt in a current account in excess of the authorized credit facility will be regarded as being in arrears if not repaid within 30 days, or if that account is not credited with sums sufficient to cover the debt under the credit facility within the period determined by the Bank's management.
Diluted Earnings Per Share	Dividing the profit or loss attributed to holders of the parent company by the weighted average number of ordinary shares outstanding, to assume conversion of all potentially dilutive ordinary shares.
Dodd Frank Wall Street Reform and Consumer Protection Act (DFA)	The DFA is a U.S. federal law which came into force on July 28 2019. The DFA sets in motion a comprehensive financial reform which has various implications for the Leumi Group, the principal of which is associated with transactions involving over-the-counter derivative swaps.
E	
Embedded Derivatives	Embedded Derivatives are derivative instruments which are embedded into other financial contracts and instruments or into commercial contracts for the purchase or sale of products and services (these contracts are known as host contracts). The accounting treatment is applied according to the economic substance of the items and transactions, rather than according to their legal form; therefore, embedded derivatives whose economic characteristics are not clearly and closely related to those of the host contract are bifurcated therefrom for the purpose of measurement in the Bank's books of accounts.
European Market Infrastructure Regulation (EMIR)	A regulation of the European Union which is intended to enhance the stability of over-the-counter markets in all EU countries.
Exposure at Default (EAD)	The expected amount of counterparty exposure in case of credit default.
F	
Fair Value	The amount for which an asset can be exchanged or a liability assumed in a transaction between knowledgeable, willing parties. This value is determined according to the fair value hierarchy set in accounting standards: • Level 1 – Value based on quoted market prices; • Level 2 – Estimated value based on observable inputs; • Level 3 – Estimated value determined by using valuation techniques that include unobservable inputs.

Fannie Mae (FNMA)	A U.S. government-sponsored enterprise which purchases and securitizes mortgages and sells them on the free market. (The company is not backed by the U.S. government).
Federal Deposit Insurance Corporation (FDIC)	An independent federal agency insuring deposits in U.S. banks; FDIC is one of the U.S.'s banking supervisory bodies.
Foreign Accounts Tax Compliance Act (FATCA)	A U.S. tax law intended to improve tax enforcement. Pursuant to FATCA, non-U.S. financial entities must disclose to the U.S. Internal Revenue Service information about accounts held by them for anyone who is required to report under FATCA, even if he/she is not a U.S. resident.
Forwards	Forwards are contracts between two parties for the sale of a specified quantity of an asset at a particular price on a stipulated future date (the settlement date). Such contracts are binding on both parties to the agreement. Forwards are not standard contracts and are not traded on capital markets, but are drawn up specifically according to the parties' needs.
Freddie Mac (FHLMC)	FHLMC is a U.S. government-sponsored agency that purchases and securitizes mortgages and sells them to the public. (The company is not backed by the U.S. government).
Futures	Futures are contracts between two parties for the sale of a specified quantity of an asset at a particular price on a stipulated future date (the settlement date). Such contracts are binding on both parties to the agreement. Futures are standard contracts traded on capital markets.
G	
Ginnie Mae (GNMA)	A federal mortgage company. The bonds issued by GNMA are backed by the Government National Mortgage Association.
I	
Indebtedness	The Bank's loan exposures to a borrower or group of borrowers, including loans under the bank's responsibility, the bank's investments in the borrower's securities, commitments of the bank to pay money on a customer's behalf (including guarantees and Documentary Credit) and transactions in over the counter (OTC) derivatives. Indebtedness is calculated according to the provisions of Proper Conduct of Banking Business Directive No. 313 of the Banking Supervision Department.
Interest Rate Risk	The risk of loss or impairment as a result of changes in interest rates across various currencies.

