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

Summary Financial Statements
As of 30.09.2024
(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 rules that had been implemented in preparing the interim statements are consistent with the rules that served in preparing the financial statements as of December 31, 2023, except as specified in Note 1 to the financial statements. These statements are to be reviewed along with the 2023 annual statements.

Main Developments in the Israeli Economy[1]

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

Commencing October 7, 2023, the State of Israel has been in a war that has been forced upon it – the "Iron Swords War".

The first months of 2024 saw a gradual recovery and increase in activity against the background of the War, after the significant negative economic impact due to the war, which led to a sharp decline in the results in the fourth quarter of 2023. Among the main areas of activity that were significantly impaired due to the War and which have not yet returned to their levels of activity prior to the War, are the foreign tourism and agriculture sectors. At the same time, there has been a significant impact on the construction sector. On the regional level, the disruptions of the activity currently are mainly in the northern region, due to the increased intensity of warfare on the northern border.

For further information regarding the changes in the construction industry see the chapter titled "Risks Within the Construction and Real Estate Industries".

Looking forward, the growth rate for the full year 2024 is expected to be lower than that assessed immediately prior to the War. The forecast for the future, greatly depends on the security developments. The lower the degree of intensity of the War, the faster the economy's recovery. However, should the War intensify further, potential for impairment of additional sectors and additional regions will increase. The geo-political risks remain very high against the background of the escalation of the conflict in recent months, including the continued direct conflict against Iran. Similarly, also the risks associated with sentiment towards Israel in the global financial markets remained high.

Against the background of the War and its immediate and long-term implications regarding Israel's economic activity and Israel's fiscal situation, Israel's credit rating has been lowered, and the rating outlook has been lowered to negative by all the leading rating firms, with the possibility of additional downgrades should the situation deteriorate further.

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

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

Credit rating firm	Credit Rating	Rating outlook	Last update
S&P	A	Negative	October 1, 2024 Lowering the rating while leaving a negative outlook
Moody's	Baa1	Negative	September 27, 2024 Lowering the rating by two notches while leaving a negative outlook
Fitch	A	Negative	August 12, 2024 Lowering the rating while leaving a negative outlook

Against the background of the worsening security situation, on September 27, 2024, Moody's lowered Israel's credit rating by two notches from A2 (equivalent to A at the other companies) to Baa1 (equivalent to BBB+ at the other companies), and left the rating outlook negative. The explanation for the downgrade is geopolitical-political-security, emphasizing the cost for the economy in the short-term and the long-term.

On October 1, 2024 S&P lowered Israel's rating by one notch, from A+ to A, and left the rating outlook negative. Beyond the security situation, the background for lowering the rating is the decline in growth, and mainly the reduction of the forecast regarding the budget. The company notes the impairment of several sectors, including: tourism, construction and agriculture. On the other hand, the company notes the good standing of hi-tech exports, which are expected to continue growing uninterrupted, and additionally, the company expects future recovery of direct investments in Israel, however not of financial investments. Israel's rating is A on the part of Fitch, which has not yet updated the rating it gave in August, and as aforementioned, Israel's rating by the S&P rating firm is identical, and Moody's rating is (BBB+) Baa1.

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 details concerning the possible impact of lowering the State of Israel's rating on the bank's capital adequacy ratio see the Chapter Capital and Capital Adequacy Ratio.

The Global Economy

On October 22, 2024, the International Monetary Fund (IMF) revised its global forecasts for 2024-2025. Compared with the previous forecast from July 2024, there was no significant change in the IMF's global growth forecasts. The IMF assess that the rate of growth of the global economy is expected to remain low compared to previous years - 3.2% in each of the years 2024-2025 - similar to the forecasts in April and July, 2024. This is mainly due to the accumulated impact over the last years, of inflation that was higher than the target resulting in the increase of interest rates.

As for the developed economies, there had been an update upwards of the growth in the USA, and this contrary to a decline in forecasts regarding other developed economies, emphasizing the large European countries. Concerning the developing economies, disruptions of production and shipping of goods, geopolitical events, social turmoil and extreme climate events, led to lowering the growth forecasts for some of the emerging markets.

Since early 2024, there had been an improvement of the lack of balance between the global supply and demand, a development that contributed to slowing inflation worldwide. The developed economies are expected to return to their inflation goals faster compared to the emerging markets. Against the background of the convergence of inflation and slowing growth, some of the central banks in the developed economies began lowering the interest rate, including the USA, the Eurozone and England. This a process that is expected to continue into 2025.

Risks are weighted to the downside and include, among other things, risks arising from climate changes; 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. Additionally, there are risks of acceleration of goods' prices against the background of the geopolitical tensions worldwide, a situation that 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. A prolonged and sharper than expected decline in the economic activity in China, emphasizing the real-estate sector crisis in China, could impair the private consumption of Chinese consumers, and lead to negative impacts worldwide, given China's great weight in global trade.

Global growth/real change rate
Source: IMF - World economic outlook/October 2024

	2025	2024
World	3.2%	3.2%
USA	2.2%	2.8%
Eurozone	1.2%	0.8%
Japan	1.1%	0.3%
UK	1.5%	1.1%
China	4.5%	4.8%

The Israeli Economy

Growth in the Israeli Economy

The Israeli economy decreased by approximately 1.3% during the first half of the year compared to the corresponding period last year (the data in respect of the third quarter had not yet been published as of the date of closing the financial statements). The data in respect of the Bank of Israel's consolidated index, which constitute an indicator of the ongoing economic activity, indicate the continuance of the trend during the third quarter of the year.

According to the forecast of the Bank of Israel Research Department, the GDP is expected to grow at the rate of 0.5% in 2024 and by 3.8% in 2025 (the IMF's forecasts for Israel are of growth by 0.7% in 2024 and 2.7% in 2025). These growth rates are lower than the Bank of Israel forecast from July, 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 notes that as long as the war continues, the GDP growth is expected to be negatively impacted, mainly on the supply side, compared to a more moderate impairment of demand. 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. In September 2024, the unemployment rate as its standard definition (only unemployed persons) stood at 2.9% compared to 3.1% in December 2023, and the unemployment rate in its broad definition (includes also employees who were temporarily absent from work for economic reasons, nor do they participate in the workforce as they stopped working due to dismissal or closing of the workplace over the past two years) stood at 4.6% as of September this year, compared to 7.5% as of December last year (original figures). In addition to the decrease in the labor supply, in the combat zones and the threatened areas, production capacity was impaired due to the disruptions of the regular activity and the ability to work.

The State Budget and its Funding

The cumulative deficit in the State budget during January-September 2024, amounted to approximately NIS 92.8 billion, compared to a deficit of approximately NIS 4.0 billion during 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. The government's activity over the past 12 months ended September 2024, amounted cumulatively to a deficit of approximately NIS 165.8 billion, which accounts for approximately 8.5% GDP according to the Treasury's forecasts, and this compared to a deficit of approximately 4.1% GDP, at the end of 2023. The current deficit level exceeds the ceiling the Ministry of Finance set for 2024, which stands at GDP 6.6%.

Foreign trade and service exports data

During the first nine months of 2024, Israel's trade deficit amounted to approximately $23.5 billion, compared to a trade deficit of approximately $24.8 billion during the corresponding period last year. This is against the background of a slightly higher decline in imports than exports. During the first eight months of 2024, Israel's service exports amounted to approximately $52.8 billion, compared to approximately $54.6 billion during 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 in trade services and high-tech services export was recorded.

Exchange Rate and Foreign Exchange Reserves

During the first nine months of 2024, a fluctuation in the shekel exchange rate was recorded, continuing the trend from 2023. During the report period, there was a 2.3% depreciation of the shekel against the dollar, and a sharper decline against the euro of about 3.5% and also against the currency basket where a depreciation of approximately 1.8% was recorded. Against the background of the escalation of the conflict, the depreciation against the euro was more significant in the third quarter of the year, compared to the first six months of the year. On the other hand, against the background of the weakening of the dollar worldwide, inter alia due to commencement of the process of lowering the interest rate in the United States, the shekel strengthened against the dollar in the third quarter of the year, this contrary to the trend in the first two quarters of the year. As long as the War continues, it is expected that the degree of the shekel's fluctuation will remain high. At the same time, the policy of the Bank of Israel, which the financial markets perceive to be credible, this along the forecast of opening an interest rate gap between Israel and the large economies in the upcoming months, constitute factors that may assist in stabilizing the exchange rate of the shekel.

At the end of September 2024, the foreign currency reserves at the Bank of Israel stood at approximately $220.4 billion, compared to approximately $204.7 billion 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 due to 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) increased by 3.4% over the first three quarters of 2024, compared to an increase of 2.9% during the corresponding period last year. During the 12 months ended September 2024, the increase in the index amounted to 3.5%, a rate that exceeds the target price stability range (1%-3%). Over the past months inflation is on an upwards trend, and this compared to the trend before that, and contrary to the trend in most of the large developed economies. The risks to the forecast are still to the upside: Escalation of the War 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; as well as taxation measures on products or services measured in the CPI, with the aim of coping with the fiscal consequences of the War.

The CPI ("known") was up 3.5% over the first nine months of 2024.

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

In the interest rate decision that was made on October 9, 2024, the Monetary Committee decided to leave the interest rate intact, at the level of 4.50%, its level since January 2024. The Bank of Israel emphasized the increase in the inflationary environment, against a background of supply-side pressures, and noted that the increase in inflation over the last months had been broadly spread. Additionally, it addressed the increasing intensity of the War on the northern front, alongside the increasing tensions against Iran, which led to an increase in the degree of uncertainty, and this was expressed by lowering Israel's credit rating and by an increase in the economy's risk premium. Looking forward, the Bank of Israel continues emphasizing that the interest rate outlook will be determined according to the continued convergence of inflation to the target, continued stability in the financial markets, economic activity and fiscal policy. Reduction of the interest rate may be renewed only in the fourth quarter of 2025. The Bank of Israel Research Department assess that the interest rate is expected to stand at 4.50% in the third quarter of 2025, meaning, that they do not expect a change in the interest rate in the upcoming year.

Israel's Capital Market

The shares and convertible securities index in Israel increased over the first three quarters of 2024 by approximately 12.4%, following an increase of approximately 4.9% in 2023. This, against the background of the recovery in the economy's activity after the sharp decrease that occurred upon the outbreak of the "Iron Swords" War. The rate of increase slowed in the second and third quarters of the year, against a backdrop of increases in global stock exchanges. 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 turnover of shares and convertible securities amounted to approximately NIS 2.097 billion during the first nine months of 2024, an increase of approximately 5% compared to its average level in 2023.

The index of the government bonds that are linked to the index increased over the first three quarters of 2024 by approximately 0.3%, and on the other hand, the government bonds that are not linked to the index decreased at the rate of approximately 0.2%. The index of the non-government bonds (corporate bonds) that are linked to the index increased over the first three quarters of 2024 by approximately 4.9%.

Condensed Financial Information and Key Performance Indicators

Following are the key performance indicators (in %)

	For the three months ended on September 30		For the nine months ended on September 30		For the year ended as at December 31
	2024	2023	2024	2023	2023
Return on net income attributable to the Bank's shareholders in respect of capital(c)	15.5	13.6 (j)	17.1(i)	13.6(i)(j)	13.7(i)(j)
Return on net income attributable to the Bank's shareholders in respect of average assets(c)(e)	1.2	1.4	1.3	1.0	1.0
Ratio of income(b) to average assets(c)(e)	3.00	3.07	3.15	3.08	3.02
Efficiency ratio	31.1	32.3	29.6	31.4	32.6
Ratio of net interest income to average assets(c)(e)	2.47	2.27	2.27	2.33	2.28
Ratio of fees and commissions to average assets(c)(e)	0.53	0.55	0.51	0.54	0.53
Rate of tax provision from profit, before taxes	36.8(K)	33.0	34.8(K)	33.6	33.5
Net interest income to average outstanding interest-bearing assets (NIM)(c)	2.73	2.51	2.52	2.63	2.57
Total income to total average assets under management by the Group(b)(c)(d)	0.99	1.05	1.08	1.07	1.06
Total operating and other expenses to average total assets under management by the Group(c)(d)	0.31	0.34	0.32	0.34	0.34

	As of September 30		As of December 31
	2024	2023	2023
CET1 capital ratio(h)	12.07	11.30	11.66
Total capital ratio to risk factors(a)(h)	14.77	14.42	14.72
Leverage ratio(g)	7.01	6.73	6.65
Liquidity coverage ratio(f)	124	130	124
Net stable funding ratio (NSFR)	115	118	118
Equity attributable to the Bank's shareholders to total assets	8.0	7.5	7.5

Following are the key credit quality indicators (in %)

	For the three months ended on eptember 30		For the nine months ended on September 30		For the year ended as of December 31
	2024	2023	2024	2023	2023
The rate of expenses in respect of credit losses out of the average outstanding credit to the public(c)	0.28	0.95	0.16	0.56	0.58
Group expense rate due to credit losses from the average balance of credit to the public(c)	0.34	0.83	0.25	0.51	0.50
Percentage of balance of the loan loss provision for loans to the public out of outstanding loans to the public	1.50	1.47	1.50	1.47	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	0.55	0.78	0.55	0.78	0.88
Net accounting write-off rate to average credit to the public(c)	0.10	0.17	0.11	0.13	0.13

Please see comments below.

Comments:

(a) Equity - including non-controlling interests and various adjustments.
(b) Total income - net interest income and Non-interest 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 further information regarding the liquidity coverage ratio, please see the Chapter titled "Risk Exposure and Management Thereof".
(g) For further information regarding the leverage ratio, please see the chapter titled "Structure and Development of Assets and Liabilities, Equity and Capital Adequacy", under the section titled "Capital and Capital Adequacy".
(h) For further information, please see the Chapter titled "Equity and Capital Adequacy".
(i) The net return on profit attributable to the Bank's shareholders to equity, net of the depreciation due to investment in an associate company, Valley, which was made in the second quarter is approximately 18.6% (approximately 16.7% in the corresponding period last year net of the depreciation due to the value of the investment in Valley that was made in the first quarter of 2023, and approximately 15.9% in 2023).
(j) The net return on profit attributable to the Bank's shareholders to equity had been affected during the third quarter and the second half of 2023 from a substantial increase in expenses for the credit losses resulting from the estimated expected effect of the War, see the Chapter titled "Material Developments in Income, Expenses and Other Comprehensive Profit", Expenses Due to Credit Losses.
(k) For further information see Note 16.D.

Main income statement data

	For the three months ended on September 30		For the nine months ended on September 30		For the year ended on December 31
	2024	2023	2024	2023	2023
	In NIS million				
Net income attributable to the Bank's shareholders	2,293	1,767	7,347	5,201	7,027
Interest income, net	4,545	3,935	12,690	12,147	15,997
Loan loss expenses	312	991	516	1,715	2,383
Non-interest income	978	1,401	4,871	3,884	5,181
Of which: fees and commissions	984	963	2,829	2,801	3,737
Total operating and other expenses	1,716	1,722	5,192	5,034	6,894
Of which: salaries and related expenses	933	852	2,886	2,612	3,484
Net earnings per share attributable to the Bank's shareholders (in NIS):					
Basic and diluted net earnings	1.51	1.15	4.83	3.38	4.58

Main balance sheet data

	As of September 30		As of December 31
	2024	2023	2023
	In NIS million		
Total assets	753,639	700,761	731,497
Of which: cash and deposits with banks	136,673	101,311	105,476
Securities	121,278	131,379	160,048
Loans to the public, net	446,951	417,261	419,486
Total liabilities	693,376	648,238	676,995
Of which: deposits by the public	588,305	544,519	567,824
Deposits by banks	18,970	16,068	20,776
Bonds, promissory notes and subordinated notes	32,061	27,569	32,114
Shareholders' equity	60,258	52,518	54,497
Additional data:			
Price per share (in NIS)	36.4	31.5	29.5
Dividend per share (in agorot)(a)(b)(c)	123.87	112.35	135.56

(a) According to the declaration date.
(b) Cumulative figure for the period.
(c) For additional information, please see Note 9A. – 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 forecasts relating to the future, defined in the Securities Law, 1968 (hereinafter: the "Law") as "Forward-Looking Information". Forward-looking information relates to a future event or matter, the materialization of which is uncertain and not under the Bank's exclusive control.

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

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

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

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

Trends, Phenomena, Developments and Material Changes

Key Changes During the Preceding Period

The Iron Swords War

Commencing October 7, 2023 the State of Israel has been in a war that has been forced upon it - the "Iron Swords War".

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 further information see the chapter titled "Key Developments in the Economy - General Background and Severity of Risk Factors" and the chapter titled "Credit Rating in a 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 chapter titled "Legislation and Regulations Concerning the Banking System" in a Corporate Governance Report.

Reliefs for coping with the War's ramifications

Subsequent to that specified in the chapter titled "Key Changes over the Last Year in the Financial Statements as of December 31, 2023", on March 4, 2024, the Banking Supervision Department published an announcement on an additional extension of the outline for assisting the banks' customers in facilitating the burden of credit and commissions in coping with the impacts of the "Iron Swords War" for the duration of three months, commencing April 1, 2024, and extension thereof to additional populations commencing that date. On June 23, 2024 the Bank of Israel announced an additional extension and expansion of the outline for assisting the banking system's customers, for three additional months commencing July 1, 2024 up to September 30, 2024 and on September 22, 2024 the Bank of Israel announced an additional extension and expansion of the outline for assisting the banking system's customers,for three additional months commencing October 1, 2024 up to December 31, 2024. Pursuant to the announcement, the entitlement of the first circle of the population residing or owning a business located within the range of up to 7 km from the Gaza Strip (rather than 30 km) had been updated, as had been expanded the entitlement of the population of army reserve soldiers in active duty during the period between October 1, 2024 up to December 31, 2024.

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

Mortgage-related reliefs

A. During the period commencing April 1, 2024 up to June 30, 2024, customers in the first circle, Israel Police officers and customers whose asset they pledged in favor of the loan is located in the towns on the frontline in the south or north, were given the possibility to defer, free of interest and free of commissions, mortgage payments for the period of three additional months, so that the total maximal period of deferral (including the exemption months) would be nine months cumulatively. The aforementioned relief had been extended on July 1, 2024, and on October 1, 2024, and remains in effect up to December 31, 2024. Commencing October 1, 2024, for customers who reside or own a business in the northern towns that had been evacuated as well as for customers who are reserve soldiers on active duty, the maximal period of deferral will be twelve months cumulatively (all the aforesaid refers to a first apartment and home upgraders).

B. During the period commencing April 1, 2024 up to June 30, 2024, the possibility to defer, free of commissions, mortgage payments for an additional period was given to all customers, so that the total maximal deferral period for customers who deferred mortgage payments through previous outlines, would be nine months cumulatively, and for customers who had not utilized it up to any deferral date - six months. The aforementioned relief had been extended on July 1, 2024, and on October 1, 2024, and remains in effect up to December 31, 2024. 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. During the period commencing April 1, 2024 up to June 30, 2024, private customers in the first circle were given the possibility to defer, free of interest and free of commissions, loan payments the balance of which is NIS 100,000 cumulatively for the period of three additional months, so that the total maximal period of deferral would be nine months cumulatively. The aforementioned relief had been extended on July 1, 2024, and on October 1, 2024, and remains in effect up to December 31, 2024. For customers who reside or own a business in the northern towns that had been evacuated as well as for customers who are reserve soldiers in active duty, the maximal period of deferral will be twelve months cumulatively.

B. During the period commencing April 1, 2024 up to June 30, 2024, business customers in the first circle with an activity turnover of up to NIS 25,000,000 were given the possibility to defer, free of interest and free of commissions, loan payments the balance of which is NIS 2,000,000 cumulatively (not including loans in commercial collaboration with a third party) for the period of three additional months, so that the total maximal period of deferral would be nine months cumulatively. The aforementioned relief had been extended on July 1, 2024, and on October 1, 2024, and remains in effect up to December 31, 2024. For customers who reside or own a business in the northern towns that had been evacuated as well as for customers who are reserve soldiers in active duty, the maximal period of deferral will be twelve months cumulatively.

C. During the period commencing April 1, 2024 up to June 30, 2024, all customers were given the possibility to defer, free of commissions, loan payments (for individuals up to NIS 100,000 and businesses up to NIS 2,000,000, not including loans in commercial collaboration with a third party) for the period of three additional months, so that the total maximal period of deferral would be nine months cumulatively. The aforementioned relief had been extended on July 1, 2024, and on October 1, 2024, and remains in effect up to December 31, 2024.

Exemption from overdraft interest

A. On April 1, 2024, on July 1, 2024 and on October 1, 2024, the benefit of exemption from interest on a debit balance up to NIS 10,000, which constitutes part of the approved credit line in an account of private customers in the first circle whose accounts had been in a deficit balance on March 3, 2024, on June 21, 2024 and on September 20, 2024, had been extended respectively, each time for three months.

B. On April 1, 2024, on July 1, 2024 and on October 1, 2024, the benefit of exemption from interest on a debit balance up to NIS 30,000, which constitutes part of the approved credit line in an account of business customers in the first circle having an activity turnover of up to NIS 5,000,000 (for the period commencing April 1 up to June 30, 2024) or up to NIS 10,000,000 (for the period commencing July 1 up to December 31, 2024), whose account had been in a debit balance on March 3, 2024, on June 21, 2024, and on September 20, 2024, respectively, had been extended, each time for three months.

Exemption for fees and commissions for retail customers and small businesses

On April 1, 2024, on July 1, 2024 and on October 1, 2024, the benefit of exemption from commissions (except for commissions due to foreign currency, securities, foreign trade and diamond activities and commencing July 1, 2024, bank guarantees) for private customers and small businesses in the first circle had been extended, each time for three months.

Benefits for reservists

The Bank granted 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.

Additionally – a mortgage free of interest and free of linkage up to NIS 120,000 or 10% of the mortgage sum, the lower of the two (for taking out a new mortgage only for the purchase of a first single apartment from a contractor or second hand, provided that its value does not exceed NIS 2,500,000).

Donations and bonuses

Commencing the outbreak of the Iron Sword War, the Bank had focused its contributions and social responsibility resources on rehabilitating populations that had been adversely affected by the War. While doing so, the Bank announced the accompaniment of Kibbutz Be'eri until rehabilitation thereof, launched the "Katif Leumi" project, which financed scholarships for students who volunteered for a significant period to assist farmers nationwide, the "Leumi Matriculations", which financed marathons of preparation for the matriculation exams for children in the areas that had been evacuated from their home, and many other contributions.

The Bank granted a designated contribution for supporting reserve soldiers and their spouses who are independent business owners, and find themselves undergoing financial distress presently. The grants had been granted through the "Otef for Reserve Businesses" project.

Additionally, the Bank initiated a designated project, the "National Weddings Project", as part of which it provided for, free of charge, a wedding event for dozens of couples who served for a long period on reserve duty during the War. The services for the event will be provided also by business owners from the north and south.