Internal Capital Adequacy Assessment Process (ICAAP)	The capital adequacy assessment process is aimed at calculating the capital required to support the various risks to which the Group is exposed in order to ensure that the Group's effective capital exceeds the capital requirements at any time.
Internal Rate of Return (IRR)	A measure used to estimate the profitability of potential investments. This metric is an indicator of the efficiency and quality of a specific investment in relation to the net present value, which is an indicator of the value and size of the investment. The Internal Rate of Return is the interest rate that discounts the expected cash flow from a financial instrument to its balance in the Bank's balance sheet.
L	
Leverage Ratio	Defined as the measured capital (the numerator) divided by the measured exposure (the denominator), with the ratio expressed as a percentage.
Linkage Base and Exchange Rate Exposure	The exposure to the basis risk is the potential loss as a result of changes in the consumer price index and exchange rates due to the difference between the value of assets and the value of liabilities, including the impact of future transactions in each of the linkage bases. The exposure to basis risks is measured as a percentage of the Group's exposed capital. At the Bank level, the exposed capital includes common equity and certain provisions, net of property, plant and equipment and investments in investees.
Liquidity Coverage Ratio	Liquidity Coverage Ratio examines a time-horizon of 30 days under a stress scenario, and is intended to ensure that a bank has an inventory of high-quality liquid assets that is able to cover the corporation's liquidity requirements in this time horizon.
Liquidity Risk	Liquidity Risk is the risk arising from uncertainty regarding the possibility of raising resources and/or disposing of assets, unexpectedly and within a very short time, without incurring a substantial loss.
Loan-to-Value (LTV) Ratio	The ratio of a bank loan to the value of a purchased asset. LTV reflects one aspect of the loan risk; a higher LTV reflects a higher risk to the lending bank.
Loss Given Default (LGD)	This is the percentage out of a borrower's total Exposure at Default (EAD), which the Bank is expected to lose on default.
M	
Market Risks	Market Risk is defined as the risk of loss in balance sheet and off-balance sheet positions as a result of a change in the fair value of a financial instrument due to change in market conditions (i.e., changes in: price levels in various markets; interest rate volatility; foreign exchange rates; inflation rates; share and commodity prices, as well as in other economic measures).

Mortgage-Backed Securities (MBS)	Bonds which are backed by financial assets, the principal and interest payments of which are based on a cash flow from repayment of loans collateralized by financial assets. The collateral assets may be pools of loans, including housing mortgages or other financial assets.
N	Impaired non-accruing loans.
Net Interest Margin (NIM)	Ratio between net interest income and the average balance of interest-bearing assets.
Net Stable Funding Ratio (NSFR)	The purpose of NSFR is to improve the long-term liquidity ratio profile of banking corporations by requiring them to maintain a stable funding ratio according to the composition of their assets and off-balance-sheet activities. The ratio limits banking corporations' over-reliance on wholesale short-term financing. Measurement - both for consolidated and separate reporting purposes - is made each quarter and the requirement is to comply with a 100 percent rate.
Non-Performing Credit	On-balance sheet credit that is assessed on a case by case basis and which - based on present circumstances and information - it is probable that the Bank will be unable to collect the full amounts payable (principal plus interest) under the contractual terms of the debt agreement. A debt which is assessed on a case by case basis shall be classified as non-performing whenever the principal or interest has been past due for a period of 90 consecutive days or more, unless it is both well secured and in the process of collection. Off-balance sheet credit is classified as non-performing if it is at least reasonably possible that the contingent liability in respect of the off-balance sheet item will materialize, and if the debts that may result from the materialization of the contingent liability should be classified into this category. Furthermore, a non-performing debt which is assessed on a specific basis and whose terms were changed due to restructuring of a troubled debt will also be considered as non-performing loans.
Non-Performing Loan (NPL)	Non-accrual troubled debt.
O	
OECD	An international organization whose members are developed countries that accept the principles of liberal democracy and free market. The organization is a platform for discussing policy, benchmarking, identifying solutions to difficulties and drawing up codes, guiding principles and shared standards for the implementation of domestic economic and social policies. Each member state can make a significant contribution to the organization’s policy and development of shared policies.

Off-Balance Sheet Exposures	These exposures arise from the Bank's undertakings to its borrowers that have not yet been realized/utilized by the borrowers as of the reporting date and therefore have not yet been recorded as a balance sheet asset or liability. Such exposures include, among other things: • Unutilized undertakings to extend loans; • Unutilized credit facilities; • Undertakings pursuant to guarantee agreements; • Undertakings pursuant to an approval in principle where the Bank is committed to maintain the interest rate over a certain period, • and more.
On-call Credit	Loan granted for several days and repaid on call, in accordance with the conditions of the agreement between the Bank and the customer.
Operational Risk	Operational Risk is the risk of loss as a result of inadequate, or failure of, internal processes, people and systems, or external events. This definition includes legal risk, but does not include strategic risk and reputational risk.
Option Contract/Option	There are two types of Option Contracts: an option to buy (call option) or an option to sell (put option). A call option is the right to buy a specified asset at an agreed price (strike price) up to (American-style option) or on (European-style option) a stipulated date. A put option is the right to sell a specified asset at an agreed price (strike price) up to (American-style option) or at (European-style option) a stipulated date.
P	
Performance Stock Units (PSU)	Performance Stock Unit awards are restricted shares and depend on the bank's future performance.
Pillar 1	The allocation of minimum capital against credit, market and operational risks, using a method that correlates the scope of exposure to the various risks and Regulatory Capital requirement. The Pillar 1 Directives set by BCBS were adopted as part of Proper Conduct of Banking Business Directives No. 201 to No. 209; these directives set a supervisory method for calculation of risk-weighted assets and calculation of the capital requirements in respect of such risk-weighted assets.