Benefits awarded to the public during the War

	For the three months ended September 30, 2024						For the nine months ended Septr 30, 2024	for 2023
	Housing	Individuals – Other	Micro- and small-businesses	Mid-market businesses	Corporations	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)]	12	14	5	–	–	31	54	87
Zero interest or reduced interest rates loans	7	15	–	–	–	22	22	3
Waiver of fees and commissions	1	13	6	–	–	20	61	30
Other benefits[(b)]	–	13	–	–	–	13	48	16
Total benefits granted by the Bank	20	55	11	–	–	86	185	136
Outstanding benefits not yet used as of the reporting date	54	74	20	–	–	148	148	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)]:								
Changes in terms for loan takers in financial	18	83	45	–	–	146	473	1,106
Changes in terms for loan takers who were	2,293	413	607	52	–	3,365	26,619	27,117
Total credit	2,311	496	652	52	–	3,511	27,092	28,223

	As of September 30, 2024						As of June 30 2024	As at Dec 31, 2023
Total credit that underwent a change in terms and conditions:								
Changes in terms for loan takers in financial difficulty(D)(E)(G)	166	561	448	163	293	1,631	1,730	1,722
Changes in terms for loan takers who were not in financial difficulty(H)								
Credit with a deferral of payments and/or period extension, for which the deferral period has not yet ended(f)	3,157	475	881	286	263	5,062	6,765	25,479
Amount of payments deferred(f)	155	239	852	217	729	2,192	2,089	1,071
Average deferral of payments in months(f)	9	4	4	4	3	7	6	4
Credit with another change in terms and conditions	1,084	–	–	–	–	1,084	1,101	1,148
Total	4,407	1,036	1,329	449	556	7,777	9,596	28,349
Further information on changes in terms for loan takers who were not in financial difficulty(H)								
Balance of credit with a deferral of payments and/or period extension, for which the deferral period has not yet ended	3,157	475	881	286	263	5,062	6,765	25,479
Of which: Troubled credit	6	19	37	–	–	62	122	557
Of which: Non-troubled loans, in arrears of 30 days or more	7	2	3	–	–	12	20	98
Balance of credit for which the deferral of payments has ended	10,897	1,419	4,703	2,125	2,055	21,199	20,306	268
Of which: debt that defaulted after undergoing a change in terms and conditions	269	105	194	21	–	589	228	–
Outstanding Balance of Zero-Interest or Reduced Interest Rates Loans Extended								
Outstanding loan balance	9	290	139	3	–	441	253	166
Average interest rate (%)	–	1.82	–	–	–	1.20	–	–
Average Prime interest rate in said period - 6.10%								
Loans granted as part of state-backed funds								
Outstanding loan balance	–	–	2,191	320	60	2,571	2,639	1,460
Average interest rate (%)	–	–	6.75	7.45	7.60	6.86	6.86	6.79
Of which:								
Outstanding balance of credit funded by the Bank of Israel	–	–	1,037	–	–	1,037	1,060	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	–	–	2,469	78	6	2,553	2,684	2,247
Average interest rate (%)	–	–	6.00	5.99	6.00	6.00	6.00	6.00

Special payment to the State for the War

For reference to expenses that were listed in the section titled "Taxes on Income due to the "Special Payment for Achieving the Budgetary Targets Law (Temporary Order - Iron Swords)", 2024,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 forecast and quantitative effects on the Bank's financial results in respect of the above reliefs is considered forward-looking information, within its meaning in the Securities Law, based on significant judgments, assumptions and forecasts that were applied, characterized by substantial uncertainty in view of the economic and security situation, its continuity and immediate and cumulative effect on the economy as a whole and on the Bank's customers in particular. Therefore, the above information and data may not fully materialize or may materialize in part, depending on the actual materialization of the above assumptions and forecasts and/or changes in the reliefs that may occur in the future.

In the credit risk aspect, due to the high uncertainty of the War's effects, and the protentional of its prolongation or escalation, it is not possible to accurately assess the intensity of the expected harm to the Bank's credit 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 chapter entitled "Credit Risks".

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

The Bank's forecasts 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.

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

Impairment of the investment in Valley's shares

As specified in Note 15.A of the financial statements as of December 31, 2023, the Bank's investment in Valley shares is recorded in the Bank's accounting books based on 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. Accordingly, in the second quarter of 2024 the Bank recorded a depreciation due to the value of the investment in Valley in the sum of approximately NIS 0.6 billion after the tax effect. The impairment was accompanied by a reallocation of the composition of the investment account in accordance with the latest valuation as of the impairment date.

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 within the range of NIS 2.3-2.8 billion.

For further information 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 Special Payment for Achieving the Budgetary Targets Law was published, according to which a bank that is not a bank with a small level of activity will pay to the State Treasury in respect of the period commencing April 1, 2024 up to December 31, 2025 (the "Determining Period") an annual payment in the sum equaling 6% of the profit it gained due to 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 Order had been published, according to which commencing January 1, 2025 the VAT rate will be raised
to 18%. 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.

Pursuant to the aforementioned, the combined tax rate applying to the Bank in 2024, considering the determining period, is 38.03%, and is expected to increase in 2025 to 39.32%. Additionally, the profit tax rate applying to the Bank will increase commencing January 1, 2026 to 18%, so that the rate of the combined tax rate that will apply to the Bank in the years 2026 onwards will be 34.75%.

For further information see Note 16.D.

Material Changes in Financial Statement Line Items

The Iron Swords War

For further information concerning the impacts of the War see the chapter titled "Key Changes During the Preceding Period".

Sale of headquarters buildings in Tel Aviv

"Beit Lin" – on March 25, 2024 the Beit Lin transaction was completed, and the Bank was paid the balance of the consideration, and possession of the asset was delivered to the buyer. In respect of the Beit Lin transaction, in the period of the report a capital gain of approximately NIS 271 million was included in the reporting period.

"Beit Mani" – on February 29, 2024 the Beit Mani transaction was completed, and the Bank was paid the balance of the consideration, and possession of the asset was delivered to the buyer. In respect of the Beit Mani transaction, a capital gain (before tax) in the sum of approximately NIS 559 million was included in the reporting period.

Following is the analysis of the results for nine months of 2024 (hereinafter – the "Reporting Period") and for the third quarter of 2024:

The net profit attributed to the shareholders (hereinafter – the "Net Profit") during the reporting period amounted to the sum of approximately NIS 7,347 million, compared to a profit in the sum of approximately NIS 5,201 million during the corresponding period last year. The net profit in the third quarter of 2024 amounted to the sum of approximately NIS 2,293 million, compared to a profit in the sum of approximately NIS 1,767 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 stood at the rate of approximately 17.1% compared to the rate of approximately 13.6% in the corresponding period last year (approximately 18.6% in the reporting period and approximately 16.7% in the corresponding period last year net of depreciations due to the value of the investment in Valley). The profit in the reporting period includes capital gains due to the sale of the headquarters buildings in Tel Aviv in the sum of approximately NIS 0.6 billion after tax, as well an expense in identical sum due to the depreciation of the value of the investment in Valley).

The return on equity in the third quarter stood at the rate of approximately 15.5% compared to the rate of approximately 13.6% in the corresponding quarter last year.

The increase in the return on equity during the reporting period compared to the corresponding period last year stems mainly from an increase in the net interest income, capital gains due to the sale of the headquarters buildings in Tel Aviv that were recorded in the reporting period, as aforesaid, a decrease in credit loss expenses and lower depreciation than that were recorded in the present period due to the value of the investment in Valley compared to that recorded in the corresponding period last year.

The net interest income in the reporting period amounted to the sum of approximately NIS 12,690 million, compared to the sum of approximately NIS 12,147 million in the corresponding period last year, an increase of approximately 4.5%. The increase in the interest income stems mainly from the impact of the CPI, which increased by approximately 3.5% in the reporting period compared to an increase at the rate of approximately 3.2% in the corresponding period last year, an increase in the Bank's credit portfolio and the increase in interest rates. This effect was partly offset against the erosion of the credit spreads and deposits. The CPI in the third quarter this year increased at the rate of approximately 1.6% compared to an increase at the rate of approximately 0.8% during the corresponding quarter last year.

The expenses and income due to credit losses during the reporting period reflect an expense at the rate of approximately 0.16% of the average balance of the credit to the public compared to an expense at the rate of approximately 0.56% during the corresponding period last year; the decrease in the expense rate stems both from a decrease in the rate of the individual expense as well as from a decrease in the rate of the group expenses as specified below. The individual income rate due to credit losses in the reporting period stood at approximately 0.09% compared to an expense at the rate of 0.05% in the corresponding period last year, the decrease stems mainly from lowering provisions and collections during the current period, compared to increasing provisions due to a reduced number of loan-takers in the corresponding period last year. The collective expense rate due to credit losses in the reporting period stood at approximately 0.25% compared to a rate of 0.51% in the corresponding period last year, the decrease in the collective expense stems mainly from a decrease in the rate of troubled debts as well as a greater expense during the corresponding period last year, which is attributed to the worsening of indicators and the macro-economic presumptions due to the continuation of the Iron Swords War. The rate of the balance of the provision for credit losses compared to the balance of the credit to the public as of September 30, 2024 stood at the rate of approximately 1.50%

Non-Interest Financing Income during the reporting period amounted to an income of approximately NIS 1,134 million compared to an income of approximately NIS 943 million during the corresponding period last year. The gap between the periods is mainly due to the increase in incomes from investment in shares.

The operational and other commissions in the reporting period amounted to the sum of approximately NIS 2,829 million, similar to the sum of approximately NIS 2,801 million in the corresponding period last year.

The operational and other expenses in the reporting period amounted to the sum of approximately NIS 5,192 million, compared to the sum of approximately NIS 5,034 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 the losses of associate companies after taxes in the reporting period amounted to the sum of approximately NIS 378 million compared to NIS 962 million in the corresponding period last year. The loss in the reporting period stems mainly from recording a loss due to impairment of the value of the investment in Valley in the sum of approximately NIS 0.6 billion compared to a loss, as aforementioned, in the sum of approximately NIS 1.1 billion that was recorded in the corresponding period last year.

The efficiency ratio during the reporting period stands at approximately 29.6% compared to 31.4% during the corresponding period last year. The efficiency ratio in the third quarter of 2024 stood at approximately 31.1% compared to 32.3% in the corresponding quarter last year. The significant improvement in the efficiency ratio in the period stems from growth in the Bank's business activity and from the increase in Non-interest finance income and other income.

The net profit per share attributable to the shareholders during the reporting period amounted to a profit of approximately NIS 4.83 compared to a profit of approximately NIS 3.38 during the corresponding period last year.

The ratio of the CET1 capital to risk components stood at the rate of 12.07% as of September 30, 2024 compared to 11.30% in the corresponding period last year.

The total capital ratio stood at the rate of 14.77% as of September 30, 2024 compared to 14.42% in the corresponding period last year.

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

On November 18, 2024 the Bank's board of directors approved distribution of profits in the total rate of 40% of the net profit for the third quarter of 2024, from which 30% dividends in cash in the sum of approximately NIS 688 million, and the balance through self-purchase of shares in the sum of NIS 229 million.

For further information, please see the Chapter titled "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 for assisting bank customers in coping with the effects of the War; for additional information on the subject, please see under "Legislation and Regulations Governing the Banking Sector" in the Corporate Governance Report.

Following are the changes in the net profit in the third 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 on September 30		Change	
	2024	2023		
	In NIS million		In NIS million	In %
Interest income, net	4,545	3,935	610	15.5
Loan loss expenses	312	991	(679)	(68.5)
Non-interest income	978	1,401	(423)	(30.2)
Operating and other expenses	1,716	1,722	(6)	(0.3)
Profit before taxes	3,495	2,623	872	33.2
Provision for taxes	1,285[d]	866	419	48.4
Profit after taxes	2,210	1,757	453	25.8
Bank's share in associates' profits	83	10	73	730.0
Net income attributable to non-controlling right holders[b]	–	–	–	–
Net income attributable to the Bank's shareholders	2,293	1,767	526	29.8
Return on equity (in percent)	15.5	13.6		
Basic earnings per share (in NIS)	1.51	1.15		

	For the nine months ended on September 30		Change	
	2024	2023		
	In NIS million		In NIS million	In %
Interest income, net	12,690	12,147	543	4.5
Loan loss expenses	516	1,715	(1,199)	(69.9)
Non-interest income	4,871[c]	3,884	987	25.4
Operating and other expenses	5,192	5,034	158	3.1
Profit before taxes	11,853	9,282	2,571	27.7
Provision for taxes	4,128[d]	3,119	1,009	32.4
Profit after taxes	7,725	6,163	1,562	25.3
Bank's share in associates' losses	(378)[a]	(962)[a]	584	60.7
Net income attributable to non-controlling right holders[b]	–	–	–	–
Net income attributable to the Bank's shareholders	7,347	5,201	2,146	41.3
Return on equity (in %)	17.1	13.6		
Basic earnings per share (in NIS)	4.83	3.38		

Please see comments below.

Net income development by quarter

	2024			2023			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	In NIS million						
Interest income, net	4,545	4,378	3,767	3,850	3,935	4,284	3,928
Loan loss expenses (income)	312	(18)	222	668	991	318	406
Non-interest income	978	1,365	2,528[C]	1,297	1,401	1,412	1,071
Operating and other expenses	1,716	1,651	1,825	1,860	1,722	1,683	1,629
Profit before taxes	3,495	4,110	4,248	2,619	2,623	3,695	2,964
Provision for taxes	1,285[d]	1,340[D]	1,503[D]	869	866	1,364	889
Profit after taxes	2,210	2,770	2,745	1,750	1,757	2,331	2,075
The Bank's share in the profits (losses) of associates	83	(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	2,293	2,269	2,785	1,826	1,767	2,453	981
Return on equity (in %)	15.5	15.9	20.2	13.8	13.6	19.4	7.8
Basic earnings per share (in NIS)	1.51	1.49	1.83	1.20	1.15	1.59	0.64

(a) The results of the second quarter of 2024 included an impairment due to an investment in an associate company, Valley, in the sum of approximately NIS 0.6 billion. The results of the first quarter of 2023 included an impairment due to the investment in an associate company, Valley, in the sum of approximately NIS 1.1 billion. For further information see Note 15.A to the financial statements as of December 31, 2023.
(b) Sums lower 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 further information see Note 16.D.

Interest Income, Net

	For the three months ended September 30				For the nine months ended September 30			
	2024		2023		2024		2023	
	Interest income (expenses)	% of income (expense)	Interest income (expenses)	% of income (expense)	Income (expenses) Interest rate	% Income (Expense)	Income (expenses) Interest rate	% Income (expense)
	In NIS million	In %	In NIS million	In %	In NIS million	In %	In NIS million	In %
Interest income	9,966	6.00	8,758	5.58	28,585	5.67	24,993	5.40
Interest expenses	(5,421)	(4.41)	(4,823)	(4.26)	(15,895)	(4.26)	(12,846)	(3.96)
Interest income, net	4,545	1.59	3,935	1.32	12,690	1.41	12,147	1.44
Net return on interest bearing assets (NIM)		2.73		2.51		2.52		2.63
Additional information:								
Credit spread[(a)]	2,109		2,069[(c)]		6,226		5,886[(c)]	
Deposit spread[(a)]	1,703		1,896		5,571		5,761	
Other[(b)]	733		(30)[(c)]		893		500[(c)]	

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

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

(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.

The net interest income in the reporting period amounted to the sum of approximately NIS 12,690 million, compared to the sum of approximately NIS 12,147 million in the corresponding period last year, an increase of approximately 4.5%. The increase in the interest income stems mainly from the impact of the CPI, which increased at the rate of approximately 3.5% in the reporting period compared to the index at the rate of approximately 3.2% in the corresponding period last year, the increase in the Bank's credit portfolio and increase of interest rates. This effect was partly offset against the erosion of the credit spreads and deposits.

The prime interest rate stood at the average rate of approximately 6.0% in the reporting period compared to the rate of approximately 5.91% 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.

The net interest incomes during the reporting period had been positively affected by the linkage to the index of the contractual principal and interest in the sum of approximately NIS 1,460 million, while during the corresponding period last year they well positively affected by the linkage to the index of the contractual principal and interest in the sum of approximately NIS 1,157 million.

The income increased by 0.27% between the periods, mainly due to the increase in interest bearing assets, increase of the interest rates and index, which was partially offset against the erosion of credit spreads.

The expense rate had increased by 0.30% between the periods, mainly in light of the impact of the increase in the interest rates and erosion of the deposit spread (inter alia, due to the transfer from checking accounts to deposits).

The decrease in the net return on interest bearing interest (NIM) in the reporting period stems mainly from the erosion of the credit and deposit spreads, as aforementioned, which was partially offset against the increase of the CPI.

The total interest rate gap in the reporting period is approximately 1.41% compared to the gap of approximately 1.44% 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 is 1.70%, compared with 1.99% in the corresponding period last year. In the index segment the interest rate gap is 1.75% compared to 1.86% during the corresponding period last year. In the foreign currency segment the interest rate gap is (0.09%) compared to (0.83%) during the corresponding period last year.

The following are data regarding net interest income, by quarter

	2024					
	Q3		Q2		Q1	
	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 %
Interest income	9,966	6.00	9,792	5.83	8,827	5.20
Interest expenses	(5,421)	(4.41)	(5,414)	(4.37)	(5,060)	(4.02)
Interest income, net	4,545	1.59	4,378	1.46	3,767	1.18
Net yield on interest-bearing assets (NIM)		2.73		2.61		2.22
Additional information:						
Credit spread	2,109		2,144		1,973	
Deposit spread	1,703		1,989		1,879	
Other	733		245		(85)	

	2023							
	Q4		Q3		Q2		Q1	
	Interest income (expenses)	% of income (expense)	Interest income (expenses)	% of income (expense)	Interest income (expenses)	% of income (expense)	Interest income (expenses)	% of income (expense)
	In NIS million	In %	In NIS million	In %	In NIS million	In %	In NIS million	In %
Interest income	8,662	5.41	8,758	5.58	8,663	5.63	7,572	4.99
Interest expenses	(4,812)	(4.09)	(4,823)	(4.26)	(4,379)	(4.17)	(3,644)	(3.51)
Interest income, net	3,850	1.32	3,935	1.32	4,284	1.46	3,928	1.48
Net yield on interest-bearing assets (NIM)		2.40		2.51		2.79		2.59
Additional information:								
Credit spread	2,069		2,069		1,936		1,881	
Deposit spread	2,229		1,896		1,976		1,889	
Other	(448)		(30)		372		158	

For further information concerning credit spreads and deposit spreads according activity segments 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 further information concerning exposure to interest risks see the chapter titled "Market Risks".

Loan loss expenses (income)

	For the nine months ended on September 30		Change	
	2024	2023		
	In NIS million		In NIS million	In %
Individual (income) expenses due to credit losses	(305)	158	(463)	
Collective expenses due to credit losses	821	1,557	(736)	(47.3)
Total loan loss expenses	516	1,715	(1,199)	(69.9)
Of which:				
Loan loss expenses in respect of commercial credit risk	181	1,185	(1,004)	(84.7)
Loan loss (income) expenses for credit risk in respect of housing loans	(10)	119	(129)	
Loan loss expenses for other credit risk for private individuals	326	445	(119)	(26.7)
Loan loss expenses (income) for credit risk for banks, governments and bonds	19	(34)	53	
Total loan loss expenses	516	1,715	(1,199)	(69.9)
Ratios (in %):[(a)]				
Percentage of specific (income) expense for loan losses out of the average outstanding loans to the public	(0.09)	0.05	(0.14)	
Percentage of collective loan loss expense out of the average outstanding loans to the public	0.25	0.51	(0.26)	(51.0)
Percentage of loan loss expenses out of average outstanding loans to the public	0.16	0.56	(0.40)	(71.4)
Percentage of net charge-offs for loans to the public out of the average outstanding loans to the public	0.11	0.13	(0.02)	(15.4)
Percentage of net charge-offs out of the outstanding loan loss provisions for loans to the public	6.82	8.62	(1.80)	(20.9)

(a) Annualized.

Development of loan loss expenses (income) by quarter

	2024			2023			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	In NIS million						
Individual (income) expenses due to credit losses	(63)	(86)	(156)	192	122	19	17
Collective expenses due to credit losses	375	68	378	476	869	299	389
Total expenses (income) due to credit losses	312	(18)	222	668	991	318	406
Of which:							
Loan loss expenses (income) for credit risk for commercial credit risk	166	(60)	75	365	722	112	351
Loan loss expenses (income) for credit risk in respect of housing loans	14	(27)	3	102	75	31	13
Loan loss expenses for other credit risk for private individuals	113	69	144	204	197	174	74
Loan loss expenses (income) for credit risk for banks, governments and bonds	19	–	–	(3)	(3)	1	(32)
Total expenses (income) due to credit losses	312	(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	(0.06)	(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	0.34	0.06	0.36	0.45	0.83	0.29	0.39
Percentage of loan loss expenses (income) out of average outstanding loans to the public	0.28	(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	0.10	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	6.16	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.

The expenses due to credit losses in the reporting period amounted to NIS 516 million, compared to expenses in the sum of NIS 1.715 million in the corresponding period last year. The decrease in the expense rate stems mainly from recording individual income as a result of collections and a decrease in provisions due to improvement of the credit portfolio quality and a decrease in the group expenses due to the decrease in the rates of troubled debts, which was partially offset against the increase in expenses due to the continuing uncertainty in the economy and worsening of macroeconomic indicators as a result of the continuing state of the War and the terms of uncertainty existing in the economy.

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 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.

For further information concerning credit risks and their impact on the provision for credit losses see the chapter titled "Credit Risks".

Non-interest income

	For the nine months ended on September 30		Change	
	2024	2023		
	In NIS million		In NIS million	In %
Non-interest finance income	1,134	943	191	20.3
Fees and commissions	2,829	2,801	28	1.0
Other income	908[(a)]	140	768	548.6
Total	4,871	3,884	987	25.4

(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 the incomes that are not from interest of the total incomes (meaning, incomes from interest, net and incomes that are not from interest) during the reporting period stood at the rate of 27.7% compared to 24.2% during the corresponding period last year. In the third quarter of 2024 stood at the rate of approximately 17.7% compared to 26.3% in the corresponding quarter last year and 24.5% during the complete year 2023. The gap between the periods is mainly due to the increase in incomes from investment in shares and capital gains from the sale of the headquarters buildings in Tel Aviv.

Development of Non-interest income by quarter

	2024			2023			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	In NIS million						
Non-interest finance income (expenses)	(46)	446	734	336	435	483	25
Fees and commissions	984	910	935	936	963	890	948
Other income	40	9	859[(a)]	25	3	39	98
Total	978	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 Non-interest finance income

	For the nine months ended on September 30		Change	
	2024	2023		
	In NIS million		In NIS million	In %
Net income for derivatives and net exchange rate differentials for non-trading activities	531	629	(98)	(15.6)
Losses on sale of available-for-sale bonds, net	(309)	(288)	(21)	7.3
Realized and unrealized gains, net[(a)] and dividend from equity securities not held for trading	481	327	154	47.1
Net income for derivatives for trading activities	393	238	155	65.1
Profits that had been realized and had not been realized as of yet due to fair value adjustments of bonds and tradeable stock, net and dividend from tradeable stock[(a)]	38	37	1	2.7
Total	1,134	943	191	20.3

(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 Non-interest finance income by quarter

	2024			2023			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	In NIS million						
The net (expenses) income due to derivative instruments and exchange rate net differences, due to non-trading activities	(172)	215	488	(44)	210	289	130
Losses on sale of available-for-sale bonds, net	(130)	(96)	(83)	(43)	(68)	(51)	(169)
Realized and unrealized gains, net(a) and dividend from equity securities not held for trading	91	212	178	8	123	108	96
Net income (expenses) for derivatives for trading activities	121	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	44	3	(9)	53	11	52	(26)
Total	(46)	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 nine months ended on September 30		Change	
	2024	2023		
	In NIS million		In NIS million	In %
Account management	435	469	(34)	(7.2)
Activity in securities and certain derivatives	478	440	38	8.6
Credit cards	318	307	11	3.6
Credit handling	189	197	(8)	(4.1)
Fees and commissions for financial product distribution	177	169	8	4.7
Exchange rate differentials	366	385	(19)	(4.9)
Financing fees and commissions	591	553	38	6.9
Other fees and commissions	275	281	(6)	(2.1)
Total fees and commissions	2,829	2,801	28	1.0

An increase in commissions at the rate of 1.0% compared to the corresponding period last year stems mainly from commissions on business financing and commissions on securities' activity resulting from the increase in activity. The increase, as aforementioned, had been partially offset against a decrease in account management commissions resulting from the customer assistance outlines as specified in the chapter titled "Key Changes During the Preceding Period" and commissions from conversion differences due to higher fluctuation in the exchange rates during the first nine months of 2023.

Breakdown of fees and commissions by quarter

	2024			2023			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	In NIS million						
Account management	147	143	145	147	158	152[(a)]	159[(a)]
Activity in securities and certain derivatives	165	149	164	151	149	136	155
Credit cards	109	112	97	76	105	104	98
Credit handling	63	54	72	51	65	59[(a)]	73[(a)]
Fees and commissions for financial product distribution	61	58	58	56	57	56	56
Exchange rate differentials	139	116	111	116	124	118	143
Financing fees and commissions	206	189	196	248	211	173[(a)]	169[(a)]
Other fees and commissions	94	89	92	91	94	92	95
Total fees and commissions	984	910	935	936	963	890	948

(a) Reclassified.

Breakdown of other income

	For the nine months ended on September 30			
	2024	2023	Change	
	In NIS million		In NIS million	In %
Gains on central severance pay fund	7	5	2	40.0
Other income, including on sale of buildings and equipment, net	901[(a)]	135	766	567.4
Total	908	140	768	548.6

(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			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	In NIS million						
Gains (losses) on central severance pay fund	1	4	2	(3)	4	4	(3)
Other income (expenses), including on sale of buildings and equipment, net	39	5	857[(a)]	28	(1)	35	101
Total	40	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 nine months ended on September 30		Change	
	2024	2023		
	In NIS million		In NIS million	In %
Salaries and related expenses	2,886	2,612	274	10.5
Depreciation and amortization	465	509	(44)	(8.6)
Maintenance expenses for buildings and equipment	670	642	28	4.4
Other Expenses	1,171	1,271	(100)	(7.9)
Total operating and other expenses	5,192	5,034	158	3.1

During the reporting period there had been an increase in the sum of approximately NIS 158 million in the operational 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 the other expenses is primarily due to a decrease in pension expenses related to actuarial liabilities.

The efficiency ratio during the reporting period stands at approximately 29.6% compared to 31.4% during the corresponding period last year. The significant improvement of the efficiency ratio stems from the growth in the Bank's business activity and the increase in incomes that are not from interest.

The total operational and other expenses (in annual terms) constitute approximately 0.92% of the total balance, compared to approximately 0.96% during the corresponding period last year.

Operating and other expenses by quarter

	2024			2023			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	In NIS million						
Salaries and related expenses	933	882	1,071	872	852	915	845
Depreciation and amortization	152	157	156	166	217	145	147
Maintenance expenses for buildings and equipment	234	217	219	224	232	216	194
Other Expenses	397	395	379	598	421	407	443
Total operating and other expenses	1,716	1,651	1,825	1,860	1,722	1,683	1,629

Salary expenses

	For the nine months ended on September 30		Change	
	2024	2023		
	In NIS million		In NIS million	In %
Salaries and related expenses	2,628	2,351	277	11.8
Pension, severance and retirement expenses	258	261	(3)	(1.1)
Total salary expenses	2,886	2,612	274	10.5

Salary and ancillary expenses constitute approximately 55.6% of the total operational and other expenses in the current period, compared to approximately 51.9% 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			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	In NIS million						
Salaries and related expenses	846	796	986	781	766	831	754
Pension, severance and retirement expenses	87	86	85	91	86	84	91
Total salary expenses	933	882	1,071	872	852	915	845

Condensed comprehensive income statement

The total profit during the reporting period amounted to the sum of approximately NIS 8,100 million, compared to the sum of approximately NIS 5,294 million in the corresponding period last year.

Positive adjustments had been recorded during the reporting period due to securities available for sale in the sum of NIS 65 million before tax. These adjustments were added to positive adjustments of liabilities regarding employee benefits in the sum of NIS 1,024 million before tax that stem primarily from the increase in capitalization interest. These adjustments were stated directly in other comprehensive income.

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

For the period of three and nine month ended September 30, 2024 and 2023 and for the year ended December 31, 2023

	For three months ended September 30		For nine months ended September 30		For the year ended As at December 31
	2024	2023	2024	2023	2023
	In NIS million				
Net income attributable to the Bank's shareholders	2,293	1,767	7,347	5,201	7,027
The changes in other comprehensive income components attributable to the Bank's shareholders:					
Adjustments in respect of available-for-sale bonds acording to net fair value	1,200	(730)	65	(614)	641
Adjustments of liabilities for employee benefits	(327)	755	1,024	727	378
Other adjustments[(a)]	45	3	41	44	60
Related tax effect	(357)	(3)	(377)	(64)	(373)
Other comprehensive income before attribution to non-controlling interests, after taxes	561	25	753	93	706
Less comprehensive other profit attributable to non-controlling rights owners[(b)]	-	-	-	-	-
Other comprehensive income attributable to the Bank's shareholders, after taxes	561	25	753	93	706
Comprehensive income attributable to the Bank's shareholders	2,854	1,792	8,100	5,294	7,733

(a) For the composition of the other adjustments see Note 4.
(b) Sums lower than NIS 1 million.

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

The balance of the Leumi Group amounted to NIS 753.6 billion on September 30, 2024, compared to NIS 731.5 billion as of the end of 2023 - an increase of 3%, and compared to September 30, 2023, an increase of 7.5%.

The value of the financial assets denominated in and linked to a foreign currency from the total balance of the Group on September 30, 2024 is
Approximately NIS 149.0 billion, approximately 19.8% of the total assets. During the first nine months of 2024 the shekel devalued against the US dollar by
2.3%, against the euro by 3.5% and against the GBP by 7.7%. The change in the exchange rates of the shekel against all the foreign currencies during the reporting period of 2024 contributed to an increase at the rate of approximately 0.5% in total of the Group's consolidated balance.

The total assets managed by the Group, the total balance as well as the customers' securities portfolios and provident funds and employee benefit funds in respect of which operational management and deposit management services are provided, amount to approximately NIS 2,290 billion as of September 30, 2024, compared to the total of
approximately NIS 2,082 billion at the end of 2023.

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

	September 30	December 31	Change	
	2024	2023	From December	From September
	In NIS million		In %	
Total assets	753,639	731,497	3.0	7.5
Cash and deposits with banks	136,673	105,476	29.6	34.9
Securities	121,278	160,048	(24.2)	(7.7)
Loans to the public, net	446,951	419,486	6.5	7.1
Buildings and equipment	2,721	2,874	(5.3)	(2.6)
Deposits by the public	588,305	567,824	3.6	8.0
Deposits by banks	18,970	20,776	(8.7)	18.1
Bonds, promissory notes and deferred liability letters[(a)]	32,061	32,114	(0.2)	16.3
Shareholders' equity	60,258	54,497	10.6	14.7

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

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

	September 30	December 31	Change	
	2024	2023	From December 2023	From September 2023
	In NIS million		In %	
Documentary credit, net	1,742	639	172.6	116.1
Guarantees and other commitments, net	75,934	70,514	7.7	5.3
Unutilized credit card credit facilities, net	14,080	13,882	1.4	12.8
Unutilized current loan account facilities and other credit facilities in demand accounts, net	16,954	18,986	(10.7)	(0.6)
Irrevocable loan commitments approved but not yet granted and commitments to issue guarantees, net	104,656	93,726	11.7	18.6
Derivative instruments(a)(b)	1,576,375	1,221,136	29.1	26.2
Options - all types(b)	232,887	223,871	4.0	2.6

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

Loans to the Public, Net

The balance of credit to the public, net, in the Leumi Group as of September 30, 2024 amounted to the sum of approximately NIS 447.0 billion compared to the sum of approximately NIS 419.5 billion as of December 31, 2023, an increase at the rate of approximately 6.5% and compared to September 2023 an increase at the rate of approximately 7.1%.

The balance of the provision for credit losses in the Leumi Group as of September 30, 2024 amounted to the sum of approximately NIS 6.8 billion, similar to the sum of approximately 6.7 as of December 31, 2023.

In addition to credit to the public the Group invests in securities, which they too embody companies' credit risks that as of September 30, 2024 amounted to the sum of approximately NIS 27,413 million compared to the sum of approximately NIS 25,922 million at 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 chapter titled "Key Changes in the Reporting Period – of the Iron Swords War" and the chapter titled "Legislation and Regulations Governing the Banking System" in a Corporate Governance Report.

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

	September 30	December 31		
	2024	2023	Change	
	In NIS million		In NIS million	In %
Private individuals – housing loans	140,171	130,002	10,169	7.8
Private individuals – other	29,470	28,903	567	2.0
Construction and real estate	125,877	116,722	9,155	7.8
Commerce	31,931	32,701	(770)	(2.4)
Industry	22,858	21,924	934	4.3
Other	96,644	89,234	7,410	8.3
Total	446,951	419,486	27,465	6.5

For additional information regarding the provision for credit losses due to the War and information regarding the development of credit and credit risk by economic sector, please see the chapter titled "Credit Risks".

Troubled Credit Risk

Following is the troubled credit risk after specific and collective provisions

	September 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	1,726	82	1,808	2,718	115	2,833
Performing credit risk, net	2,883	333	3,216	2,779	577	3,356
Total	4,609	415	5,024	5,497	692	6,189

	September 30	December 31
	2024	2023
	In NIS million	
Troubled credit risk - Commercial	5,527	6,604
Troubled credit risk - retail	1,572	1,808
Total	7,099	8,412
Balance of loan loss provision	2,075	2,223
Troubled loans after loan loss provision	5,024	6,189

For additional information regarding troubled credit, please see the chapter titled "Credit Risks" and Note 13.

Securities

The Leumi Group's investment in securities as of September 30, 2024 amounted to NIS 121.3 billion, compared to NIS 160.0 billion at the end of 2023, a decrease of approximately 24%.

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

	September 30, 2024					December 31, 2023				
	Held-to-maturity bonds[E]	Available-for-trading bonds	Shares and funds not for trading[b]	Securities for trading[c][f]	Total	Held-to-maturity bonds[E]	Available-for-trading bonds	Shares and funds not for trading[b]	Securities for trading[c]	Total
	In NIS million									
Bonds										
Of the Israeli Government	11,021	44,196		7,225	62,442	8,093	74,888		12,905	95,886
Of foreign governments[d]	–	17,576		340	17,916	–	26,916		–	26,916
Of Israeli financial institutions	–	190		172	362	–	45		436	481
Of foreign banking institutions	1,475	8,508		187	10,170	1,389	8,882		26	10,297
Asset-backed securities (ABS) or mortgage-backed securities (MBS)	6,197	11,481		12	17,690	5,591	9,951		25	15,567
Of other Israeli entities	–	1,013		230	1,243	–	823		159	982
Of other foreign entities	343	4,792		296	5,431	333	4,632		37	5,002
Equity securities and mutual funds			6,021	3	6,024			4,828	89	4,917
Total securities	19,036	87,756	6,021	8,465	121,278	15,406	126,137	4,828	13,677	160,048

(a) Including losses that had not yet been materialized from adjustments to fair value NIS (2,711) million, which were recorded in other comprehensive profit (December 31, 2023 - losses in the sum of NIS (3,013) million).
(b) Including profits that had not yet been materialized from adjustments to fair value in the sum of NIS 46 million, which were recorded in profit and loss (December 31, 2023 - profits in the sum of NIS 317 million).
(c) Including net profits that had not yet been materialized from adjustments to fair value in the sum of NIS 3 million, which were recorded in profit and loss (December 31, 2023 - losses, net, in the sum of NIS (14) million).
(d) From this the US government - NIS 13.7 billion (December 31, 2023 — NIS 21.9 billion).
(e) Outstanding balances of held-to-maturity bonds are presented deducting a provision for credit losses in the sum of NIS 2 million (December 31, 2023 - NIS 3 million). The outstanding balances of available-for-sale bonds are presented net of the loan loss provision. As of September 30, 2024, as well as of December 31, 2023 there is no remaining provision for credit losses due to available-for-sale bonds.
(f) Of which bonds in the amount of approx. NIS 1,539 million classified as held-for-trading securities since the Bank opted to measure them for the first time according to the fair value alternative, although they were not acquired for trading purposes.

As of September 30, 2024 approximately 72.4% of the Group's securities portfolio had been classified as available-for-sale, approximately 7.0% as a held-for trading portfolio, approximately 4.9% as not held-for trading shares and funds and approximately 15.7% in a held-for-maturity portfolio.

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

Available-for-sale portfolio

1. During the reporting period there was an increase in other comprehensive profit due to available-for-sale bonds in the sum of approximately NIS 65 million (before the tax effect) compared to a decrease in the sum of NIS (614) million (before the tax effect) during the corresponding period last year.
2. During the reporting period net losses from the sale of available-for-sale bonds in the sum of approximately NIS 309 million (before the tax effect) was attributed to profit and loss compared to net losses in the sum of NIS 288 million (before the tax effect) during the corresponding period last year.

The net cumulative balance of adjustments to fair value of bonds held in the available-for-sale portfolio as of September 30, 2024 amounts to a negative sum of approximately NIS (1,480) million (after the tax effect), which represents a net loss that had not been materialized as of the date of the report, compared to a negative sum of approximately (1,517) million at the end of 2023 (after the tax effect), which represents a net loss that had not been materialized as of the date of the report.

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

Held-for-trading portfolio

As of September 30, 2024, approximately NIS 8.5 billion bonds are included in the trading portfolio, compared to NIS 13.6 billion bonds as of December 31, 2023. As of September 30, 2024 the held-for-trading portfolio constitutes approximately 7.0% of the Group's total nostro portfolio compared to 8.5% as of December 31, 2023.

Due to held-for trading bonds during the reporting period net losses that have materialized and not yet materialized in the sum of NIS 34 million have been recorded in the profit and loss report, compared to net losses in the sum of NIS 31 million during the corresponding period last year.

Investments in equity securities and mutual funds

The total investments in shares and mutual funds amount to approximately NIS 6,024 million as of September 30, 2024, of which tradable shares and mutual funds in the sum of approximately NIS 2,459 million and non-tradable in the sum of approximately NIS 3,565 million.

Net profits that have materialized and have not materialized (including dividends) in the sum of approximately NIS 485 million were recorded in the profit and loss report due to the shares and mutual funds, compared to net profits in the sum of NIS 333 million during 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 securities portfolio (mortgages and not mortgages), which is rated investment grade amounts to approximately NIS 17.7 billion (approximately $4.8 billion) as of September 30, 2024 compared to NIS 15.6 billion at the end of 2023. Out of the aforementioned portfolio, as of September 30, 2024, approximately NIS 11.5 billion (approximately $3.1 billion) are classified in the available-for-sale portfolio, and the balance in the held-for-trading portfolio and held-for maturity portfolio.

The available-for-sale portfolio of investments in asset-backed bonds abroad as of September 30, 2024 includes an investment in mortgage-backed bonds in the sum of approximately NIS 6.8 billion. 94.5% of the total mortgage-backed bonds in the available portfolio had been issued by federal agencies in the United States (FNMA, FHLMC, GNMA) and rated, as of the date of the report, AAA.

As of September 30, 2024 the net cumulative impairment attributed to equity stems from the mortgage-backed bonds portfolio in the sum of approximately NIS 429 million.

The total mortgage-backed bonds that are not guaranteed by the State (the United States) and are not backed by American federal agencies, amounts to approximately NIS 390 million.

The expected period for maturity of the entire mortgage-backed bond portfolio is approximately 4.3 years on average (average duration). In addition to the mortgage-backed bonds, the Group's available-for-sale portfolio includes also other non-mortgage asset-backed bonds in the sum of approximately NIS 4.7 billion, from which bonds classified as CLO in the sum of approximately NIS 3.0 billion. The expected maturity period of the non-mortgage asset-backed bonds portfolio is approximately 4.4 years on average.

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

B. Investments in foreign non-asset-backed securities

The Group's securities portfolio as of September 30, 2024, includes approximately NIS 52.9 billion (approximately $14.3 billion) non asset-backed securities that had been issued abroad. NIS 40.9 billion ($11.0 billion) are of bonds classified in the available-for-sale portfolio and the balance in the held-for-trading portfolio and the held-for-maturity portfolio. 95.6% 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 chapter entitled "Credit Risks".

As of September 30, 2024 the balance of the cumulative impairment of equity due to non asset-backed bonds that were issued abroad and are in the available-for-sale portfolio amounted to NIS 876 million (NIS 576 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. 92.3% of the securities in the held-for-trading portfolio are investment-grade.

As of September 30, 2024 the value of the held-for-trading portfolio that is not asset-backed amounted to NIS 1,525.0 million (approximately $411.1 million)

Investments in bonds issued in Israel

As of September 30, 2024 the investments in bonds that were issued in Israel amounted to NIS 48.6 billion, from which NIS 47.0 billion bonds that were issued by the Israeli government in shekels, and the balance bonds that were issued by companies. Approximately 75.0% of the investments in corporate bonds that are approximately NIS 1.2 billion were included in the available-for-sale portfolio and the balance in the held-for-trading portfolio.

The corporate bonds portfolio in the available-for-sale portfolio in the scope of NIS 1.2 billion includes a negative capital reserve in the sum of NIS (35) million.

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

For more information, please see Note 5.

Deposits by the Public

Following are balances of deposits by the public

	As of September 30	As of December 31	
	2024	2023	Change
	In NIS million		In %
Demand deposits			
Non-interest bearing deposits	137,446	150,365	(8.6)
Interest-bearing deposits	139,255	137,351	1.4
Total demand deposits	276,701	287,716	(3.8)
Fixed deposits	311,604	280,108	11.2
Total deposits by the public	588,305	567,824	3.6

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

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

	September 30	December 31		
	2024	2023	Change	
	In NIS million		In NIS million	In %
Securities portfolios[a]	1,098,313	964,128	134,185	13.9
Assets for which operating services are provided:[a][b][c]				
Provident and pension funds	237,729	210,734	26,995	12.8
Advanced study funds	200,585	176,010	24,575	14.0

(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 issuance of credit-linked notes

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 a total of approximately NIS 0.8 billion p.v
credit linked notes (CLN), Leumi Bonds Series 2 v.r.

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.

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

Issuance of Bonds and Commercial Securities

On September 10, 2024, the Bank issued a total of approx. NIS 0.62 billion p.v. in Series 185 Bonds, issued by expanding the series in consideration of approx. NIS 0.63 billion, for a total of approx. NIS 1.44 billion p.v. in Bonds (Series 186), issued by expanding the series in consideration of approx. NIS 1.46 billion, and a total of approx. NIS 1.8 billion p.v. in commercial securities (CS Series 6) issued as a new series.

The Commercial Securities Fund Series 6 and the interest on it will payable in one payment on September 9, 2025, it is not linked, and bears interest at the rate of 0.05% in addition to the Bank of Israel's interest rate.

The bonds (Series 185 and 186) and the commercial securities (CS Series 6) bare not recognized for supervised capital purposes.

For further information, please see the immediate report dated September 10, 2024.

Early redemption of subordinated notes

On September 4, 2024, the Bank's board of directors decided to fully redeem by early redemption the subordinated notes (Series 404) that were issued to the public in July 2019. Accordingly, on September 30, 2024 promissory notes had been redeemed in the total sum of approximately NIS 1.44 billion (including linkage differentials).

For further information, please see the immediate reports dated September 4, 2024 and dated September 16, 2024.

Equity and Capital Adequacy

As of September 30, 2024, the equity attributable to the Bank's shareholders amounted to NIS 60,258 million compared to 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.

As of September 30, 2024 the capital to balance sheet ratio is 8.0%.

Capital Adequacy Structure[a]

	September 30		December 31
	2024	2023	2023
	In NIS million		
Capital for capital ratio calculation purposes			
CET1 capital, after regulatory capital deductions and adjustments[c]	59,703	51,998	53,892
Tier 2 capital, after deductions	13,366	14,371	14,141
Total capital - total	73,069	66,369	68,033
Balance of risk-weighted assets			
Credit risk[c][d][e]	453,371	425,005	426,399
Market risks	7,444	6,198	5,834
Operational risk	33,834	29,071	29,943
Total balance of risk-weighted assets	494,649	460,274	462,176
Ratio of capital to risk-weighted assets			
Ratio of CET1 capital to risk-weighted assets	12.07%	11.30%	11.66%
Ratio of total capital to risk-weighted assets	14.77%	14.42%	14.72%
Minimum CET1 capital ratio set by the Banking Supervision Department[b]	10.23%	10.21%	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 9B.

(b) The minimum Common Equity Tier 1 capital ratio required and the minimum total capital ratio required as of September 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 1.24.1. to the financial statements as of 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 the section titled "directives pertaining to the attribution of capital for derivative financial instruments in the Report of the Board of Directors and Management as of December 31, 2023.

(e) These figures include adjustments in respect of high-risk loans for the purchase of land. For further details, please see the section titled "Regulatory and Other Changes in Measuring the Capital Requirements in the Report of the Board of Directors and Management" as of December 31, 2023.

In the first nine months of 2024, the Common Equity Tier 1 capital was mainly affected by the net profit in the period, net of the dividend and buyback, and from the increase in the credit portfolio. The impairment of the investment in Valley shares recorded in the second quarter of 2024 does 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, adjustments to Common Equity Tier 1 capital, which arise from measuring the pension liabilities and assets designated for hedging for regulatory capital purposes, commencing July 1, 2022, as outlined above, as well as the application of various regulatory provisions, as outlined below.

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

Tier 1 capital

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

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

Tier 2 capital

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

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

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

Capital Adequacy

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

The Bank of Israel's capital adequacy targets

Under Proper Conduct of Banking Business Directive No. 201, Capital Measurement and Adequacy – Introduction, Application and Calculation of Requirements, a large banking corporation whose consolidated on-balance sheet assets total at least 24 percent of the Israeli banking system's total assets, is required to meet a Common Equity Tier 1 capital ratio of at least 10 percent and a total capital ratio of at least 13.5 percent. This requirement applies to 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 September 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 coping with the coronavirus crisis and the relief concerning housing loans extended thereunder, please see Note 9A. and the chapter entitled "Equity and Capital Adequacy" in the Report of the Board of Directors and Management as of 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 chapter entitled "Equity and Capital Adequacy" in the Report of the Board of Directors and Management as of December 31, 2023.

For more information on the ICAAP process and the use of stress tests, please see the Risk Management Report as of 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 November 18, 2024, the Board of Directors approved a distribution of profits at a total rate of 40% of the net profit in the third quarter of 2024, of which approximately 30% as a cash dividend in the sum of approximately NIS 688 million, and the balance by means of a share buyback in the sum of of NIS 229 million, as detailed below. The sum of the dividend approved for each NIS 1 par value share is approximately 45.61 agorot. 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 set November 27, 2024 as the determining date for payment of the dividend and December 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
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	835
August 14, 2024	September 5, 2024	[1]44.99	681

The Bank's share buyback plan 2023

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

The Bank's share buyback plan 2024

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

The share buyback plan is executed 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, who will act under an irrevocable power of appointment, in accordance with the safe harbor mechanism published by the Israel Securities Authority. The buyback plan is executed in four separate stages, each of which irreversible, in accordance with the safe harbor mechanism (hereinafter – "Stage A", "Stage B", "Stage C" and "Stage D").

The 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 shares totaling NIS 270 million under the said plan.

The implementation of Stage A commenced August 18, 2024 and ended on October 13, 2024, during which time the Bank purchased (through the independent Stock Exchange member it had engaged with) 6,554,354 Bank shares amounting to NIS 227 million under the plan. As of the report publication date, the Bank owns 107,864,311 treasury shares.

Immediately prior to publishing this report, the Bank decided to execute Stage C, granting the TASE member an irreversible order to initiate Stage C on November 20, 2024. Stage C will end on the earlier of the following: (A) February 13, 2025; or (B) completion of the purchase of the Bank shares in a scope not to exceed NIS 229 million. After completion of Stage C, should the Bank decide to execute Stage D, the Bank shall give the TASE member an irreversible order to commence execution of Stage D on the second trading day following publication of the first financial statements after making the decision to execute Stage D. In such a case, Stage D will end on the earlier of: (A) May 22, 2025; or (B) completion of the purchase of the Bank's shares in a scope not to exceed NIS 1 billion, less the total amount purchased as part of Stages A, B and C. If, following completion of Stage C, a decision will be made not to execute Stage D, 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

[1] Further to the supplementary report dated August 26, 2024.