Private Individuals	Persons who are not corporations (whether registered or non-registered) and who are not engaged in business activity. According to the directives of the Bank of Israel, private persons are defined such that this category includes non-business loans to individuals who are classified into the private individuals sector according to uniform definitions of the Central Bureau of Statistics including households and private banking.
Probability of Default (PD) (Within one year of the rating date in a given period)	A financial term describing the likelihood of borrower default within a given period of time from the date on which rating is issued. It provides an estimate of the likelihood that a borrower will be unable to meet its contractual debt obligations.
R	
Regulatory Capital	Capital used to calculate the Bank's capital adequacy ratio and other regulatory ratios (such as: leverage ratio, credit concentration and more). Accounting capital components and other qualifying Regulatory Capital instruments (such as subordinated notes that qualify as Regulatory Capital).
Repurchase Agreement or Reverse Repurchase Agreement	These repo agreements are agreements for the purchase or sale of securities in consideration for cash or securities; when entering into these agreements, the seller and the buyer agree to enter into a reverse transaction at a predetermined date and price.
Reputational Risk	The risk that the publication or public disclosure of a customer-related transaction or practice, as well as the Group's business results and events relating thereto will have an adverse effect on the public's trust in the Group or reduce its customer base or that the Group will incur high legal costs or that its revenues will decline.
Residual Risk	Residual Risk is the risk of loss remaining after all other specific risks have been factored in. For example: when a person purchases an asset, he is exposed to various risks. Many of these risks are not unique to the purchased asset, but rather reflect broader scenarios, such as increase or decrease in share prices, increase or decrease in interest rates or change in growth rate of a specific economy or industry. The exposure to this risk can be reduced by diversification.
Restricted Share Units (RSUs)	An ordinary share whose issuance terms restrict its tradability over a certain period or until the occurrence of a certain event where the period has not yet elapsed and/or the event has not yet occurred.
Restructuring of Troubled Debt	A debt, for which the Bank, whether for economic or legal reasons related to financial difficulties of the borrower, grants the borrower a waiver by changing the terms of the debt, in order to enable the borrower to repay the cash payments in the short term or by accepting other assets as debt repayment.

Return on Equity	Net income less dividend for preferred shares which was not recorded as an expense in profit or loss and was declared in the reported period only, divided by the average common equity.
Rate of Return on Equity (ROE)	The ratio between a business's return (net income) and its common equity. This rate measures the Bank's ability to generate profit from its net assets and illustrates how efficiently the Bank operates to utilize further investments in order to increase its revenues. Return on Equity in banks is reflected in the following ratios: • Net income attributed to bank's shareholders net of dividend distributed in respect of preferred shares which was not recorded as an expense in profit or loss and was declared during the reporting period, divided by the average common equity; • Net income attributed to bank's shareholders net of dividend distributed to preferred shares which was not recorded as an expense in the income statement and was declared during the reporting period, divided by the average common equity net of average balance of preferred shares that were included in common equity.
Return on Risk-Adjusted Capital (RORAC)	A Rate of Return measure used to compare returns on various investments taking into account the risk. Actual return is adjusted by measuring the asset's exposure to risk and curtails the return on higher-risk assets. The method's effectiveness depends on the accuracy of the risk associated with different assets and on the extent to which the "sanction" imposed on higher-risk assets does, indeed, reflect each investor's risk aversion. Risk assessment of new types of assets, such as financial derivatives, involves high levels of uncertainty due to the actual behavior of their prices.
Risk-Weighted Assets (RWA) or Risk Assets	Risk-Weighted Assets reflect balance sheet and off-balance sheet exposures arising from the Bank's activities and weighted by their level of credit, market and operational risk according to Proper Conduct of Banking Business Directives No. 203 to No. 209. Such Risk Assets are designed to reflect the weighted risk in respect of which the Bank is required to comply with the Regulatory Capital Requirement as part of the Capital Adequacy requirements.
S	
Securitization	A process whereby bank loans and credit are pooled to create a long-term loan through bonds.