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 and Regulatory 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 easurement and Adequacy – Operational Risk"; the circular established an updated definition of the calculation of the capital allocation in respect of operational risk such that it is based, among other things, on the business indicator components and on the internal loss multiplier based on the average historical losses of the banking corporation. Implementation of the Directive will become effective on January 1, 2026. However, until December 31, 2028 the internal loss multiplier will be set at one.

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 had been 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% of the decrease in the Common Equity Tier 1 capital as of the first-time application. This addition is gradually decreasing by 25 percent at the beginning of each year until an addition of 0% 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 chapter entitled "Equity and Capital Adequacy" in the Report of the Board of Directors and Management as of December 31, 2023.

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

- Change of the scope of risk assets – as of September 30, 2024 Leumi's risk assets amount to approximately NIS 495 billion, an increase of NIS 1 billion in risk assets will reduce the CET1 capital ratio by approximately 0.02%, and the total capital ratio by approximately 0.03%.
- A change of CET1 capital- as of September 30, 2024, the CET1 capital amounts to approximately NIS 59.7 billion. An NIS 100 million decrease in the CET1 capital will decrease the CET1 capital and total capital ratio by approximately 0.02%.
- A change in the foreign currency exchange rate – a 1% depreciation in the shekel's exchange rate against all currencies will decrease the Common Equity Tier 1 capital by approximately 0.02%.
- A 1% increase in the risk-free interest rate curve across all currencies for the regulatory capital exposure signifies a decrease of 0.06% in the Common Equity Tier 1 capital ratio and the 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 decline of Israel's credit rating the rating firm Moody's announced of on September 27, 2024 (by two notches) in itself, does not affect the Bank's capital adequacy ratios. The Bank assesses that an additional credit rating decline by one notch by any of the other rating firms, a direct impact on the Bank's capital adequacy ratio is not expected.

If and should there be a downgrade of two notches or more in Israel's credit rating by one or both of the credit rating firms, Fitch and S&P, a decrease of approximately 0.36% in the CET1 capital ratio is expected, as well as approximately 0.44% in the Bank's total capital ratio, as of September 30, 2024 (standing at 12.07% and 14.77% respectively).

For further information, please see chapter titled "Credit Rating in a Corporate Governance Report" and the immediate reports dated February 11, 2024 and dated September 29, 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 section "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.

	September 30		December 31
	2024	2023	2023
	In NIS million		
Consolidated data			
Tier 1 capital[c]	59,703	51,998	53,892
Total exposures[b]	851,607	773,129	810,014
Leverage Ratio			
Leverage Ratio	7.01%	6.73%	6.65%
Minimum total leverage ratio set by the Banking Supervision Department[a]	5.50%	5.50%	5.50%

For further 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 was 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) Calculation of the leverage ratio took into account adjustments in respect of the effect of first-time application of GAAP concerning expected credit losses, which are gradually reduced until December 31, 2024, and adjustments due to implementation of the measuring method in respect of certain 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 further concerning business lines in the Management's approach see the chapter titled "Activity Segments" in the financial statements as of December 31, 2023.

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

	For the three months ended September 30, 2024											
	The Bank									Subsidiaries in Israel	Foreign subsidiaries	Total Total
	Private individuals	Small businesses	Retail banking – total	Mortgages	Commercial	Corporate	Real estate	Capital markets Equity	Other and adjustments			
	In NIS million											
Interest income, net:												
From external	(824)	224	(600)	2,276	361	629	1,123	479	18	51	208	4,545
Inter-segmental	2,212	305	2,517	(1,932)	309	(343)	(750)	303	(3)	9	(110)	–
Interest income, net	1,388	529	1,917	344	670	286	373	782	15	60	98	4,545
Non-interest incomes (expenses) Non-interest income	406	126	532	2	147	80	109	164	(131)	52	23	978
Total income (expenses)	1,794	655	2,449	346	817	366	482	946	(116)	112	121	5,523
Expenses (income) due to credit losses	144	67	211	30	2	5	39	18	1	12	(6)	312
Total operating and other expenses	757	228	985	110	168	66	45	126	143	45	28	1,716
Profit (loss) before tax	893	360	1,253	206	647	295	398	802	(260)	55	99	3,495
Provision (benefit) for taxes	340	136	476	78	246	113	152	391	(198)	(12)	39	1,285
Net income (loss) attributable to the Bank's shareholders	553	224	777	128	401	182	246	479	(62)	82	60	2,293

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

	For the three months ended September 30, 2023											
	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	(644)	262	(382)	1,741	410	596	1,031	328	8	37	166	3,935
Inter-segmental	2,063	278	2,341	(1,375)	324	(313)	(675)	(204)	(2)	9	(105)	–
Interest income, net	1,419	540	1,959	366	734	283	356	124	6	46	61	3,935
Non-interest income	370	121	491	3	145	100	100	438	4	92	28	1,401
Total income	1,789	661	2,450	369	879	383	456	562	10	138	89	5,336
Expenses (income) due to credit losses	242	144	386	87	95	169	222	14	(7)	21	4	991
Total operating and other expenses	727	233	960	96	181	74	45	107	181	47	31	1,722
Profit (loss) before tax	820	284	1,104	186	603	140	189	441	(164)	70	54	2,623
Provision (benefit) for taxes	281	98	379	64	206	48	65	151	(75)	5	23	866
Net income (loss) attributable to the Bank's shareholders	539	186	725	122	397	92	124	343	(89)	22	31	1,767

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

	For the nine months ended September 30, 2024											
	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	(2,392)	663	(1,729)	5,998	1,070	1,594	3,212	1,786	44	151	564	12,690
Inter-segmental	6,522	915	7,437	(4,954)	981	(758)	(2,119)	(321)	(4)	28	(290)	-
Interest income, net	4,130	1,578	5,708	1,044	2,051	836	1,093	1,465	40	179	274	12,690
Non-interest income	1,142	357	1,499	8	434	248	311	1,323	632(a)	360	56	4,871
Total income	5,272	1,935	7,207	1,052	2,485	1,084	1,404	2,788	672	539	330	17,561
Loan loss expenses (income)	368	109	477	8	139	(107)	10	16	-	10	(37)	516
Total operating and other expenses	2,228	694	2,922	334	543	219	130	346	463	154	81	5,192
Profit before taxes	2,676	1,132	3,808	710	1,803	972	1,264	2,426	209	375	286	11,853
Provision for taxes (benefit)	1,018	430	1,448	270	686	370	481	1,009	(268)	40	92	4,128
Net profit attributable to the Bank's shareholders	1,658	702	2,360	440	1,117	602	783	996(b)	477	378	194	7,347

	Balances as of September 30, 2024											
Loans to the public, net	30,276	26,951	57,227	142,656	64,550	64,614	71,158	28,675	6,910	1,272	9,889	446,951
Deposits by the public	226,023	57,049	283,072	-	86,743	37,902	9,334	171,249	5	-	-	588,305

(a) Including capital gains due to the sale of the headquarters buildings in Tel Aviv in the sum of approximately NIS 830 million
(b) Including the loss due to impairment of the investment in Valley shares in the sum of approximately NIS 0.6 billion.

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

	For the nine months ended September 30, 2023											
	The Bank									Subsidiaries in Israel	Foreign subsidiaries	Total
	Private individuals	Small businesses	Retail banking - total	Mortgages	Commercial	Corporate	Real estate	Capital markets Equity	Other and adjustments			
	In NIS million											
Interest income, net:												
From external	(1,379)	873	(506)	5,239	1,205	1,580	2,794	1,297	16	96	426	12,147
Inter-segmental	5,591	754	6,345	(4,167)	1,003	(766)	(1,774)	(405)	(1)	13	(248)	-
Interest income, net	4,212	1,627	5,839	1,072	2,208	814	1,020	892	15	109	178	12,147
Non-interest income	1,189	372	1,561	10	440	250	294	1,047	52	206	24	3,884
Total income	5,401	1,999	7,400	1,082	2,648	1,064	1,314	1,939	67	315	202	16,031
Loan loss expenses (income)	574	261	835	158	182	99	375	(4)	(2)	47	25	1,715
Total operating and other expenses	2,067	683	2,750	287	539	215	121	277	610	142	93	5,034
Profit (loss) before tax	2,760	1,055	3,815	637	1,927	750	818	1,666	(541)	126	84	9,282
Provision (benefit) for taxes	944	361	1,305	218	659	256	280	570	(238)	24	45	3,119
Net income (loss) attributable to the Bank's shareholders	1,816	694	2,510	419	1,268	494	538	124[(a)]	(303)	112	39	5,201

Balances as at September 30, 2023												
Loans to the public, net	31,142	25,700	56,842	129,583	64,435	61,643	65,027	24,013	6,464	1,241	8,013	417,261
Deposits by the public	215,144	53,224	268,368	-	88,916	32,796	9,627	144,806	6	-	-	544,519

(a) Including a loss due to impairment of the investment in Valley shares in the sum of approximately NIS 1.1 billion. For further information, please see Note 15.A to the financial statements as of December 31, 2023.

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

	For the year ended December 31, 2023											
	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	(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
Non-interest 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 a loss due to impairment of the investment in Valley shares in the sum of approximately NIS 1.1 billion. For further information, please see Note 15.A to the financial statements as of December 31, 2023.

Regulatory Operating Segments

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

Summary of activities by regulatory operating segment

	For the three months ended September 30, 2024										
	Activity in Israel									Foreign operations	Total
	Households										
	Housing loans	Other	Private banking	Small- and micro-businesses	Small mid-sized businesses	Large businesses	institutional entities	Financial management	Other		
	In NIS million										
Interest income, net	413	1,089	90	983	495	981	234	147	15	98	4,545
Non-interest income	10	268	41	242	88	240	52	3	11	23	978
Total income	423	1,357	131	1,225	583	1,221	286	150	26	121	5,523
Loan loss expenses (income)	14	134	-	117	12	16	1	24	-	(6)	312
Total operating and other expenses	109	632	26	399	114	131	71	85	121	28	1,716
Profit (loss) before tax	300	591	105	709	457	1,074	214	41	(95)	99	3,495
Provision (benefit) for taxes	110	220	40	262	168	407	80	56	(97)	39	1,285
Net profit (loss) attributable to the Bank's shareholders	190	371	65	447	289	667	134	68	2	60	2,293

	For the three months ended September 30, 2023										
	Activity in Israel									Foreign operations	Total
	Households										
	Housing loans	Other	Private banking	Small- and micro-businesses	Small mid-sized businesses	Large businesses	institutional entities	Financial management	Other		
	In NIS million										
Interest income (expenses), net	406	1,113	93	963	518	895	109	(233)	10	61	3,935
Non-interest income	11	234	37	236	89	241	44	478	3	28	1,401
Total income	417	1,347	130	1,199	607	1,136	153	245	13	89	5,336
Loan loss expenses (income)	59	214	(7)	149	128	428	1	7	8	4	991
Total operating and other expenses	93	629	22	387	132	128	61	70	169	31	1,722
Profit (loss) before tax	265	504	115	663	347	580	91	168	(164)	54	2,623
Provision (benefit) for taxes	89	170	40	227	122	176	31	41	(53)	23	866
Net income (loss) ttributable to the Bank's shareholders	176	334	75	436	225	404	60	137	(111)	31	1,767

Summary of activities by regulatory operating segment (cont.)

	For the nine months ended September 30, 2024										
	Activity in Israel									Foreign operations	Total
	Households										
	Housing loans	Other	Priavte banking	Small- and micro-businesses	Small mid-sized businesses	Large businesses	institutional entities	Financial management	Other		
	In NIS million										
Non-interest incomes (expenses) Net interest	1,223	3,222	288	2,914	1,479	2,916	601	(267)	40	274	12,690
Non-interest income	32	737	129	687	254	693	153	1,277	853[(b)]	56	4,871
Total income	1,255	3,959	417	3,601	1,733	3,609	754	1,010	893	330	17,561
Loan loss expenses (income)	(10)	347	–	166	13	(3)	2	38	–	(37)	516
Total operating and other expenses	337	1,844	92	1,221	367	405	203	240	402	81	5,192
Profit before taxes	928	1,768	325	2,214	1,353	3,207	549	732	491	286	11,853
Provision (benefit) for taxes	340	648	120	812	496	1,185	202	245	(12)	92	4,128
Net profit attributable to the Bank's shareholders	588	1,120	205	1,402	857	2,022	347	109[(c)]	503	194	7,347
Balance as of September 30, 2024											
Loans to the public, gross	140,552	30,461	410[(a)]	70,892	39,732	153,784	7,990	–	–	9,951	453,772
Deposits by the public	–	141,186	35,015	101,308	59,425	96,058	155,313	–	–	–	588,305

(a) Including outstanding housing loans as of September 30, 2024 in the sum of NIS 211 million.
(b) Including capital gains due to the sale of the headquarters buildings in Tel Aviv in the sum of approximately NIS 830 million.
(c) Including the loss due to impairment of the investment in Valley shares in the sum of approximately NIS 0.6 billion.

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

	For the nine months ended September 30, 2023										
	Activity in Israel									Foreign operations	Total
	Households										
	Housing loans	Other	Private banking	Small- and micro-businesses	Small mid-sized businesses	Large businesses	institutional entities	Financial management	Other		
	In NIS million										
Interest income (expenses), net	1,185	3,277	309	2,925	1,588	2,387	428	(160)	30	178	12,147
Non-interest income	35	807	115	699	267	658	137	1,110	32	24	3,884
Total income	1,220	4,084	424	3,624	1,855	3,045	565	950	62	202	16,031
Loan loss expenses (income)	113	445	–	409	168	555	(8)	8	–	25	1,715
Total operating and other expenses	284	1,762	73	1,161	356	382	176	193	554	93	5,034
Profit (loss) before tax	823	1,877	351	2,054	1,331	2,108	397	749	(492)	84	9,282
Provision (benefit) for taxes to tax	288	669	128	732	478	730	143	59	(153)	45	3,119
Net income (loss) attributable to the Bank's shareholders	535	1,208	223	1,322	853	1,378	254	(272)[(B)]	(339)	39	5,201
Balance as of September 30, 2023											
Loans to the public, gross	127,826	30,886	372[(a)]	66,430	41,535	146,809	1,881	–	–	7,738	423,477
Deposits by the public	–	134,471	33,068	100,677	66,097	86,285	123,921	–	–	–	544,519

(a) Including outstanding housing loans as of September 30, 2023 in the sum of NIS 170 million.
(b) Including a loss due to impairment of the investment in Valley shares in the sum of approximately NIS 1.1 billion. For further information, please see Note 15.A to the financial statements as of December 31, 2023.

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

	For the year ended December 31, 2023										
	Activity in Israel									Foreign operations	Total
	Households										
	Housing loans	Other	Private banking	Small- and micro-businesses	Small mid-sized businesses	Large businesses	institutional entities	Financial management	Other		
	In NIS million										
Non-interest incomes (expenses) Net interest	1,571	4,377	398	3,878	2,109	3,543	590	(758)	39	250	15,997
Non-interest 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 a loss due to impairment of the investment in Valley shares in the sum of approximately NIS 1.1 billion. For further information, please see Note 15.A to the financial statements as of December 31, 2023.

Main changes in the operating results of the regulatory segments

Households segment

The net profit attributable to shareholders in respect of the households segment in the reporting period amounted to NIS 1,708 million, compared to NIS 1,743 million in the corresponding period last year.

The net interest income in the reporting period amounted to approximately NIS 4,445 million, compared to approximately NIS 4,462 million in 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.

The net interest income, in the third quarter of 2024 amounted to approximately NIS 1,502 million, compared to approximately NIS 1,519 million in 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.

The Non-interest income in the reporting period amounted to approximately NIS 769 million, compared to approximately NIS 842 million in the corresponding period last year. Most of the decrease stems from a decrease in other income and account management commissions due to benefits that were granted to the customers.

The Non-interest income in the third quarter of 2024 amounted to approximately NIS 278 million, compared to approximately NIS 245 million in the corresponding quarter last year. Most of the increase stems from an increase in other income.

In the reporting period, an expense due to credit losses in the sum of approximately NIS 337 million had been recorded, compared to an expense of approximately 558 million in the corresponding period last year. The decrease stems mainly from the collective provision mainly due to a decrease in the rate of troubled debts.

In the third quarter of 2024, credit loss expenses in the sum of approximately NIS 148 million were recorded, compared to an expense of approximately NIS 273 million in the corresponding quarter last year. The decrease stems mainly from the collective provision due to a decrease in the rate of troubled debts.

The operating and other expenses in the reporting period amounted to approximately NIS 2,181 million, compared to approximately NIS 2,046 million in the corresponding period last year; the increase is mainly due to an increase in return-based bonuses.

The outstanding credit to the public as of September 30, 2024 amounted to the sum of approximately NIS 171.0 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.

The balance of public deposits as of September 30, 2024 amounted to the sum of NIS 141.2 billion compared to NIS 137.2 billion at the end of 2023.

Private banking segment

The net profit attributable to shareholders of the private banking segment in the reporting period amounted to the sum of approximately NIS 205 million, compared to the sum of NIS 223 million in the corresponding period last year. The decrease stemmed mainly from a decrease in net interest income, and an increase in the operating and other expenses.

The net interest income in the reporting period amounted to approximately NIS 288 million, compared to approximately NIS 309 million in the corresponding period last year. The decrease stems mainly from the erosion of deposit spreads.

The net interest income in the third quarter of 2024 amounted to approximately NIS 90 million, similar to the corresponding quarter last year.

The Non-interest income in the reporting period amounted to approximately NIS 129 million, compared to approximately NIS 115 million in the corresponding period last year. The increase stems mainly from an increase in securities activities and financial product distribution commissions as a result of an increase in the balance of assets under management.

The Non-interest income in the third quarter of 2024 amounted to approximately NIS 41 million, compared to approximately NIS 37 million in the corresponding quarter last year. The increase stems mainly from an increase in commissions for securities activities.

Micro- and small-business segment

The net profit attributable to shareholders in the micro- and small business segment in the reporting period amounted to approximately NIS 1,402 million, compared to NIS 1,322 million in the corresponding period last year. The increase in gain stems mainly from a decrease in loan loss expenses.

The net interest income in the reporting period amounted to approximately NIS 2,914 million, compared to approximately NIS 2,925 million in the corresponding period last year. The decrease stems mainly from the erosion of credit spreads and deposits.

The net interest income in the third quarter of 2024 amounted to approximately NIS 983 million, compared to approximately NIS 963 million in the corresponding quarter last year. The increase stemmed mainly from a growth in the the credit portfolio.

The Non-interest income in the reporting period amounted to approximately NIS 687 million, compared to approximately NIS 699 million in the corresponding period last year. The decrease stems mainly from a decrease in account management commissions and commissions for managing credit and contracts.

The Non-interest income in the third quarter of 2024 amounted to approximately NIS 242 million, similar to the corresponding quarter last year.

In the reporting period, an expense due to credit losses in the sum of approximately NIS 166 million had been recorded, compared to an expense of approximately 409 million in the corresponding period last year. The decrease stems from both the collective provision and specific provision.

In the third quarter of 2024, a credit loss expenses in the sum of approximately NIS 117 million were recorded, compared to an expense of approximately NIS 149 million in the corresponding quarter last year. The decrease stems mainly from the collective provision.

The operating and other expenses in the reporting period amounted to approximately NIS 1,221 million, compared to approximately NIS 1,161 million in the corresponding period last year; the increase is mainly due to an increase in return-based bonuses.

The outstanding credit to the public as of June 30, 2024 amounted to the sum of approximately NIS 70.9 billion compared to NIS 66.6 billion as of the end of 2023.

The balance of public deposits as of September 30, 2024 amounted to the sum of NIS 101.3 billion compared to NIS 103.6 billion at the end of 2023.

Mid-market segment

Net profit attributable to shareholders in respect of the mid-market segment in the reporting period amounted to approximately NIS 857 million, compared to a similar profit in the sum of approximately NIS 853 million in the corresponding period last year. The increase in the profit stems mainly from the decrease in expenses due to credit losses, which was partially offset by a decrease in net interest income.

The net interest income in the reporting period amounted to approximately NIS 1,479 million, compared to approximately NIS 1,588 million in the corresponding period last year. The decrease stems mainly from the erosion of credit spreads and deposits.

Net interest income in the third quarter of 2024 amounted to approximately NIS 495 million, compared to approximately NIS 518 million in the corresponding quarter last year. The decrease stems mainly from erosion of credit spreads and deposit.

The Non-interest income in the reporting period amounted to approximately NIS 254 million, compared to approximately NIS 267 million in the corresponding period last year. The decrease stems mainly from a decrease in commissions for managing credit, contracts and foreign trade activities.

Non-interest income in the third quarter of 2024 amounted to approximately NIS 88 million, similar to the corresponding quarter last year.

In the reporting period, an expense due to credit losses in the sum of approximately NIS 13 million had been recorded, compared to an expense of approximately 168 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 and a decrease in the collective provision.

In the third quarter of 2024, credit loss expenses in the sum of approximately NIS 12 million were recorded, compared to an expense of approximately NIS 128 million in the corresponding quarter last year. The decrease stems mainly from a decrease in the collective provision.

The operating and other expenses in the reporting period amounted to approximately NIS 367 million, compared to approximately NIS 356 million in the corresponding period last year; the increase is mainly due to an increase in return-based bonuses.

The operating and other expenses in the third quarter of 2024 amounted to the sum of approximately NIS 114 million, compared to approximately NIS 132 million in the corresponding quarter last year.

The outstanding credit to the public as of September 30, 2024 amounted to the sum of NIS 39.7 billion, similar to NIS 40.0 billion as of the end of 2023.

The balance of public deposits as of September 30, 2024 amounted to the sum of NIS 59.4 billion compared to NIS 62.2 billion at the end of 2023.

Corporate segment

The net profit attributable to shareholders in the large businesses segment in the reporting period amounted to approximately NIS 2,022 million, compared to NIS 1,378 million in the corresponding period last year. The increase stemmed mainly from an increase in net interest income.

Net interest income in the reporting period amounted to approximately NIS 2,916 million, compared to approximately NIS 2,387 million in the corresponding period last year. The increase stems mainly from growth in credit and deposits, which was partially offset by the erosion of deposit spreads.

The net interest income in the third quarter of 2024 amounted to approximately NIS 981 million, compared to approximately NIS 895 million in the corresponding quarter last year. The increase stems mainly from growth in credit and deposit activity.

The Non-interest income in the reporting period amounted to approximately NIS 693 million, compared to approximately NIS 658 million in the corresponding period last year. The increase stems mainly from an increase in commissions on financing business handling contracts.

The Non-interest income in the third quarter of 2024 amounted to approximately NIS 240 million, similar to the corresponding quarter last year.

In the reporting period, an income for credit losses in the sum of approximately NIS (3) million had been recorded, compared to an expense of approximately NIS 555 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 and a decrease in the collective provision.

In the third quarter of 2024, credit loss expenses in the sum of approximately NIS 16 million were recorded, compared to an expense of approximately NIS 428 million in the corresponding quarter last year. Most of the decrease stems from the collective provision.

The operating and other expenses in the reporting period amounted to approximately NIS 405 million, compared to approximately NIS 382 million in the corresponding period last year. The increase is mainly due to return-based bonuses.

The operating and other expenses in the third quarter of 2024 amounted to approximately NIS 131 million, similar to the corresponding quarter last year.

The outstanding credit to the public as of September 30, 2024 amounted to the sum of NIS 153.8 billion compared to NIS 142.4 billion as of the end of 2023.

The balance of public deposits as of September 30, 2024 amounted to the sum of NIS 96.1 billion compared to NIS 93.8 billion at the end of 2023.

Financial management segment

The net profit of the financial management segment attributable to the Bank's shareholders in the reporting period amounted to approximately NIS 109 million, compared to a loss of approximately NIS 272 million in the corresponding period last year.

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

The total income in the reporting period amounted to approximately NIS 1,010 million, compared to the income of approximately 950 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 against the higher prices of the sources recorded in the segment.

The operating and other expenses in the reporting period amounted to approximately NIS 240 million, compared to approximately NIS 193 million in the corresponding period last year; the increase is mainly due to an increase in return-based bonuses.

Other segment

The net profit attributable to shareholders in the reporting period amounted to approximately NIS 503 million, compared to a loss of approximately NIS 339 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.

The operating and other expenses in the reporting period amounted to approximately NIS 402 million, compared to approximately NIS 554 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 September 30, 2024, the Bank's total investments in associate companies (including investments in capital notes) amounted to approximately NIS 15.8 billion, compared to NIS 15.5 billion as of December 31, 2023. The contribution of the associate companies in the first nine months of 2024 to the Group's net profit amounted to the sum of approximately 208 million, compared with approximately NIS 601 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 of December 31, 2023.

Consolidated Companies in Israel

The Bank's total investments (including in capital notes) in its Israeli consolidated companies was NIS 8,955 million as of September 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 378 million, compared with NIS 112 million in the corresponding period last year. The increase stems mainly from Non-interest 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 23.A to the Banking Law (Licensing).

Consolidated Companies Outside Israel

The Bank's total investments (including in capital notes) in its consolidated companies abroad was NIS 4,746 million as of September 30, 2024, compared to NIS 4,209 million as of December 31, 2023.

In the first half of 2024, the consolidated foreign companies' contribution to the Group's shekel net income was NIS 251 million, compared with NIS 258 million in the corresponding period last year.

Leumi UK Group

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

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

Risk Exposure and Management Thereof

The information in this chapter does not include all the information required in full annual financial statements, and this chapter should be read along with the detailed information provided in the Report of the Board of Directors and Management as of December 31, 2023 and the 2023 Risks 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 nine 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, the local business environment, and the slowdown in global economic activity.

The growth rate in 2024 is expected to be lower than that assessed immediately prior to the combat. Among the main areas of activity that were significantly impaired due to the War, activity of which had not yet returned to their level prior to the War, the foreign tourism and agriculture sectors should be noted. At the same time, there has been a significant impact on the construction sector. The longer the escalation of warfare will continue, the potential of impairment of additional sectors and additional regions will increase.

For further information regarding the changes in the construction industry see the chapter titled "Risks Within the Construction and Real Estate Industries" further down the report.

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

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 third quarter in a changing environment characterized by uncertainty. In order to estimate the current expected credit losses, the Bank consistently takes into account the directives of the Banking Supervision Department in its forecasts, scenarios, assumptions and estimates pertaining to the possible consequences of the War.

The estimation process 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 frequent changes in the financial and economy-wide conditions, in the third 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 updated them as found to be suitable, as mentioned above.

The expenses due to credit loss amounted to NIS 312 million in the third quarter of 2024, of which an NIS 375 million expense was recorded due to a collective provision, stemming mainly from the worsening of various macroeconomic parameters.

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

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

The impact of worsening the parameters will reflect an addition to the group provision for credit losses in the third quarter of 2024 in the sum of approximately NIS 490 million, an improvement of the parameters will lead to, a decrease in the collective provision for credit losses in the third quarter of 2024 relative to the reference scenario in the sum of approximately NIS 727 million.

Some of the above information constitutes "forward-looking information". For the meaning of the term, please see under section "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 chapter entitled "Legislation and Regulations Governing the Banking System" under "Regulatory Measures following the Iron Swords War", in a 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 shortly 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

	September 30, 2024			
	Commercial	For housing	Other private	Total
	In NIS million			
Credit risk in credit performance rating[(a)]				
On-balance-sheet credit risk	295,285	137,496	28,017	460,798
Off-balance-sheet credit risk[(c)]	163,373	5,566	17,264	186,203
Total non-investment grade credit risk	458,658	143,062	45,281	647,001
Non-investment grade credit risk				
a. Non-troubled	681	2,704	1,451	4,836
b. Total troubled	5,017	578	953	6,548
Troubled performing	3,415	21	736	4,172
Troubled non-performing	1,602	557	217	2,376
Total on-balance-sheet credit risk	5,698	3,282	2,404	11,384
Off-balance-sheet credit risk[(c)]	735	50	162	947
Total non-investment grade credit risk	6,433	3,332	2,566	12,331
Of which: performing debts with interest income, in arrears of 90 days or more	63	–	71	134
Overall credit risk incl. of the public[(b)]	465,091	146,394	47,847	659,332
Additional information on non-performing assets				
a. Non-performing debts	1,602	557	217	2,376
b. Assets received for settled loans	11	–	–	11
Total non-performing assets of the public	1,613	557	217	2,387
Percentage of non-performing loans to the public (NPL) out of total loans to the public				0.52%

(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.)

	September 30, 2023			
	Commercial	For housing	Other private	Total
	In NIS million			
Credit risk in credit performance rating[(a)]				
On-balance-sheet credit risk	281,322	126,008	28,179	435,509
Off-balance-sheet credit risk[(c)]	141,077	4,853	16,203	162,133
Total non-investment grade credit risk	422,399	130,861	44,382	597,642
Non-investment grade credit risk				
a. Non-troubled	478	1,408	1,615	3,501
b. Total troubled	5,960	595	1,006	7,561
Troubled performing	3,687	25	703	4,415
Troubled non-performing	2,273	570	303	3,146
Total on-balance-sheet credit risk	6,438	2,003	2,621	11,062
Off-balance-sheet credit risk[(c)]	1,015	–	177	1,192
Total non-investment grade credit risk	7,453	2,003	2,798	12,254
Of which: performing debts, in arrears of 90 days or more	80	–	91	171
Overall credit risk incl. of the public[(b)]	429,852	132,864	47,180	609,896
Additional information on non-performing assets				
a. Non-performing debts	2,273	570	303	3,146
b. Assets received for settled loans	10	–	–	10
Total non-performing assets of the public	2,283	570	303	3,156
Percentage of non-performing loans to the public (NPL) out of total loans to the public				0.74%

(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	Other private	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
Overall credit risk incl. 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

	For the nine months ended September 30, 2024		
	Commercial	Private[(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	421	579	1,000
Debts reclassified as performing	(694)	(459)	(1,153)
Written-off non-performing debts	(312)	(132)	(444)
Repaid non-performing debts	(392)	(245)	(637)
Outstanding balance of non-performing debts at the end of the period	1,602	774	2,376

	For the nine months ended September 30, 2023		
	Commercial	Private[(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	1,831	682	2,513
Debts reclassified as performing	(226)	(341)	(567)
Written-off non-performing debts	(221)	(120)	(341)
Repaid non-performing debts	(253)	(129)	(382)
Exchange rate differentials in respect of subsidiary's customers	15	–	15
Outstanding balance of non-performing debts at the end of the period	2,273	873	3,146

(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

	September 30, 2024			
	Commercial	Housing	Other private	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	0.57	0.40	0.71	0.52
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	0.40	0.95	0.55
Percentage of troubled loans to the public out of outstanding loans to the public	1.78	0.41	3.13	1.44
Percentage of non-investment grade credit out of outstanding loans to the public	2.02	2.33	7.90	2.51
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	0.09	(0.01)	1.49	0.16[(b)]
Percentage of net charge-offs for loans to the public out of average outstanding loans to the public	0.02	-[(c)]	1.36	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	1.86	0.43	3.12	1.50
Percentage of balance of the loan loss provision for loans to the public out of non-performing outstanding loans to the public	328.71	108.98	436.87	287.08
The rate of the balance of the provision for credit losses due to credit extended to the public out of the outstanding credit to the public not bearing interest income or in arrears of 90 days or more	316.28	108.98	329.17	271.75
The ratio of outstanding loan loss provision for loans to the public out of the net charge-offs for loans to the public	78.99	-	2.38	14.66

(a) Annualized.
(b) Including loan loss expenses for loans to the public, banks, governments and bonds.
(c) Rate lower 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 the possible consequences of the War. The increase in the collective provision is intended, among other things, to provide a solution for a possible future increase in the individual provision and possible negative developments in terms of days in arrears, given the current high level of uncertainty regarding the impact of the War on the Bank's customers.

Notwithstanding the aforementioned, since early 2024, an improvement had been recorded in most credit quality indicators of the Bank's credit portfolio, also compared to other periods.

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

	September 30, 2023			
	Commercial	Housing	Other private	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	0.86	0.45	0.98	0.74
Percentage of non-performing loans to the public or in arrears of 90 days or more out of outstanding loans to the public	0.89	0.45	1.27	0.78
Percentage of troubled loans to the public out of outstanding loans to the public	2.25	0.46	3.27	1.79
Percentage of non-investment grade credit out of outstanding loans to the public	2.43	1.56	8.51	2.61
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	0.62	0.13	1.94	0.56(b)
Percentage of net charge-offs for loans to the public out of average outstanding loans to the public	0.05	0.01	1.28	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	1.83	0.41	2.76	1.47
Percentage of balance of the loan loss provision for loans to the public out of non-performing outstanding loans to the public	212.80	92.98	280.20	197.58
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	205.39	92.98	216.58	187.40
Ratio of outstanding loan loss provision for loans to the public out of the net write-offs for loans to the public	35.57	66.25	2.17	11.60

(a) Annualized.
(b) Including loan loss expenses for loans to the public, banks, governments and bonds.

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

	December 31, 2023			
	Commercial	Housing	Other private	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 lower than 0.01 percent.

Total Credit Risk by Economic Sector

	September 30, 2024						
					Loan losses[c]		
	Overall credit risk[a]	Of which: Credit performance rating[e]	of which: troubled credit risk[d]	Of which: Non-performing credit risk	Loan loss expenses (income)	Charge-offs, net	Balance of loan loss provision
	In NIS million						
For borrowers activity in Israel public-commercial							
Industry	35,920	35,028	759	174	(14)	(77)	(578)
Construction and real estate - construction[f]	129,650	128,230	1,075	648	55	100	(1,641)
Construction and real estate - real estate activity	54,377	53,845	349	113	27	(64)	(1,161)
Commerce[g]	41,525	40,649	824	309	35	29	(757)
Financial services	61,414	61,372	42	27	(13)	3	(231)
Agriculture[g]	2,510	2,383	75	14	(13)	4	(137)
Hotels, accommodation and food services[g]	4,934	4,780	91	18	(8)	(3)	(52)
Other sectors	55,836	54,727	1,042	193	100	9	(1,135)
Commercial - total	386,166	381,014	4,257	1,496	169	1	(5,692)
Private individuals - housing loans	146,343	143,011	578	557	(10)	-	(624)
Private individuals - other	47,823	45,258	993	217	328	299	(984)
Total loans to the public - activity in Israel	580,332	569,283	5,828	2,270	487	300	(7,300)
Banks and governments - in Israel	67,826	67,826	-	-	14	-	(16)
Total activity in Israel	648,158	637,109	5,828	2,270	501	300	(7,316)
For borrowers activity outside Israel							
Total loans to the public - foreign operations	79,000[h]	77,718	1,271	267	10	49	(314)
Foreign banks and governments	68,019	68,019	-	-	5	-	(18)
Total activity outside Israel	147,019	145,737	1,271	267	15	49	(332)
Total activity in and outside Israel	795,177	782,846	7,099	2,537	516	349	(7,648)

(a) On- and off-balance sheet credit risk, including for derivatives. Including: debts,[B] bonds, securities borrowed or purchased under reverse repurchase agreements, credit risk due to derivative instruments and credit risk embodied in off-balance-sheet financial instruments, as calculated for the purpose of per-borrower indebtedness limitations in the amounts of NIS 463,035, 115,256, 5,936, 59,231 and 151,719 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 more information, please see Note 5.

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

	September 30, 2023						
					Loan losses[c]		
	Overall credit risk[a]	Of which: Credit performance rating[a]	Of which: troubled credit risk[d]	Of which: Non-performing credit risk	Loan loss expenses (income)	Charge-offs, net	Balance of loan loss provision
	In NIS million						
For borrowers activity in Israel Public-commercial							
Industry	37,187	36,089	1,099	125	72	(5)	(547)
Construction and real estate – construction[f]	119,245	117,613	1,414	1,060	572	48	(1,591)
Construction and real estate – real estate activity	50,688	49,720	865	151	126	(13)	(1,050)
Commerce[g]	41,105	40,374	701	174	177	54	(620)
Financial services	52,980	52,922	58	44	19	–	(237)
Agriculture[G]	2,581	2,347	87	26	(1)	5	(130)
Hotels, accommodation and food services[g]	4,468	4,375	41	17	3	(3)	(50)
Other sectors	52,981	51,800	1,048	225	107	29	(955)
Commercial – total	361,235	355,240	5,313	1,822	1,075	115	(5,180)
Private individuals – housing loans	132,847	130,845	596	570	119	6	(532)
Private individuals – other	47,121	44,366	995	303	445	294	(882)
Total loans to the public – activity in Israel	541,203	530,451	6,904	2,695	1,639	415	(6,594)
Banks and governments – in Israel	78,264	78,264	–	–	(2)	–	(3)
Total activity in Israel	619,467	608,715	6,904	2,695	1,637	415	(6,597)
For borrowers activity outside Israel							
Total loans to the public – foreign operations	68,693[h]	67,191	1,493	605	101	(13)	(325)
Foreign banks and governments	49,958	49,957	–	–	(23)	–	(16)
Total activity outside Israel	118,651	117,148	1,493	605	78	(13)	(341)
Total activity in and outside Israel	738,118	725,863	8,397	3,300	1,715	402	(6,938)

(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 428,616, 126,634, 2,929, 41,078 and 138,860 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 more 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 performance rating [a]	Of which: troubled credit risk[d]	Of which: Non-performing credit risk	Loan loss expenses (income)	Charge-offs, net	Balance of loan loss provision
	In NIS million						
For borrowers 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)
Commerce[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 borrowers activity outside Israel							
Total loans to the public – foreign operations	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 more 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 challenges of the period due to the War including absent employees, increase of input prices and increase in financing expenses led to an increase in the projects' budgets.

Over the past year, the scope of non-linear (20/80) payment methods and/or loans are subsidizes by developers. This is a long-time marketing move that has been common among real-estate developers for years and its scope varies according to the market fluctuations and other macroeconomic data.

It should be emphasized that in respect of each project, including projects in which there are non-linear payment methods, a meticulous underwriting process is conducted. As part of projects' underwriting, we take into account the aforementioned impacts, including the updated financing expenses, as we also ensure that the supervisors give this expression in the zero reports and the follow-up reports, and address the up-to-date costs. Additionally, as part of the underwriting process and throughout the project, the cash-flow needs of the project are examined according to the various effects, including the various payment methods for the sales in the project.

It should be further noted that all of the budgets include a significant unexpected clause, which is derived from the overall cost, which grants an additional cushion for coping with the exposure resulting from one or more of the reasons listed above.

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 September 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.

The balance of the provision for credit losses due to the overall credit risk in the construction and real estate segments in Israel as of September 30, 2024 in the sum of NIS 2,802 million, compared to the sum of NIS 2,736 million as of December 31, 2023. The balance of the provision due to the overall credit risk in the construction and real estate segments from the overall credit risk in the portfolio as of September 30, 2024 is 1.52% .

The problematic credit risk in the construction and real estate segments in Israel as of September 30, 2024 is in the sum of NIS 1,424 million, compared to the sum of NIS 1,891 million as of December 31, 2023. The balance of the problematic credit risk in the construction and real estate segments from the overall credit risk in the portfolio as of September 30, 2024 is 0.77% compared to the rate of 1.10% as of December 31, 2023.

Despite improvement in such credit quality indices, the increase in the sums of provision for credit loss reflect, inter alia, the effects of the continued war and uncertainty in the economy regarding the construction and real estate segments.

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

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

For additional information on activity and risk boundaries in the construction and real estate industry, please see the chapter titled "Credit Risks" in the Report of the Board of Directors and Management as of 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, a noticeable decrease has occurred over the past quarters in completion of construction and beginning of construction. The scope of activity in the real estate construction branch is expected to remain low in the near future compared to before the War, on the background of the continued prohibition against bringing Palestinian workers into Israel, relatively slow progress in bringing foreign construction workers to Israel to replace them, and despite a certain improvement recently in activity at construction sites.

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. 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 this segment's risk characteristics and is also closely monitoring the effects of the War, the rise in interest rates and 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, over the past two years, 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 effects of the War on the construction and real estate sectors, a collective provision for credit losses in these sectors had been made, as aforementioned. .

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 of the term, please see under section "Forward-Looking Information".

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

	September 30		December 31	Change compared to December 31, 2023	
	2024	2023	2023		
	In NIS million			In NIS million	In %
On-balance-sheet credit risk	128,886	117,747	119,714	9,172	7.7
Guarantees for apartment buyers[(a)]	11,089	10,237	9,915	1,174	11.8
Other off balance sheet credit risk[(a)]	58,700	54,337	55,023	3,677	6.7
Total overall credit risk	198,675	182,321	184,652	14,023	7.6

(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

	September 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%	1,651		9,749	11,400
More than 45% to 65%	5,289		16,954	22,243
More than 65% to 80%	24,332		18,239	42,571
More than 80%	5,304[(d)]		4,803	10,107
Absorption capacity[(c)]				
More than 25% and up to 50%		11,786		11,786
More than 50% and up to 75%		8,443		8,443
More than 75%		15,737		15,737
Project starts		15,161		15,161
Other[(e)]				46,091
Total credit risk for construction and real estate in Israel				183,539

	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

	September 30	December 31
	2024	2023
	Overall credit risk[a]	
	In NIS million	
Housing	93,799	86,065
Office space	24,414	23,253
Industry	9,067	7,993
Commerce and services	26,330	25,146
Total overall credit risk secured by real estate collateral in Israel	153,610	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)

	September 30	December 31	
	2024	2023	
	In NIS million		Change in %
Credit risk in credit performance rating			
Non-troubled Credit Risk	196,493	182,080	7.9
Non-investment grade credit risk			
Non-troubled	528	450	17.3
Troubled performing	886	744	19.1
Non-performing	768	1,378	(44.3)
Total non-investment grade credit risk	2,182	2,572	(15.2)
Total	198,675	184,652	7.6

Branch concentration in the credit portfolio

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

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

On October 29, 2024, an amendment to to Proper Conduct of Banking Business Directive No. 315 had been published.

Due to the prolongation of the Iron Swords War, and in order to support the economy's credit needs, the Supervision of Banks Department extended by two additional years (up to December 31, 2027) an existing temporary relief in the prices of the construction and real estate segment under restriction, so that the total liabilities of the construction and real estate segment would not exceed the higher of the following: the total "construction and real estate, industry and trade of construction products" liabilities do not exceed 26% of the total public liabilities towards a banking institution; and the total "real estate, industry and trade of construction products" deducting liabilities for financing projects in collaboration with the private segment included in the "civil engineering works" do not exceed 22% of the public liabilities towards the banking institution.
In addition, the Supervision of Banks Department added a temporary relief regarding the rate of limitation of the financial services and insurance services segment, so that by December 31, 2027, the limitation will be examined separately in respect of the activities in Israel and abroad, according to which the total liabilities of each of them separately would not exceed 20% of the total public liabilities towards the Bank, as the aggregate constraint (Israel and abroad) would not exceed 25%.

The amendment to the directive took effect on the date of its publication, October 29, 2024.

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 September 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.

Pursuant to the draft of the directive, the date it will take effect will be January 1, 2026.

[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:

	September 30, 2024		
	Exposure[a][b][c]		
	On-balance-sheet	Off-balance-sheet[d]	Total
	In NIS million		
USA	45,987	9,817	55,804
UK	19,025	31,247	50,272
France	1,705	4,947	6,652
Switzerland	3,369	3,668	7,037
Germany	4,450	5,162	9,612
Cayman Islands[i]	7,610	611	8,221
Other	20,745	7,881	28,626
Total exposure to foreign countries	102,891	63,333	166,224
Of which: total exposure to GIPS countries[e]	562	113	675
Of which: total exposure to LDC countries[f]	1,311	1,684	2,995
Of which: total exposure to countries with liquidity issues[g]	236	1,774[h]	2,010

	September 30, 2023		
	Exposure[a][b][c]		
	On-balance-sheet	Off-balance-sheet[d]	Total
	In NIS million		
USA	40,114	13,232	53,346
UK	16,732	17,724	34,456
France	748	1,525	2,273
Switzerland	3,605	4,141	7,746
Germany	4,826	4,343	9,169
Other	18,773	8,468	27,241
Total exposure to foreign countries	84,798	49,433	134,231
Of which: total exposure to GIPS countries[e]	273	167	440
Of which: total exposure to LDC countries[f]	1,233	1,739	2,972
Of which: total exposure to countries with liquidity issues[g]	360	1,866[h]	2,226

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 refers to 28 countries (as of September 30, 2023 - 31 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.
(i) As of September 30, 2023, and as of December 31, 2023, the balance sheet exposure had not exceeded 1% of the total assets or 20% of the banking institution's capital.

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.

Following is the Credit Exposure to Foreign Financial Institutions[a]

	As of September 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-	31,094	1,662	32,756
A+ to A-	5,289	1,298	6,587
BBB+ to BBB-	253	130	383
BB+ to B-	113	3	116
Lower than: B-	13	-	13
No rating	1,187	-	1,187
Total current credit exposure to foreign financial institutions[f]	37,949	3,093	41,042

	As at September 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-	24,629	1,228	25,857
A+ to A-	3,110	1,172	4,282
BBB+ to BBB-	100	176	276
BB+ to B-	41	18	59
Lower than: B-	63	-	63
No rating	212	2	214
Total current credit exposure to foreign financial institutions	28,155	2,596	30,751

	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 in banks, credit to the public, securities borrowed or purchased under reverse repurchase agreements, other on-balance sheet credit risk in respect of derivative instruments, and investments in bonds, including bonds of banks of the "subordinated" type as of September 30, 2024, valued at NIS 1,849 million (as of September 30, 2023 - NIS 723 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 September 30, 2024, September 30, 2023 and December 31, 2023, there is no troubled credit risk vis a vis foreign financial institutions.
(f) Of which: concerning the US - on-balance sheet credit risk of NIS 6,122 million and off-balance sheet credit risk of NIS 328 million. The vast majority of the institutions in which there is a credit risk are rated A or higher and 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 derivative instruments vis-a-vis banks and brokers/dealers (local and foreign), please see Note 11.

Housing Loans Portfolio Risks

Credit risk developments

During 2024, apartment prices continue to increase, which began at the end of 2023, albeit with a certain deceleration of the pace. Prices of new apartments have continued to increase slower than second-hand apartment prices, apparently due to a high inventory of unsold developer apartments, which makes it difficult for developers to increase prices at a rapid pace.

Simultaneously, the decrease in the volume of residential construction continues, and as a result, the level of activity in the branch and its various stages (permits, beginning and conclusion of construction) has reached a low compared to the past three years.

In the third 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 scope of the loans in which there is a suspension of payments as of the end of September 2024 is approximately NIS 3.4 billion, compared to approximately NIS 4.4 billion as of the end of June 2024 and NIS 9.0 billion as of the end of March 2024.

During the year gone by the scope of loans subsidized by the developer in the first-hand apartments segment increased as a tool serving for encouragement of the project's marketing and lowering the financing expenses. It should be emphasized that as part of the meticulous underwriting process on the full scope of the financing an underwiring is conducted in respect of the mortgage for the full scope of financing already at the initial stage of the subsidized loan, in order to ensure that the borrower obtaining the credit is of full repayment capacity under the customary terms.