Securitization Structures	Structures created in order to transfer cash flows from other instruments or assets to bondholders, for which a Special-Purpose Entity (SPE) is set up that pools the underlying cash flow-generating assets that are transferred by the originator and forwards the cash-flows to the bondholders according to a structure agreed upon with the bondholders in accordance with the seniority of the different series of bonds (tranches). Such assignment of rights creates a legal structure in which the assets of the transferring entity will not be accessible to creditors of the SPE and the creditors will not be exposed to the risks associated with other activities of the transferring entity. The sole function of the SPE is to receive the said cash flows and transfer them to the bondholders.
Small Business Administration (SBA)	A U.S. government agency that supports small businesses in the U.S.A.
Special Mention Loan	Special Mention Loan is credit for which there are potential weaknesses which should be monitored closely by the Bank's management. Off-balance sheet loan is classified as loan under special supervision if the materialization of the contingent liability in respect of the item is defined as "reasonably possible" and if the debts that may be recognized as a result of the materialization of the contingent liability meet the criteria for classification into this category.
Standby Letter of Credit (SBLC)	A Standby Letter of Credit is a bank guarantee in the format of a commercial letter of credit, whose main goal is to secure a payment. A Standby Letter of Credit is similar to a guarantee in the sense that it constitutes an undertaking by the Bank to pay the amount specified therein against a payment demand by the beneficiary, whereas in the case of a commercial letter of credit one is required to present various documents in order to secure the payment by the Bank in respect of the guarantee.
Specific Provision	A provision that is determined specifically for each debt, excluding housing loans (including any restructuring of troubled debt subject to specific assessment according to the Bank’s policy). The provision amount is estimated according to the projected cash flows which are discounted at the debt’s original effective interest rate or, when the debt is defined as a debt whose collection is contingent on collateral or when an asset is expected to be seized - according to the fair value of the collateral net of disposal costs and after appropriate cushions are utilized. In order to determine the appropriate provision, the Bank assesses the relevant borrowers on an ongoing basis and according to procedure.

Strategic Risk	A business risk that includes current and future adverse effects on capital, profits, reputation or standing as a result of erroneous business decisions, inappropriate implementation of the decisions or lack of response to industry-specific, economic, regulatory and technological changes.
Subordinated Notes	Bonds the interests in which are subordinate to the claims of all other creditors of the bank, excluding other bonds of the same type.
Substandard Loan	A loan which is insufficiently guaranteed by the current sound worth and repayment capacity of a borrower or a pledged collateral, if any. Balance sheet credit risk that has been classified in this manner should have a well-defined weakness or weaknesses, which jeopardize the repayment of the debt. Loan, in respect of which a collective loan loss provision is recorded, shall be classified as a Substandard Loan when it has been past due for 90 days or more.
Supervisory Review Process (SREP)	The processes intended to ensure that banks have adequate capital to support all the risks associated with their business and also to encourage banks to develop and use better risk management techniques in monitoring and managing their risks. As part of the process, the Banking Supervision Department assesses a bank’s risk profile and its internal process for assessing the adequacy of the regulatory capital it maintains against the exposures. This process is designed to provide regulators with tools for independent assessment of the Bank’s risk profile and risk management and to enable early intervention in order to prevent compromising the Bank’s financial stability.
Swap	A series of forward contracts or a series of futures contracts for several stipulated periods in which two parties agree to exchange cash flows on a notional amount.
Syndication	A transaction in which several lenders share extending a loan to a single borrower, but each borrower extends a loan at a certain amount to a borrower and has the right to be repaid by that borrower. Often, groups of lenders finance such loans together, with the amount extended greater than any single lender is willing to lend.
Synthetic Collateralized Debt Obligation (SCDO)	An agreement backed by a portfolio of (derivative) collateralized debt securities of various seniority levels.
T	
The Economic Capital Model	The Bank uses the Economic Capital Model, which is based on the borrowers’ rating, in order to assess the overall credit risk of the entire loan portfolio and portions thereof.

Tier 2 Capital	A tier of capital included in the calculation of qualifying regulatory capital. Tier 2 capital (also known as "gone concern capital") is a substandard component of the Bank's capital; it mainly comprises qualifying instruments previously issued by the Bank and included in Tier 2 capital pursuant to the transitional provisions for the implementation of Basel III Directives as well as the new qualifying capital instruments that constitute the Bank's Contingent Convertible (CoCo) capital instruments issued by the Bank and which will be converted into the Bank's shares if the Bank reaches the point of non-viability. In addition, this Tier 2 capital also includes items, such as: a collective loan loss provision before the relating tax effect up to a ceiling of 1.25 percent of total credit risk assets
Total Indebtedness	A customers' total debts to the bank.
Treasury Shares	Shares directly held by the company. These shares do not have equity or voting rights.
V	
Value at Risk (VaR)	A model for measuring the maximum potential loss as a result of market risks materialization in a set time period and given a predetermined statistical probability. This method requires the revaluation of all of the corporation's positions based on the fair value of the assets and liabilities. The model's objectives are to estimate the risks to which financial institutions are exposed, stemming from materialization of market risks in various activities.