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

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

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

For additional information and details regarding macroeconomic effects and the War, please see the section 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 nine months ended on September 30		% Change
	2024	2023	
	In NIS million		In %
By the Bank	19,600	15,874	23.5
By the Government of Israel	128	131	(2.3)
Total new loans	19,728	16,005	23.3
Old recycled loans, from the Bank's funds	4.418[(A)]	2,466	79.2
Total performance	24,146	18,471	30.7

(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 nine months of 2024 was NIS 963 thousand, compared to NIS 947 thousand in the corresponding period in 2023, and compared to NIS 946 thousand in all of 2023.

Development of total outstanding housing loans, net

	loan portfolio balance	% Change
	In NIS million	In %
December 31, 2022	119,272	15.7
December 31, 2023	129,987	9.0
September 30, 2024	140,157	7.8

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

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

	Non-linked segment				CPI-linked segment				Foreign exchange segment		
	Fixed interest		Variable interest		Fixed interest		Variable interest		Variable interest		Total credit portfolio
	Balance millions NIS	Rate of portfolio credit in %	Balance millions NIS	Rate of portfolio credit in %	Balance millions NIS	Rate of portfolio credit in %	Balance millions NIS	Rate of portfolio credit in %	Balance millions NIS	Rate of portfolio credit in %	millions NIS
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
September 30, 2024	35,983	25.7	58,111	41.5	19,885	14.2	25,762	18.3	416	0.3	140,157

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
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Annual average
	Rate of performance							
	In %							
Fixed - linked	14.6	16.6	14.8	16.2	16.9	20.3	16.8	9.9
Variable every 5 years or more - linked	1.8	2.6	3.5	6.7	8.1	9.9	9.8	8.4
Variable up to 5 years - linked	7.6	7.5	6.9	4.2	3.4	3.9	6.9	7.5
Fixed - non-linked	31.8	28.9	29.9	29.0	25.6	22.0	25.0	31.2
Variable every 5 years or more - non-linked	18.8	20.0	21.5	24.1	24.4	15.3	5.3	1.2
Variable up to 5 years - non-linked	25.3	24.2	23.2	19.6	21.4	28.1	35.9	41.8
Variable - Foreign currency	0.1	0.2	0.2	0.2	0.2	0.5	0.3	0.2

The rate of new credit the Bank extended for housing loans at a varying interest rate over the first nine months of 2024 stood at 54.5%, compared to 55.7% during 2023.

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

	Recorded debit balance	Delinquent debt 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
September 30, 2024	140,764	557	0.40

The outstanding on-balance sheet provision for credit losses, as of September 30, 2024, for the housing loans portfolio is NIS 607 million, which constitutes 0.43% of the on-balance sheet housing loans' as of that date, the balance of the provision as of December 31, 2023, stood at the sum of NIS 622 million, which constitutes, 0.48% 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
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Average yearly
LTV ratio	In %[(a)]							
Over 60 and up to 70, inclusive	24.2	22.2	20.1	21.0	22.0	20.4	20.9	22.6
Over 70 and up to 75, inclusive	21.2	21.4	18.6	19.6	20.6	22.5	25.0	25.3
Over 75	0.2	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 financing rate of the outstanding loan portfolio as of September 30, 2024 stands at 48.9%, compared with 48.0% in 2023.

Development of new credit, 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 calculation is in accordance with the Bank of Israel's Reporting Directive No. 876.

The percentage of loans extended during the first nine months of 2024 with a repayment ratio lower than 2.5 on the credit approval date stood at 1.02% of the total number of new credit extended, compared to 0.78% in 2023.

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

In the first nine months of 2024, the credit rate of new housing loans in which the repayment dates under the loan agreements are longer than 25 years, stood at an average of 50.9% of the total credit that was extended, compared with an average of 58.0% in 2023.

For additional information, please see the chapter entitled "Credit Risks" in the Report of the Board of Directors and Management as of 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 principles for extending credit are enshrined in the Bank's policies and procedures, including in the event of proactive contacting the customer, which emphasize, inter alia, the need for adapting the credit scope and type to the customer's repayment capacity, his needs and the purpose of the credit, as well as the need for ensuring the fairness and full disclosure towards the customer. The underwriting processes are based on models and executed fully digitally, or through individual processes according to the powers and provisions enshrined in the policies and procedures.

In addition to ensuring meticulous underwriting processes, management and monitoring on the level of the individual borrower, there is ongoing monitoring of the private credit at the aggregate level, inter alia based on an internal indicators set, as there are also ongoing monitoring and maintenance of the various models that serve in the underwriting processes.

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 section 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
September 30, 2024	47,814

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

	September 30, 2024		December 31, 2023	
	In NIS million	% of portfolio	In NIS million	% of portfolio
Up to one year	6,758	22.2	6,210	20.8
Over one year to 3 years	4,543	14.9	4,634	15.5
Over 3 years to 5 years	6,865	22.6	7,104	23.8
Over 5 years to 7 years	4,019	13.2	4,890	16.4
Over 7 years	5,318	17.5	4,045	13.6
No repayment term[(a)]	2,905	9.6	2,933	9.9
Total	30,408	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		September 30, 2024		December 31, 2023	
From	To	In NIS million	% of portfolio	In NIS million	% of portfolio
-	25	6,533	13.6	6,627	14.0
25	50	6,778	14.2	6,793	14.4
50	75	5,577	11.7	5,606	11.9
75	100	4,705	9.8	4,752	10.0
100	150	6,812	14.3	6,878	14.6
150	200	5,147	10.8	5,025	10.6
200	300	6,504	13.6	6,244	13.2
Over 300		5,758	12.0	5,362	11.3
Total overall credit risk		47,814	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)

	September 30, 2024		December 31, 2023	
	In NIS million	% of portfolio	In NIS million	% of portfolio
Current account balances and utilized credit in credit cards	7,535	15.8	6,925	14.6
Car purchase loans (secured)	1,371	2.9	1,431	3.0
Other loans	21,502	44.9	21,460	45.4
Total on-balance-sheet credit risk	30,408	63.6	29,816	63.0
Unutilized current account credit facilities	7,610	15.9	7,467	15.8
Unutilized credit card facilities	9,398	19.7	9,547	20.2
Other off-balance-sheet credit risk	398	0.8	457	1.0
Total off-balance-sheet credit risk	17,406	36.4	17,471	37.0
Total overall credit risk	47,814	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)

	September 30, 2024				
	Non-linked	Linked	Foreign currency	Total on-balance-sheet credit risk	% of portfolio
	In NIS million				In %
Variable interest loans[(a)]	27,424	35	115	27,574	90.7
Fixed interest loans[(b)]	2,762	10	62	2,834	9.3
Total on-balance-sheet credit risk	30,186	45	177	30,408	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 assets portfolio of private individuals with the Bank, with an overall credit risk (in Israel, excluding housing loans)

	September 30 2024	December 31 2023
	In NIS million	
Deposits by the public	115,535	111,020
Securities portfolios	70,138	59,343
Total financial asset portfolio	185,673	170,363
Total indebtedness to customers with financial asset portfolios	35,151	34,464

The following is the distribution 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)

	September 30, 2024		December 31, 2023	
Level of income	In NIS million	In %	In NIS million	In %
Accounts without fixed income	3,462	11.4	3,447	11.6
Of which: loan accounts[(b)]	1,457	4.8	1,616	5.4
Lower by NIS 10 thousands	5,142	16.9	5,958	20.0
Higher than NIS 10 thousand and lower than NIS 20 thousand	10,443	34.3	10,524	35.3
NIS 20 thousand or more	11,361	37.4	9,887	33.1
Total	30,408	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. Correspondingly, 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)

	September 30 2024	December 31 2023
	In NIS million	
Non-troubled credit	29,455	28,763
Troubled performing credit	736	710
Troubled non-performing loans	217	343
Total on-balance-sheet credit risk	30,408	29,816
Percentage of troubled credit risk out of balance sheet credit risk for private individuals	3.1%	3.5%
Charge-offs, net (for the period ended)	299	424
Balance of loan loss provision	948	919

As of September 30, 2024, the outstanding on-balance sheet provision for credit losses due to private individuals (net of housing) is NIS 948 million, constituting 3.12% of the outstanding credit to private individuals (net of housing, on-balance sheet) as of that date, compared with the provision of NIS 919 million as of December 31, 2023, which constitutes 3.08% of the outstanding credit 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 credit loss expenses, please see Note 6 and Note 13, and the chapter entitled "Risk Exposure", Credit Risks, under the section "Total Credit Risk to the Public by Economic Sectors".and in the chapter titled "Credit Risks chapter in the Report of the Board of Directors and Management as of December 31, 2023.

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

Outstanding aggregated credit granted to leveraged borrowers

	September 30						December 31		
	2024			2023			2023		
	On-balance-sheet	Off-balance-sheet	Total Total	On-balance-sheet	Off-balance-sheet	Total Total	On-balance-sheet	Off-balance-sheet	Total
Economic sector	In NIS million								
Commerce	372	1	373	622	3	625	-	-	-
Transportation and storage	930	24	954	1,064	27	1,091	1,038	23	1,061
Hotels, accommodation services and food	436	-	436	435	-	435	431	-	431
Construction and real estate	220	283	503	333	408	741	211	318	529
Provision of power, gas, steam and air conditioning	164	510	674	401	508	909	157	491	648
Total	2,122	818	2,940	2,855	946	3,801	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 of September 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 nine months of 2024, there were no material changes in the corporate governance structure, policy and operational risk management framework.

At present, it appears that the leading trend among the central banks in the US and Europe is to decrease the interest rate in the coming years, taking into consideration developments in key economic parameters, such as: unemployment rates, growth and a move towards the inflation goals. In Israel, on the other hand, among other reasons due to the impairment incurred by various parts of the supply side of the economy, as well as against the background of the expected increase in government expenses and related debt raising, and considering the possibility of additional rating downgrades of the State of Israel, and an increase in the actual annual inflation rates, no interest rate decrease is forecasted in the near future.

The Iron Swords War

The War and the related challenges establish uncertainty in the financial markets and the fluctuations in them may continue.

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 December 20, 2023, the final Proper Conduct of Banking Business Directive 333 was published on the subject of Interest Rate Risk in the Banking Portfolio. 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 chapter entitled Interest Rate Risk, in the Risk Management Report as of 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

	September 30, 2024		
	NIS	Foreign currency	Total
	In NIS million		
Book balance, net[a]	45,306	(5,894)	39,412
Adjusted net fair value[a]	53,395	(4,184)	49,211
Of which: banking portfolio	48,350	(4,551)	43,799
Of which: the effect of behavioral assumptions	8,517	2,001	10,518
Of which: the effect of attribution to periods of demand deposits	9,275	2,016	11,291
Of which: the effect of early repayments on housing loans	(758)	(15)	(773)

	September 30, 2023[b]		
	NIS	Foreign currency	Total
	In NIS million		
Book balance, net[a]	39,371	(10,059)	29,312
Adjusted net fair value[a]	43,177	(8,013)	35,164
Of which: banking portfolio	37,146	(7,612)	29,534
Of which: the effect of behavioral assumptions	9,164	2,660	11,824
Of which: the effect of attribution to periods of demand deposits	8,814	2,675	11,489
Of which: the effect of early repayments on housing loans	350	(15)	335

	December 31, 2023[b]		
	NIS	Foreign currency	Total
	In NIS million		
Book balance, net[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: the effect of behavioral assumptions	7,948	2,098	10,046
Of which: the effect of attribution to periods of demand deposits	7,978	2,111	10,089
Of which: the effect of early repayments on housing loans	(30)	(13)	(43)

(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) Restated.

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

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

	September 30, 2024		
	NIS	Foreign currency	Total*
	In NIS million		
Simultaneous changes			
Simultaneous increase of 1 percent	(1,892)	(804)	(2,696)
Of which: banking portfolio	(1,972)	(793)	(2,765)
Of which: the effect of behavioral assumptions	2,568	447	3,015
Of which: the effect of attribution to periods of demand deposits	1,722	512	2,234
Of which: the effect of early repayments on housing loans	846	6	852
Simultaneous decrease of 1 percent	1,199	825	2,024
Of which: banking portfolio	1,278	843	2,121
Of which: the effect of behavioral assumptions	(3,699)	(574)	(4,273)
Of which: the effect of attribution to periods of demand deposits	(1,852)	(549)	(2,401)
Of which: the effect of early repayments on housing loans	(1,847)	(5)	(1,852)
Non-simultaneous changes			
Steepening(b)	(897)	(753)	(1,650)
Flattening(c)	517	339	856
Short-term interest rate increase	(159)	(179)	(338)
Short-term interest rate decrease	176	208	384

	September 30, 2023		
	NIS	Foreign currency	Total*
	In NIS million		
Simultaneous changes			
Simultaneous increase of 1 percent	(1,358)	(768)	(2,126)
Of which: banking portfolio	(1,347)	(708)	(2,055)
Of which: the effect of behavioral assumptions	2,143	434	2,577
Of which: the effect of attribution to periods of demand deposits	1,799	488	2,287
Of which: the effect of early repayments on housing loans	344	5	349
Simultaneous decrease of 1 percent	642	791	1,433
Of which: banking portfolio	641	732	1,373
Of which: the effect of behavioral assumptions	(3,116)	(536)	(3,652)
Of which: the effect of attribution to periods of demand deposits	(1,900)	(523)	(2,423)
Of which: the effect of early repayments on housing loans	(1,216)	(5)	(1,221)
Non-simultaneous changes			
Steepening(b)	(325)	(516)	(841)
Flattening(c)	123	138	261
Short-term interest rate increase	(144)	(375)	(519)
Short-term interest rate decrease	164	402	566

Please see comments below.

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

	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: The effect of behavioral assumptions	2,335	436	2,771
Of which: the effect of attribution to periods of demand deposits	1,799	493	2,292
Of which: the effect of early repayments on housing loans	536	5	541
Simultaneous decrease of 1 percent	684	583	1,267
Of which: banking portfolio	626	570	1,196
Of which: the effect of behavioral assumptions	(3,437)	(544)	(3,981)
Of which: the effect of attribution to periods of demand deposits	(1,933)	(528)	(2,461)
Of which: the effect of early repayments on housing loans	(1,504)	(5)	(1,509)
Non-simultaneous changes			
Steepening[(b)]	(459)	(497)	(956)
Flattening[(c)]	205	187	392
Short-term interest rate increase	(174)	(230)	(404)
Short-term interest rate decrease	192	261	453

(a) The net fair value of the financial instruments, excluding non-monetary items and after the effect of the liability for employee benefits, which takes into account the relating plan assets and attribution of demand deposits to periods.
(b) Steepening - a short-term decrease in the interest rate and long-term increase in the interest rate.
(c) Flattening - increase in interest rate in the short-term and decrease in the long-term.

* After netting effects.

During the first nine months 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 Non-interest finance income

	September 30, 2024		
	Interest iIncome	Non-interest finance income	Total*
	In NIS million		
Simultaneous changes			
Simultaneous increase of 1 percent	575	328	903
Of which: banking portfolio	575	255	830
Simultaneous decrease of 1 percent	(758)	(357)	(1,115)
Of which: banking portfolio	(758)	(255)	(1,013)

	September 30, 2023		
	Interest income	Non-interest finance income	Total*
	In NIS million		
Simultaneous changes			
Simultaneous increase of 1 percent	533	95	628
Of which: banking portfolio	533	165	698
Simultaneous decrease of 1 percent	(712)	(104)	(816)
Of which: banking portfolio	(712)	(165)	(877)

	December 31, 2023		
	Interest income	Non-interest 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 of December 31, 2023.

The effect of scenarios of interest rate changes on the equity[(a)]

	September 30, 2024
	In NIS million
Simultaneous increase of 1 percent	(664)
Simultaneous decrease of 1 percent	488

	September 30, 2023
	In NIS million
Simultaneous increase of 1 percent	(432)
Simultaneous decrease of 1 percent	321

	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 third 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 liquidation coverage rate in the three months ended September 30, 2024 stands at 124%, compared to the minimal regulatory rate, which stands, as aforementioned, at 100%. The decrease in the ratio during the third quarter compared to the previous quarter is due mainly to the continued growth in credit.
In the third 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		
	September 30		December 31
	2024	2023	2023
	Average in %		
a. Consolidated data			
Liquidity coverage ratio	124	130	124
Minimum liquidity coverage ratio set by the Banking Supervision Department	100	100	100
b. According to the banking corporation's data			
Liquidity coverage ratio	121	126	120
Minimum liquidity coverage ratio set by the Banking Supervision Department	100	100	100

Note: Based on an average of daily observations.

For additional information, please see the chapter entitled "Liquidity Risk" in the Risk Report as of September 30, 2024 and Note 9B.

Net stable funding ratio

	As of September 30		As at December 31
	2024	2023	2023
	In %		
a. Consolidated data			
Net stable funding ratio	115	118	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	114	117	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 specification of the main risk areas, please see the chapter titled "Operational Risks" in the Report of the Board of Directors and Management as of December 31, 2023 and the chapter titled "Emerging Risks" in the Risk Report as of September 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 chapter entitled "Climate and Environmental Risk" in the Report of the Board of Directors and Management as of December 31, 2023 and the chapter titled "Environment" 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 the chapter titled "Emerging Risks in the Risk Report as of September 30, 2024, and for information regarding material regulatory initiatives published in the reporting period, please see the chapter "Legislation and Regulations Governing the Banking System in a Corporate Governance Report.

Compliance Risk

On October 29, 2024, a notification was received from the Supervisor of the Banks regarding imposition of financial sanctions on the Bank due to failure in transferring certain reports (regular reports for NIS transfers outside Israel through correspondent accounts kept by the Bank the final destination of which is the Bank's client) to the Prohibition of Money Laundering Authority.

For additional information regarding the financial sanctions, please see Note 2.D.01

Macroeconomic Risk

For additional information, please see the chapter titled "Emerging Risks" in the Risk Report as of September 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,and in the Risk Management Report as of September 30, 2024.

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 chapter entitled "Critical Accounting Policies and Estimates in the financial statements as of 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 credit loss estimates due to the Iron Swords War, please see the chapter 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 quickly as possible, borrowers whose risk level and exposure have 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 examination 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 concerning the collective provision for credit losses and the classification of troubled debts, please see the chapter entitled Critical Accounting Policies and Estimates in the financial statements as of 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 chapter 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.

Liabilities for Employee Benefits

As at September 30, 2024, the balance of accumulated other comprehensive income for employee benefits amounted to a negative post-tax balance of NIS 463 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 September 30, 2024, in accordance with a capitalization rate based on Israeli corporate bonds (the "deep market," according to the Israel Securities Authority's approach) is approximately NIS 988 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 chapter entitled "Critical Accounting Policies and Estimates in the financial statements as of December 31, 2023.

Controls and Procedures Regarding Fair Disclosure in Financial Statements

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

The Banking Supervision Department's directives require the following:

- Banking corporations shall apply Sections 302 and 404 and the SEC directives issued thereunder.
- Adequate internal control requires an auditing system that follows a predefined, recognized framework. 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

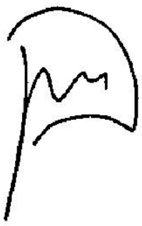
In the quarter ended September 30, 2024, no material change has occurred in the Bank's internal control over financial reporting which has had a material effect, or is reasonably expected to have a material effect, on the Bank's internal control over financial reporting.

Board of Directors

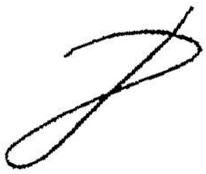
In July-September 2024, Leumi's Board of Directors held 8 plenum meetings and its committees held 17 meetings.

At a Board meeting held on November 18, 2024, the Board resolved to approve and publish the Group's unaudited condensed consolidated financial statements as at September 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
Chief Executive Officer

18 November 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 September 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.

November 18, 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 September 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.

November 18, 2024.

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

Deloitte. KPMG

Overview 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 of September 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 nine-month periods ending on the above date. 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 KPMG's complex global network
of independent firms affiliated with
KPMG International Limited
a privately-owned limited liability British company
Certified Public Accountants

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

Joint Independent Auditors

November 18, 2024.

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

		For three months ended September 30		For nine months ended September 30		For the year ended December 31
		2024	2023	2024	2023	2023
		Unaudited				Audited
	Note	In NIS million				
Interest income	2	9,966	8,758	28,585	24,993	33,655
Interest expenses	2	5,421	4,823	15,895	12,846	17,658
Interest income, net	2	4,545	3,935	12,690	12,147	15,997
Loan loss expenses	13 ,6	312	991	516	1,715	2,383
Interest income, net after loan loss expenses		4,233	2,944	12,174	10,432	13,614
Non-interest income						
Non-interest finance income (expenses)	3a	(46)	435	1,134	943	1,279
Fees and commissions		984	963	2,829	2,801	3,737
Other income		40	3	908	140	165
Total Non-interest income		978	1,401	4,871	3,884	5,181
Operating and other expenses						
Salaries and related expenses		933	852	2,886	2,612	3,484
Buildings and equipment - maintenance and depreciation		386	449	1,135	1,151	1,541
Other Expenses		397	421	1,171	1,271	1,869
Total operating and other expenses		1,716	1,722	5,192	5,034	6,894
Profit before taxes		3,495	2,623	11,853	9,282	11,901
Provision for profit taxes		1,285	866	4,128	3,119	3,988
Profit after taxes		2,210	1,757	7,725	6,163	7,913
The Bank's share in associates' (losses) profits after tax		83	10	(378)	(962)	(886)
Net income						
Before attribution to non-controlling interests		2,293	1,767	7,347	5,201	7,027
Attributable to non-controlling interests[(a)]		-	-	-	-	-
Attributable to the Bank's shareholders		2,293	1,767	7,347	5,201	7,027
Basic and diluted earnings per share (in NIS)						
Diluted basic earnings attributable to the Bank's shareholders	3b	1.51	1.15	4.83	3.38	4.58

(a) Sums lower 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 & CEO

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

Date of approval of the financial statements: November 18, 2024.

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

	For three months ended September 30		For the nine months ende September 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	2,293	1,767	7,347	5,201	7,027
Less net income attributable to non-controlling interests[b]	–	–	–	–	–
Net income attributable to the Bank's shareholders	2,293	1,767	7,347	5,201	7,027
Other comprehensive income, before taxes					
Adjustments in respect of available-for-sale bonds according to net fair value	1,200	(730)	65	(614)	641
Net gains (losses) for cash flow hedges	–	(2)	(3)	2	5
Adjustments of liabilities for employee benefits[a]	(327)	755	1,024	727	378
Impact of changes in the credit risk of the liabilities	3		3		
Other comprehensive income of equity-accounted investees according to the equity method	42	5	41	42	55
Other comprehensive income, before taxes	918	28	1,130	157	1,079
Related tax effect	(357)	(3)	(377)	(64)	(373)
Other comprehensive income before attribution to non-controlling interests, after taxes	561	25	753	93	706
Less comprehensive other profit attributable to non-controlling rights owners[b]	–	–	–	–	–
Other comprehensive income attributable to the Bank's shareholders, after tax	561	25	753	93	706
Comprehensive income before attribution to non-controlling interests	2,854	1,792	8,100	5,294	7,733
Less net income attributable to non-controlling interests[b]	–	–	–	–	–
Comprehensive income attributable to the Bank's shareholders	2,854	1,792	8,100	5,294	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. See also Note 8.
(b) Sums lower than NIS 1 million.

Please see also Note 4, concerning comprehensive profit (loss) in aggregate.

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 Balance Sheet
As at September 30, 2024

		September 30		December 31
		2024	2023	2023
		Unaudited		Audited
	Note	In NIS million		
Assets				
Cash and deposits with banks		136,673	101,311	105,476
Securities:				
Held-to-maturity bonds		19,036	15,834	15,406
Available-for-sale bonds		87,756	103,740	126,137
Equity securities not held for trading		6,021	4,684	4,828
Held-for-trading securities		8,465(d)	7,121	13,677
Total securities(a)(b)	5	121,278	131,379	160,048
Securities borrowed or purchased under reverse repurchase agreements		5,936	2,930	3,053
Loans to the public	6, 13	453,772	423,477	426,203
Loan loss provision	6, 13	(6,821)	(6,216)	(6,717)
Loans to the public, net		446,951	417,261	419,486
Loans to governments		1,957	1,356	1,806
Investments in associates		3,462	4,078	4,014
Buildings and equipment		2,721	2,795	2,874
Assets in respect of derivatives	11	27,509	32,615	27,410
Other assets(a)		7,152	7,036	7,330
Total assets		753,639	700,761	731,497
Liabilities and equity				
Deposits by the public	7	588,305	544,519	567,824
Deposits by banks		18,970	16,068	20,776
Deposits by governments		102	213	160
Securities loaned or sold under repurchase agreements		12,312	16,853	13,776
Bonds, promissory notes and subordinated notes		32,061	27,569	32,114
Liabilities for derivatives	11	26,500	28,503	26,636
Other liabilities(a)(c)		15,126	14,513	15,709
Total liabilities		693,376	648,238	676,995
Shareholders' equity	9	60,258	52,518	54,497
Non-controlling interests		5	5	5
Total equity		60,263	52,523	54,502
Total liabilities and equity		753,639	700,761	731,497

(a) For details regarding amounts measured at fair value, please see Note 15.A.
(b) Of which: securities totaling NIS 15,417 million (September 30, 2023 - NIS 9,892 million, December 31, 2023 - NIS 13,624 million) pledged to lenders.
(c) Of which: Loan loss provision for off-balance-sheet credit instruments totaling NIS 807 million (as of September 30, 2023 - NIS 702 million; as of December 31, 2023 - NIS 747 million).
(d) Of which bonds in the amount of approx. NIS 1,539 million classified as held-for-trading securities since the Bank opted to measure them for the first time 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 September 30, 2024

	For the three months ended September 30, 2024 (unaudited)		
		Capital reserves	
	Share capital	From premiums	From benefit for share-based and other payment services(a)
	In NIS million		
Balance as at June 30, 2024	7,107	2,144	65
Net income for the period	-	-	-
Other comprehensive income, net of tax effect	-	-	-
Dividend paid	-	-	-
Share buyback	(10)	(341)	-
Employee benefit for stock-based compensation transactions	-	-	1
Balance as of September 30, 2024	7,097	1,803	66

	For the three months ended September 30, 2023 (unaudited)		
		Capital reserves	
	Share capital	From premiums	From benefit for share-based and other payment services(a)
	In NIS million		
Balance as at June 30, 2023	7,125	2,656	60
Net income for the period	-	-	-
Other comprehensive income, net of tax effect	-	-	-
Dividend paid	-	-	-
Share buyback	(10)	(300)	-
Employee benefit for stock-based compensation transactions	-	-	1
Balance as of September 30, 2023	7,115	2,356	61

(a) Including NIS 10 million in other capital reserves.
(b) Including NIS 5,028 million that are non-distributable as dividend, of which NIS 2,711 million in respect of share buyback (September 30, 2023 - NIS 5,857 million, of which NIS 2,140 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 funds	Other coumlative profit (loss)	Retained earnings accrued[b]	Total	Non-controlling interests	Total equity
9,316	(2,455)	51,574	58,435	5	58,440
–	–	2,293	2,293	–	2,293
–	561	–	561	–	561
–	–	(681)	(681)	–	(681)
(351)	–	–	(351)	–	(351)
1	–	–	1	–	1
8,966	(1,894)	53,186	60,258	5	60,263

Total share capital and capital funds	Other coumlative profit (loss)	Retained earnings accrued[b]	Total Total	Non-controlling interests	Total equity
9,841	(3,285)	45,215	51,771	5	51,776
–	–	1,767	1,767	–	1,767
–	25	–	25	–	25
–	–	(736)	(736)	–	(736)
(310)	–	–	(310)	–	(310)
1	–	–	1	–	1
9,532	(3,260)	46,246	52,518	5	52,523

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

Condensed Statement of Changes in Equity (continued)

For the period ended September 30, 2024

	For the nine months ended September 30, 2024 (unaudited)		
		Capital reserves	
	Share capital	From premiums	From benefit for Share-based and other payment services[(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	(14)	(447)	–
Employee benefit for stock-based compensation transactions	–	–	3
Balance as of September 30, 2024	7,097	1,803	66

	For the nine months ended September 30, 2023 (unaudited)		
		Capital reserves	
	Share capital	From premiums	From benefit for Share-based and other payment services[(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	(17)	(473)	–
Employee benefit for stock-based compensation transactions	–	–	5
Balance as of September 30, 2023	7,115	2,356	61

(a) Including NIS 10 million in other capital reserves.
(b) Including NIS 5,028 million that are non-distributable as dividend, of which NIS 2,711 million in respect of share buyback (September 30, 2023 - NIS 5,857 million, of which NIS 2,140 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 funds	Other cumulative profit (loss)	Retained earnings accrued[b]	Total	Non-controlling interests	Total equity
9,424	(2,647)	47,720	54,497	5	54,502
–	–	7,347	7,347	–	7,347
–	753	–	753	–	753
–	–	(1,881)	(1,881)	–	(1,881)
(461)	–	–	(461)	–	(461)
3	–	–	3	–	3
8,966	(1,894)	53,186	60,258	5	60,263

Total share capital and capital funds	Other cumulative profit (loss)	Retained earnings accrued[b]	Total	Non-controlling interests	Total equity
10,017	(3,353)	42,774	49,438	5	49,443
–	–	5,201	5,201	–	5,201
–	93	–	93	–	93
–	–	(1,729)	(1,729)	–	(1,729)
(490)	–	–	(490)	–	(490)
5	–	–	5	–	5
9,532	(3,260)	46,246	52,518	5	52,523

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

	For the year ended December 31, 2023 (audited)		
		Capital reserves	
	Share capital	From premiums	From share-based and other payment services[(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 funds	Other cumlative profit (loss)	Retained earnings accrued[(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 September 30, 2024

	For three months ended September 30		For nine months ended September 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	2,293	1,767	7,347	5,201	7,027
Adjustments:					
Group's share in undistributed losses (income) of associates[(a)]	(79)	(33)	750	1,143	1,103
Depreciation and amortization of buildings and equipment (including impairment)	152	217	465	509	675
Loan loss expenses	312	991	516	1,715	2,383
Net losses on sale of available-for-sale bonds	116	68	295	255	298
Net realized and unrealized gains from fair value adjustments of held-for-trading securities	(44)[(b)]	(11)	(38)[(b)]	(37)	(90)
(Gains) losses on disposal of buildings and equipment - net	(7)	3	(841)	(16)	(22)
Realized and unrealized gains, net from fair value adjustments of equity securities not held-for-trading	(89)	(107)	(463)	(289)	(279)
Provision for impairment of available-for-sale bonds	14	–	14	33	33
Provision for impairment of equity securities not held-for-trading	34	–	69	7	16
Expenses for stock-based compensation transactions	1	1	3	5	7
Deferred taxes - net	103	(288)	–	(484)	(694)
Severance pay and pension — increase (decrease) in excess of provision over fund	10	(66)	111	121	170
Excess of interest receivable over interest accrued during the period for available-for-sale bonds and held-to-maturity bonds over interest	(447)	(539)	(1,983)	(1,141)	(2,211)
Accrual differences and rate in respect of bonds and subordinated notes	216	(233)	309	375	379
Effect of exchange rate differentials on cash and cash equivalent balances	440	(439)	65	(1,289)	(173)
Other, net	–	–	–	(2)	(2)
Net change in current assets:					
Assets in respect of derivatives	(830)	(6,442)	(99)	(5,977)	(772)
Held-for-trading securities	(1,131)	213	5,250	(4,824)	(11,327)
Other assets	18	(42)	72	(496)	(272)
Net change in current liabilities:					
Liabilities for derivatives	1,929	5,701	(376)	5,546	3,213
Other liabilities	318	292	(22)	291	405
Net cash provided by (for) current activities	3,329	1,053	11,444	646	(133)

(a) Net of dividend received.
(b) Of which profits in the amount of approx. NIS 4 million and losses in the amount of approximately NIS 11 million for the three- and nine-month periods ending on September 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.

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 cash flow statement (cont.)
For the period ended September 30, 2024

	For three months ended September 30		For nine months ended September 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	(1,675)	(3,386)	(1,088)	277	2,927
Net change in loans to the public[(a)]	(13,149)	(8,641)	(27,472)	(34,062)	(35,392)
Net change in loans to the Israeli Government	(39)	(162)	(151)	(247)	(696)
Net change in securities borrowed or purchased under reverse repurchase agreements	(4,398)	(1,652)	(2,883)	104	(19)
Purchase of held-to-maturity bonds	(1,561)	(890)	(4,390)	(3,571)	(3,164)
Proceeds from redemption of held-to-maturity bonds	185	93	887	2,238	2,311
Purchase of available-for-sale bonds and equity securities not held-for-trading	(34,780)	(29,334)	(134,473)	(114,194)	(175,653)
Proceeds from sale of available-for-sale bonds and equity securities not held-for-trading	32,252	14,242	142,972	53,221	87,816
Proceeds from redemption of available-for-sale bonds and equity securities	13,813	2,002	30,029	19,011	25,929
Purchase of associates' equity	-	(1)	(92)	(4)	(2)
Proceeds from sale of loan portfolios	209	-	473	42	42
Purchase of loan portfolios	-	-	-	-	(1,556)
Purchase of buildings and equipment	(191)	(226)	(487)	(578)	(833)
Proceeds from disposal of buildings and equipment	13	3	1,016	25	41
Central severance pay fund	-	-	3	3	17
Net cash from (for) investing activities	(9,321)	(27,952)	4,344	(77,735)	(98,232)
Cash flow from financing activities					
Net change in deposits by banks with original maturities of more than three months	791	(3,725)	(1,806)	(6,238)	(1,530)
Net change in deposits by the public	7,140	10,465	20,416	(12,816)	10,616
Net change in deposits by the government	(7)	23	(58)	(34)	(87)
Net change in securities loaned or sold under repurchase agreements	3,679	5,846	(1,464)	12,901	9,824
Proceeds from issue of bonds and subordinated notes	3,898	500	6,196	6,037	10,758
Redemption of bonds and subordinated notes	(1,315)	(4,357)	(6,555)	(6,811)	(6,874)
Dividend paid to shareholders	(681)	(736)	(1,881)	(1,729)	(2,081)
Share buyback	(351)	(310)	(461)	(490)	(600)
Net cash from (for) financing activities	13,154	7,706	14,387	(9,180)	20,026
Increase (decrease) in cash and cash equivalents	7,162	(19,193)	30,175	(86,269)	(78,339)
Balance of cash and cash equivalents as at the beginning of the period	125,859	114,411	102,471	180,637	180,637
Effect of exchange rate fluctuations on cash and cash equivalent balances	(440)	439	(65)	1,289	173
Balance of cash and cash equivalents as at end of period	132,581	95,657	132,581	95,657	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 cash flow statement (cont.)
For the period ended September 30, 2024

Interest and taxes paid and/or received and dividends received

	For three months ended September 30		For nine months ended September 30		For the year ended December 31
	2024	2023	2024	2023	2023
	Unaudited				Audited
	In NIS million				
Interest received	8,248	7,902	24,259	22,057	29,677
Interest paid	(4,992)	(4,103)	(15,076)	(9,618)	(14,078)
Dividends received	74	51	211	150	208
Income tax paid	(2,106)	(1,419)	(4,816)	(4,045)	(4,397)
Income tax received	705	-	729	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 September 30, 2024 have been prepared in accordance with directives of the Banking Supervision Department. These directives basically adopt the US GAAP Rules for Banks.
(US GAAP).

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), the institution reponsible for accounting standards in the US, and in accordance with the guidelines and positions of the U.S. Securities and Exchange Commission (SEC) and the banking supervision authorities in the United States. In this regard, the U.S. banking supervision authorities have clarified that, despite the hierarchy established byFAS 168, any position provided to the public by the US banking supervision authorities regarding implementation of accounting principles will be considered an accounting principle accepted at banks in the United States.

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 November 18, 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 will be 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 the year of extension of the credit, 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

Note 1 - Significant Accounting Policies (cont.)

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.

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) Fair 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 to decide how to allocate resources; (4) Quarterly report regarding all fair 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; (6) Should there be a substantive chnage in the manner in which expenditures attributed to one or more sectors are reported to the Chief Operating Decision, Maker, the comparative figures must be again presented.

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 to do so would be 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 to 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.

Note 1 - Significant Accounting Policies (cont.)

(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 fair 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, or such as the provision of details on the tax positions concerning which it is reasonable to assume that the total sum of unrecognized tax benefits will significantly increase or diminish over the next 12 months.

The update provisions will apply pursuant to the directives of the Supervision of Banks. This is not expected to have a material effect on the financial statements.

Note 2 – Interest Income and Expenses

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
	Unaudited			
	In NIS million			
A. Interest income[(a)]				
From loans to the public	7,332	6,566	20,520	18,742
From loans to governments	22	15	57	38
From deposits with the Bank of Israel and from cash	1,014	860	3,234	2,878
From deposits with banks	199	115	467	450
From securities borrowed or purchased under reverse repurchase agreement	45	29	99	95
From bonds[(b)]	1,354	1,173	4,208	2,790
Total interest income	9,966	8,758	28,585	24,993
B. Interest expenses[(a)]				
For deposits by the public	(4,608)	(4,260)	(13,856)	(11,344)
For deposits by governments	(1)	(1)	(2)	(2)
For deposits by banks	(78)	(32)	(215)	(79)
For deposits by the Bank of Israel	(22)	(2)	(66)	(7)
For securities loaned or sold under repurchase agreements	(198)	(209)	(488)	(386)
For bonds, promissory notes and subordinated notes	(514)	(319)	(1,268)	(1,028)
Total interest expenses	(5,421)	(4,823)	(15,895)	(12,846)
Total interest income, net	4,545	3,935	12,690	12,147
C. Details on the net effect of hedging derivatives[(c)]				
Interest income	41	51	137	129
Interest expenses	(11)	(6)	(19)	–
d. Details on interest income from bonds, on accrual basis				
Held-to-maturity	168	112	469	274
Available-for-sale	1,090	982	3,431	2,362
Held-for-trading	96[(d)]	79	308[(d)]	154
Total included in interest income	1,354	1,173	4,208	2,790

(a) Including the effect of hedge relationships.
(b) Including interest in respect of mortgage-backed bonds (MBS) in the amount of approximately NIS 263 million and approximately NIS 575 million for the three- and nine-month period ending September 30, 2024 (NIS 214 million and NIS 320 million for the three- and nine-month periods ending September 30, 2023).
(c) Additional information about the effect of hedging derivatives on subsections a. and b.
(d) Of which interest income in the amount of approximately NIS 15 million and approximately NIS 33 million for the three- and nine-month periods ending September 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.

3.ANote 3.A – Non-interest finance income

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
	Unaudited			
	In NIS million			
a. Non-interest finance income for non-trading activities				
A.1. From derivative activities[a]				
Net income (expenses) in respect of derivative instruments[b]	(1,272)	2,112	1,154	4,894
Total from derivatives activity	(1,272)	2,112	1,154	4,894
A.2. From investment in bonds				
Gains on sale of available-for-sale bonds, net	43	4	139	14
Losses on sale of available-for-sale bonds	(159)	(72)	(434)	(269)
Provision for impairment of available-for-sale bonds	(14)	–	(14)	(33)
Total from investment in bonds	(130)	(68)	(309)	(288)
A.3. Exchange rate differentials, net	1,100	(1,902)	(623)	(4,265)
A.4. Gains (losses) on investment in shares				
Gains on sale of equity securities not held for trading	35	49	364	165
Provision for impairment for equity securities not held for trading	(34)	–	(69)	(7)
(Losses) gains on sale of equity securities not held for trading	1	(2)	(4)	(12)
Dividend from not held-for-trading equity securities	36	16	87	45
Unrealized gains, net from not held-for-trading equity securities[h]	53	60	103	136
Total from investment in equity securities	91	123	481	327
Total Non-interest finance income (expenses) for non-trading activities	(211)	265	703	668
B. Non-interest finance income (expenses) for trading activities				
Income in respect of held-for-trading derivatives, net	121	159	393	238
Realized and unrealized gains (losses) from fair value adjustments of held-for-trading bonds, net[c][g]	43[e]	5	34 [e]	31
Realized and unrealized gains from fair value adjustments of held-for-trading equity securities, net[d][g]	1	6	4	6
Total from trading activities[f]	165	170	431	275
Details of Non-interest finance income (expenses) from trading activities, by risk exposure				
Interest rate exposure	(155)	(11)	(87)	(26)
Foreign exchange exposure	291	160	449	247
Equity exposure	29	22	69	55

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
	Unaudited			
	In NIS million			
Exposure to commodities and other contracts	–	(1)	–	(1)
Total	165	170	431	275
Total Non-interest finance income (expenses)	(46)	435	1,134	943

Please see comments below.

Note 3.A – Non-interest finance income (continued)

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 losses in the amount of approximately NIS 19 million and approximately NIS 16 million for the three- and nine-month periods ending September 30, 2024, respectively, in respect of held-for-trading bonds held as of the balance-sheet date (losses in the amount of approximately NIS 17 million and approximately NIS 43 million, respectively, for the three- and nine-month periods ending September 30, 2023).
(d) There were no profits or losses in respect of held-for-trading shares still held as of the balance-sheet date for the three-month period ending September 30, 2024. Losses in the amount of approximately NIS 2 million for the nine-month period ending September 30 2024 in respect of held-for-trading shares held as of the balance-sheet date (profits in the amount of NIS 1 million and NIS 2 million respectively for the three- and nine-month periods ending September 30 2023).
(e) Of which profits in the amount of approx. NIS 4 million and losses in the amount of approximately NIS 11 million for the three- and nine-month periods ending on September 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) Regarding interest revenues from investment in held-for-trading bonds, 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 attributed to the Bank's ordinary shareholders by the weighted average of the number of the Bank's outstanding ordinary shares, as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
	Unaudited			
Basic earnings				
Net income attributable to the Bank's shareholders (in NIS million)	2,293	1,767	7,347	5,201
Weighted average of number of shares (in thousands of shares)				
Balance as at beginning of period[(a)]	1,519,387	1,537,231	1,522,856	1,543,805
Weighted effect of the issuance of shares	1	–	–	–
Weighted effect for buyback of shares	(5,402)	(5,194)	(3,193)	(4,402)
Weighted average of number of shares	1,513,986	1,532,037	1,519,663	1,539,403
Basic earnings per share (in NIS)	1.51	1.15	4.83	3.38

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

Note 3.B – Earnings per Ordinary Share (continued)

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 September 30		For the nine months ended September 30	
	2024	2023	2024	2023
	Unaudited			
Diluted earnings				
Net income attributable to the Bank's shareholders (in NIS million)	2,293	1,767	7,347	5,201
Weighted average of number of shares (in thousands of shares)				
Weighted average of the number of ordinary shares used to calculate basic earnings per share	1,513,986	1,532,037	1,519,663	1,539,403
Weighted effect of the issuance of options to employees	349	–[(a)]	323	–[(a)]
Weighted average of the number of shares, fully diluted	1,514,335	1,532,037	1,519,986	1,539,403
Diluted earnings per share (in NIS)	1.51	1.15	4.83	3.38

(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. See Note 24.A in the financial statements as at December 31, 2023.

C. Share capital

As of September 30, 2024, the Bank's issued and paid-up share capital, less the Bank's share buyback plan during 2018-2020 and 2023-2024, is 1,508,775,521 ordinary shares of NIS 1 p.v. each. (as of September 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 1,526,718,324 ordinary shares of NIS 1 p.v. each).

D. Buyback after the financial statements date

From October 1, 2024 to October 13, 2024, the Bank performed a buyback of 1,007,396 shares of NIS 1 p.v. each of the Bank's issued share capital.

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

Note 4 – Other total cumulative income (loss)

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

1. Changes in other comprehensive income (loss) for the three-month period ended September 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	Impact of changes in the credit risk of the liabilities	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 June 30, 2023	(1,871)	–	–	1	(1,415)	(3,285)	–	(3,285)
Net change during the period	(478)	(1)	–	4	500	25	–	25
Balance as of September 30, 2023	(2,349)	(1)	–	5	(915)	(3,260)	–	(3,260)
Balance as at June 30, 2024	(2,219)	(1)	–	15	(250)	(2,455)	–	(2,455)
Net change during the period	739	–	2	33	(213)	561	–	561
Balance as of September 30, 2024	(1,480)	(1)	2	48	(463)	(1,894)	–	(1,894)

2. Changes in other comprehensive income (loss) for the nine-month period ended September 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	Impact of changes in the credit risk of the liabilities	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	(405)	1	–	15	482	93	–	93
Balance as of September 30, 2023	(2,349)	(1)	–	5	(915)	(3,260)	–	(3,260)
Balance as at December 31, 2023 (audited)	(1,517)	1	–	16	(1,147)	(2,647)	–	(2,647)
Net change during the period	37	(2)	2	32	684	753	–	753
Balance as of September 30, 2024	(1,480)	(1)	2	48	(463)	(1,894)	–	(1,894)

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) Sums lower 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 September 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 gains (losses), net, from fair value adjustments	1,070	(411)	659	(798)	275	(523)
Net losses in respect of available-for-sale bonds reclassified to the income statement[(a)]	130	(50)	80	68	(23)	45
Net change during the period	1,200	(461)	739	(730)	252	(478)
Cash flow hedges						
Net losses for cash flow hedges	-	-	-	(2)	1	(1)
Net change during the period	-	-	-	(2)	1	(1)
Liability Credit Risk						
Impact of changes in the credit risk of the liabilities	3	(1)	2			
Net change during the period	3	(1)	2			
Equity-accounted investees						
Other comprehensive income of equity-accounted investees according to the equity method[(b)]	20	-	20	78	(26)	52
Hedges[(c)]	22	(9)	13	(73)	25	(48)
Net change during the period	42	(9)	33	5	(1)	4
Employee benefits:[(d)]						
Net actuarial gain (loss)	(341)[(g)]	119	(222)	680	(231)	449
Net losses reclassified to the income statement[(e)]	14	(5)	9	75	(24)	51
Net change during the period	(327)	114	(213)	755	(255)	500
Total net change during the period	918	(357)	561	28	(3)	25
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	918	(357)	561	28	(3)	25

(a) The before tax amount is reported in the income statement under the Non-interest finance income line item. Please see Note 3.A.
(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.

Note 4 - Accumulated Other Comprehensive Income (Loss) (cont.)

(e) The before-tax amount is reported in the income statement under the other expenses. For further details, please see Note 8.
(f) Sums lower than NIS 1 million.
(g) For additional information regarding the net actuarial gain amount, please see Note 8.B.

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 nine months ended September 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	(244)	90	(154)	(902)	307	(595)
Net losses in respect of available-for-sale bonds reclassified for the income statement[(a)]	309	(118)	191	288	(98)	190
Net change during the period	65	(28)	37	(614)	209	(405)
Cash flow hedges						
Net gains (losses) for cash flow hedges	(3)	1	(2)	2	(1)	1
Net change during the period	(3)	1	(2)	2	(1)	1
Non-performing credit risk						
Impact of changes in the credit risk of the liabilities	3	(1)	2			
Net change during the period	3	(1)	2			
Equity-accounted investees						
Other comprehensive income of equity-accounted investees according to the equity method[(b)]	102	(32)	70	249	(98)	151
Hedges[(c)]	(61)	23	(38)	(207)	71	(136)
Net change during the period	41	(9)	32	42	(27)	15
Employee benefits:[(d)]						
Net actuarial gain	907[(g)]	(296)	611	464	(157)	307
Net losses reclassified to the income statement[(e)]	117	(44)	73	263	(88)	175
Net change during the period	1,024	(340)	684	727	(245)	482
Total net change during the period	1,130	(377)	753	157	(64)	93
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	1,130	(377)	753	157	(64)	93

(a) The before tax amount is reported in the income statement under the Non-interest finance income line item. Please see Note 3.A.
(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.

Note 4 - Accumulated Other Comprehensive Income (Loss) (cont.)

(e) The before-tax amount is reported in the income statement under the other expenses. For further details, please see Note 8.
(f) Sums lower than NIS 1 million.
(g) For additional information regarding the net actuarial gain amount, please see Note 8.B.

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 according to the equity method[(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 profit and loss 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 Non-interest finance income line item. Please see Note 3.A
(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) Sums lower than NIS 1 million.
(g) For additional information regarding the net actuarial gain amount, please see Note 8.B.

Note 5 – Securities

	As at September 30, 2024 (unaudited)					
	Balance sheet value	Amortized cost	Balance Of loan loss provision	Gains not yet recognized from adjustments to fair value	Losses not yet recognized from adjustments to fair value	Fair value[(a)]
	In NIS million					
1. Held-to-maturity bonds:						
Of the Israeli Government	11,021	11,021	–	17	(840)	10,198
Of foreign financial institutions	1,475	1,475	–	3	(18)	1,460
Asset-Backed Securities (ABS) or Mortgage-Backed Securities (MBS)	6,197	6,198	1	46	(363)	5,881
Of other foreign entities	343	344	1	–	(6)	338
Total bonds held-to-maturity[(e)]	19,036	19,038	2	66	(1,227)	17,877

	As at September 30, 2024 (unaudited)					
				Other accumulated 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	44,196	46,469	–	154	(2,427)	44,196
Of foreign governments	17,576	17,532	–	82	(38)	17,576
Of Israeli financial institutions	190	194	–	–	(4)	190
Of foreign financial institutions	8,508	8,470	–	138	(100)	8,508
Asset-Backed Securities (ABS) or Mmortgage-Backed Securities (MBS)	11,481	11,910	–	67	(496)	11,481
Of other Israeli entities	1,013	1,044	–	12	(43)	1,013
Of other foreign entities	4,792	4,848	–	88	(144)	4,792
Total bonds Available-for-sale[(e)]	87,756	90,467	–	541[(c)]	(3,252)[(c)]	87,756

Please see comments on p. 127.

Note 5 - Securities (cont.)

	As at September 30, 2024 (unaudited)					
	Balance sheet value	Cost	Balance Of loan loss provision	Gains not yet Realized from adjustments to fair value	Losses not yet Realized from adjustments to fair value	Fair value[(a)]
	In NIS million					
3. Investments in securities and mutual funds not held-for-trading:						
Equity securities and mutual funds	6,021	5,975	-	459	(413)	6,021
Of which: equity securities and mutual funds for which there is no available fair value[(b)]	3,565	3,921	-	47	(403)	3,565
Total equity shares and mutual funds not held-for-trading:	6,021	5,975	-	459[(d)]	(413)[(d)]	6,021
Total securities not held-for-trading:	112,813	115,480	2	1,066	(4,892)	111,654

	As at September 30, 2024 (unaudited)					
	Balance sheet value	Amortized cost (in securities - cost)	Balance of loan loss provision	Gains not yet Realized from adjustments to fair value	Losses not yet Realized from adjustments to fair value	Fair value[(a)]
	In NIS million					
4. Held-for-trading securities: Bonds -						
Of the Israeli Government	7,225	7,223	-	29	(27)	7,225
Of foreign governments	340	329	-	11	-	340
Of Israeli financial institutions	172	181	-	-	(9)	172
Of foreign financial institutions	187	185	-	2	-	187
Asset-Backed Securities (ABS) or Mortgage-Backed Securities (MBS)	12	14	-	-	(2)	12
Of other Israeli entities	230	233	-	-	(3)	230
Of other foreign entities	296	294	-	3	(1)	296
Total held-for-trading bonds	8,462	8,459	-	45	(42)	8,462
Equity securities and mutual funds	3	3	-	-	-	3
Total held-for-trading securities[(f)]	8,465	8,462	-	45[(d)]	(42)[(d)]	8,465
Total securities	121,278	123,942	2	1,111	(4,934)	120,119

Please see comments on p. 127.

Note 5 - Securities (cont.)

	As at September 30, 2023 (unaudited)					
	Balance sheet value	Amortized cost	Balance of loan loss provision	Gains not yet recognized from adjustments to fair value	Losses not yet recognized from adjustments to fair value	Fair value(a)
	In NIS million					
1. Held-to-maturity bonds:						
Of the Israeli Government	8,172	8,172	-	-	(917)	7,255
Of foreign financial institutions	1,455	1,455	1	-	(69)	1,387
Asset-Backed Securities (ABS) or Mortgage-Backed Securities (MBS)	5,856	5,856	1	12	(682)	5,187
Of other foreign entities	351	351	1	-	(27)	325
Total bonds held-to-maturity(e)	15,834	15,834	3	12	(1,695)	14,154

	As at September 30, 2023 (unaudited)					
				Other accumulated 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	60,055	62,555	-	10	(2,510)	60,055
Of foreign governments	18,515	18,824	-	2	(311)	18,515
Of Israeli financial institutions	47	51	-	-	(4)	47
Of foreign financial institutions	9,091	9,496	-	6	(411)	9,091
Asset-Backed Securities (ABS) or Mortgage-Backed Securities (MBS)	10,493	11,314	-	19	(840)	10,493
Of other Israeli entities	751	798	-	8	(55)	751
Of other foreign entities	4,788	5,319	-	1	(532)	4,788
Total bonds Available-for-sale(e)	103,740	108,357	-	46(c)	(4,663)(c)	103,740

Please see comments on p. 127.

Note 5 - Securities (cont.)

	As at September 30, 2023 (unaudited)					
	Balance sheet value	Cost	Balance of loan loss provision	Gains not yet Realized from adjustments to fair value	Losses not yet Realized from adjustments to fair value	Fair value[(a)]
	In NIS million					
3. Investments in securities and mutual funds not held-for-trading:						
Equity securities and mutual funds	4,684	4,257	-	431	(4)	4,684
Of which: equity securities and mutual funds for which there is no available fair value[(b)]	2,655	2,655	-	-	-	2,655
Total equity securities and mutual funds not held-for-trading:	4,684	4,257	-	431[(d)]	(4)[(d)]	4,684
Total securities not held-for-trading:	124,258	128,448	3	489	(6,362)	122,578

	As at September 30, 2023 (unaudited)					
	Balance sheet value	Amortized cost (in securities - cost)	Balance of loan loss provision	Gains not yet Realized from adjustments to fair value	Losses not yet Realized from adjustments to fair value	Fair value[(a)]
	In NIS million					
4. Held-for-trading securities: Bonds -						
Of the Israeli Government	6,362	6,357	-	8	(3)	6,362
Of foreign governments	-	-	-	-	-	-
Of Israeli financial institutions	425	461	-	-	(36)	425
Of foreign financial institutions	19	21	-	-	(2)	19
Asset-Backed Securities (ABS) or Mortgage-Backed Securities (MBS)	28	31	-	-	(3)	28
Of other Israeli entities	161	177	-	-	(16)	161
Of other foreign entities	65	71	-	-	(6)	65
Total held-for-trading bonds	7,060	7,118	-	8	(66)	7,060
Equity securities and mutual funds	61	59	-	2	-	61
Total held-for-trading securities	7,121	7,177	-	10[(d)]	(66)[(d)]	7,121
Total securities	131,379	135,625	3	499	(6,428)	129,699

Please see comments on p. 127.

Note 5 - Securities (cont.)

	As at December 31, 2023 (audited)					
	Balance sheet value	Amortized cost	Balance of loan loss provision	Gains not yet recognized from adjustments to fair value	Losses not yet recognized from adjustments to fair value	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 Securities (ABS) or Mortgage-Backed Securities (MBS)	5,591	5,591	1	14	(393)	5,213
Of other foreign entities	333	333	1	-	(11)	323
Total bonds held-to-maturity[(e)]	15,406	15,406	3	15	(1,169)	14,255

	As at December 31, 2023 (audited)					
				Other accumulated 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 Securities (ABS) or Mortgage-Backed Securities (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 bonds Available-for-sale[(e)]	126,137	129,150	-	288[(c)]	(3,301)[(c)]	126,137

Note 5 – Securities (cont.)

	As at December 31, 2023 (audited)					
	Balance sheet value	Cost	Balance of loan loss provision	Gains not yet Realized from adjustments to fair value	Losses not yet Realized from adjustments to fair value	Fair value[(a)]
	In NIS million					
3. Investments in securities and mutual funds not held-for-trading:						
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 equity securities and mutual funds not held-for-trading:	4,828	4,511	–	346[(d)]	(29)[(d)]	4,828
Total securities[(a)(b)] not held-for-trading:	146,371	149,067	3	649	(4,499)	145,220

Please see comments on p. 127.

Note 5 - Securities (cont.)

	As at December 31, 2023 (audited)					
	Balance sheet value	Amortized cost (in securities - cost)	Balance of loan loss provision	Gains not yet Realized from adjustments to fair value	Losses not yet Realized from adjustments to fair value	Fair value(a)
	In NIS million					
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 Securities (ABS) or Mortgage-Backed Securities (MBS)	25	29	-	-	(4)	25
Of other Israeli entities	159	167	-	-	(8)	159
Of other foreign entities	37	38	-	-	(1)	37
Total held-for-trading 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 nine months of 2024, no upward adjustments were made, and the total cumulative upward adjustments amounted to approximately NIS 17.5 million. Similarly, downward adjustments and amortizations in the amount of approximately NIS 70 million were made during the first nine months of 2024, as well as cumulative downward adjustments and amortizations in the amount of approximately NIS 416.5 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 15.5 billion out of total foreign currency securities are rated SSA (Super-nationals, Sovereign and Agencies) (September 30, 2023 - NIS 13.9 billion, December 31, 2023 - NIS 15.2 billion).
(f) Of which bonds in the amount of approx. NIS 1,539 million classified as held-for-trading securities since the Bank opted to measure them for the first time according to the fair value alternative, although they were not acquired for trading purposes.

General comments:
Loaned securities in the amount of NIS 1,503 million (as of September 30, 2023 - NIS 83 million; as of December 31, 2023 - NIS 63 million) are presented under the loans to the public item.
Securities that were pledged totaled NIS 15,417 million (as of September 30, 2023 - NIS 9,892 million; as of December 31, 2023 - NIS 13,624 million).
For information on the financial performance results of investments in bonds, shares, and mutual funds, please see Notes 2 and 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

	September 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			
	Amortized cost	0–[c]20%	20%–[d]40%	Over [e]40%	Total Total	Amortized cost	0–[c]20%	20%–[d]40%	Over [e]40%	Total
	In NIS million									
Bonds										
Of the Israeli Government	641	1	–	–	1	9,193	538	301	–	839
Asset-Backed Securities (ABS) or Mortgage-Backed Securities (MBS)	165	–[f]	–	–	–	2,810	357	6	–	363
Of foreign financial institutions	–	–	–	–	–	1,300	18	–	–	18
Of other foreign entities	–	–	–	–	–	343	6	–	–	6
Total held-to-maturity bonds	806	1	–	–	1	13,646	919	307	–	1,226

	September 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			
	Amortized cost	0–[c]20%	20%–[d]40%	Over [e]40%	Total Total	Amortized cost	0–[c]20%	20%–[d]40%	Over [e]40%	Total
	In NIS million									
Bonds										
Of the Israeli Government	275	9	–	–	9	7,897	569	329	10	908
Asset-Backed Securities (ABS) or Mortgage-Backed Securities (MBS)	2,603	90	–	–	90	3,117	188	404	–	592
Of foreign financial institutions	–	–	–	–	–	1,455	69	–	–	69
Of other foreign entities	–	–	–	–	–	351	27	–	–	27
Total held-to-maturity bonds	2,878	99	–	–	99	12,820	853	733	10	1,596

(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) Sums lower than NIS 1 million.

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 (continued)

	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-[c]20%	20%-[d]40%	Over [e]40%	Total	Amortized cost	0-[c]20%	20%-[d]40%	Over [e]40%	Total
	In NIS million									
Bonds										
Of the Israeli Government	232	3	–	–	3	7,827	473	251	–	724
Asset-Backed Securities (ABS) or Mortgage-Backed Securities (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

	September 30, 2024 (unaudited)									
	Less than 12 Months[(a)]					12 months or more[(b)]				
		Unrealized losses[(f)]					Unrealized losses[(f)]			
	fair value	0-[(c)]20%	20%-[(d)]40%	Over [(e)]40%	Total	fair value	0-[(c)]20%	20%-[(d)]40%	Over [(e)]40%	Total
	In NIS million									
Bonds										
Of governments and financial institutions	19,949	283	-	-	283	20,893	1,386	900	-	2,286
Asset-Backed Securities (ABS) or Mortgage-Backed Securities (MBS)	817	5	-	-	5	5,160	354	137	-	491
Of others	508	31	4	-	35	2,306	143	9	-	152
Total bonds available-for-sale	21,274	319	4	-	323	28,359	1,883	1,046	-	2,929

	September 30, 2023 (unaudited)									
	Less than 12 Months[(a)]					12 months or more[(b)]				
		Unrealized losses[(f)]					Unrealized losses[(f)]			
	fair value	0-[(c)]20%	20%-[(d)]40%	Over [(e)]40%	Total	fair value	0-[(c)]20%	20%-[(d)]40%	Over [(e)]40%	Total
	In NIS million									
Bonds										
Of governments and financial institutions	31,710	509	-	-	509	23,416	1,762	710	255	2,727
Asset-Backed (ABS) Securities or Mortgage-Backed Securities (MBS)	2,744	84	-	-	84	6,384	276	444	36	756
Of others	606	46	2	-	48	4,515	426	113	-	539
Total bonds available-for-sale	35,060	639	2	-	641	34,315	2,464	1,267	291	4,022

(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(continued)

	December 31, 2023 (audited)									
	Less than 12 Months[(a)]					12 months or more[(b)]				
		Unrealized losses[(f)]					Unrealized losses[(f)]			
	fair value	0-[(c)]20%	20%-[(d)]40%	Over[(e)]40%	Total Total	fair value	0-[(c)]20%	20%-[(d)]40%	Over[(e)]40%	Total
	In NIS million									
Bonds										
Of governments and financial institutions	11,130	298	-	-	298	29,876	1,537	558	2	2,097
Asset-Backed (ABS) Securities or Mortgage-Backed Securities (MBS)	1,225	5	-	-	5	5,836	327	230	-	557
Of others	248	30	2	-	32	4,313	297	15	-	312
Total bonds available-for-sale	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.)

More Information on Mortgage-Backed and Asset-Backed Available-for-Sale Bonds in an Unrealized Loss Position

	September 30, 2024 (unaudited)					
	Up to 12 months		More than 12 months		Total	
	Fair value	Unrealized losses from fair value adjustments[(a)]	Fair value	Unrealized losses from fair value adjustments[(a)]	Fair value	Unrealized losses from fair value adjustments[(a)]
	In NIS million					
Mortgage-Backed Bonds (MBSs)	87	-	1,727	(297)	1,814	(297)
Other Mortgage-Backed Bonds (MBSs) (including CMOs, REMICs and stripped MBSs)	157	(3)	1,511	(169)	1,668	(172)
Asset-Backed Bonds (ABSs)	573	(2)	1,922	(25)	2,495	(27)
Total	817	(5)	5,160	(491)	5,977	(496)

	September 30, 2023 (unaudited)					
	Up to 12 months		More than 12 months		Total	
	Fair value	Unrealized losses from fair value adjustments[(a)]	Fair value	Unrealized losses from fair value adjustments[(a)]	Fair value	Unrealized losses from fair value adjustments[(a)]
	In NIS million					
Mortgage-Backed Bonds (MBSs)	1,323	(52)	1,968	(475)	3,291	(527)
Other Mortgage-Backed Bonds (MBSs) (including CMOs, REMICs and stripped MBSs)	951	(30)	1,406	(225)	2,357	(255)
Asset-Backed Bonds (ABSs)	470	(2)	3,010	(56)	3,480	(58)
Total	2,744	(84)	6,384	(756)	9,128	(840)

	December 31, 2023 (audited)					
	Up to 12 months		More than 12 months		Total	
	Fair value	Unrealized losses from fair value adjustments[(a)]	Fair value	Unrealized losses from fair value adjustments[(a)]	Fair value	Unrealized losses from fair value adjustments[(a)]
	In NIS million					
Mortgage-Backed Bonds (MBSs)	608	(3)	1,906	(327)	2,514	(330)
Other Mortgage-Backed Bonds (MBSs) (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

	September 30, 2024 (unaudited)			
	Amortized cost[(a)]	Gains not yet recognized from adjustments to fair value	Losses not yet recognized from adjustments to fair value	Fair value
	In NIS million			
Mortgage-Backed Bonds (MBS)				
Pass-through held-to-maturity bonds (Pass through securities)	4,224	23	(358)	3,889
Of which: GNMA-backed bonds GNMA	2,880	18	(205)	2,693
Bonds issued by FNMA or FHLMC	1,344	5	(153)	1,196
Other Mortgage-Backed Bonds (MBSs) (including CMOs and Stripped MBSs)	1,715	23	(5)	1,733
Of which: bonds issued or guaranteed by FNMA, FHLMC or GNMA	1,715	23	(5)	1,733
Total Mortgage-Backed Bonds (MBS)	5,939	46	(363)	5,622
Asset-Backed Bonds (ABS)	259	-	-	259
Of which: loans to other than individuals - CLO-type bonds	259	-	-	259
Total mortgage-backed held-to-maturity bonds	6,198	46	(363)	5,881

(a) including a loan loss provision balance totaling NIS 1 million.

	September 30, 2023 (unaudited)			
	Amortized cost[(a)]	Gains not yet recognized from adjustments to fair value	Losses not yet recognized from adjustments to fair value	Fair value
	In NIS million			
Mortgage-Backed Bonds (MBS)				
Pass-through held-to-maturity bonds (Pass through securities)	4,259	-	(633)	3,626
Of which: GNMA-backed bonds GNMA	2,986	-	(389)	2,597
Bonds issued by FNMA or FHLMC	1,273	-	(244)	1,029
Other Mortgage-Backed Bonds (MBSs) (including CMOs and Stripped MBSs)	1,346	-	(46)	1,300
Of which: bonds issued or guaranteed by FNMA, FHLMC or GNMA	1,346	-	(46)	1,300
Total Mortgage-Backed Bonds (MBS)	5,605	-	(679)	4,926
Asset-Backed Bonds (ABS)	252	12	(3)	261
Of which: loans to other than individuals - CLO-type bonds	252	12	(3)	261
Total mortgage-backed held-to-maturity bonds	5,857	12	(682)	5,187

(a) including a loan loss provision balance totaling NIS 1 million.

Note 5 - Securities (cont.)

Further Details on Held-to-Maturity Mortgage-Backed Bonds (continued)

	December 31, 2023 (audited)			
	Amortized cost[(a)]	Gains not yet recognized from adjustments to fair value	Losses not yet recognized from adjustments to fair value	Fair value
	In NIS million			
Mortgage-Backed Bonds (MBS)				
Pass-through held-to-maturity bonds (Pass through securities)	4,079	5	(388)	3,696
Of which: GNMA-backed bonds GNMA	2,784	4	(226)	2,562
Bonds issued by FNMA or FHLMC	1,295	1	(162)	1,134
Other Mortgage-Backed Bonds (MBSs) (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 (MBS)	5,341	14	(392)	4,963
Asset-Backed Bonds (ABSs)	251	-	(1)	250
Of which: loans to other than individuals - CLO-type bonds	251	-	(1)	250
Total mortgage-backed held-to-maturity bonds	5,592	14	(393)	5,213

(a) including a loan loss provision balance totaling NIS 1 million.

Note 5 - Securities (cont.)

More Information on Mortgage-Backed and Asset-Backed Available-for-Sale Bonds

	September 30, 2024 (unaudited)			
		Accumulated other comprehensive income (loss)[(a)]		
	Amortized cost	Gains	Losses	Fair value
	In NIS million			
Mortgage-Backed Bonds (MBS)				
Pass-through bonds (Pass through securities)	3,647	20	(297)	3,370
Of which: GNMA-backed Bonds GNMA	2,724	18	(192)	2,550
Bonds issued by FNMA or FHLMC	923	2	(105)	820
Other Mortgage-Backed Bonds (MBSs) (including CMOs and Stripped MBSs)	3,603	20	(172)	3,451
Of which: bonds issued or guaranteed by FNMA, FHLMC or GNMA	3,219	17	(170)	3,066
Total Mortgage-Backed Bbonds (MBS)	7,250	40	(469)	6,821
Asset-Backed Bonds (ABSs)	4,660	27	(27)	4,660
Of which: loans to non-individuals - CLO-type bonds CLO type	2,996	17	(3)	3,010
Loans to non-individuals - bonds guaranteed by SBA	1,162	2	(23)	1,141
Total available-for-sale Mortgage-Backed and Asset-Backed Bonds	11,910	67	(496)	11,481

	September 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 (Pass through securities)	3,818	-	(527)	3,291
Of which: GNMA-backed bonds GNMA	2,684	-	(357)	2,327
Bonds issued by FNMA or FHLMC	1,134	-	(170)	964
Other Mortgage-Backed Bonds (MBSs) (including CMOs and Stripped MBSs)	2,712	3	(255)	2,460
Of which: bonds issued or guaranteed by FNMA, FHLMC or GNMA	2,387	-	(251)	2,136
Total Mortgage-Backed Bonds (MBS)	6,530	3	(782)	5,751
Asset-Backed Bonds (ABSs)	4,784	16	(58)	4,742
Of which: loans to non-individuals - CLO-type bonds CLO type	3,291	15	(28)	3,278
Loans to non-individuals - bonds guaranteed by SBA	1,162	1	(20)	1,143
Total available-for-sale Mortgage-Backed and Asset-Backed Bonds	11,314	19	(840)	10,493

(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 (continued)

	December 31, 2023 (audited)			
		Accumulated other comprehensive income (loss)[(a)]		
	Amortized cost	Gains	Losses	Fair value
	In NIS million			
Mortgage-Backed Bonds (MBS)				
Pass-through bonds (Pass through securities)	3,336	7	(330)	3,013
Of which: GNMA-backed bonds GNMA	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 (MBS)	5,984	19	(521)	5,482
Asset-Backed Bonds (ABSs)	4,488	22	(41)	4,469
Of which: loans to non-individuals - CLO-type bonds CLO type	3,079	19	(15)	3,083
Loans to non-individuals - bonds guaranteed by SBA	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

	September 30, 2024 (unaudited)			
	Amortized cost	Gains not yet Realized from adjustments to fair value[(a)]	Losses not yet Realized from adjustments to fair value[(a)]	Fair value
	In NIS million			
Mortgage-Backed Scurities (MBSs)				
Pass-through securities (Pass through securities)	1	-	-	1
Of which: Securities issued by FNMA and FHLMC	1	-	-	1
Other Mortgage-Backed Securities (including CMOs and Stripped MBSs)	6	-	(1)	5
Of which: securities issued or guaranteed by FNMA, FHLMC or GNMA	-	-	-	-
Total Mortgage-Backed Securities (MBSs)	7	-	(1)	6
Total asset-backed securities (ABS)	7	-	(1)	6
Total held-for-trading Mortage-Backed Securities and Asset-Backed Securities (ABSs)	14	-	(2)	12

	September 30, 2023 (unaudited)			
	Amortized cost	Gains not yet Realized from adjustments to fair value[(a)]	Losses not yet Realized from adjustments to fair value[(a)]	Fair value
	In NIS million			
Mortgage-Backed Securities (MBSs)				
Pass-through securities (Pass through securities)	1	-	-	1
Of which: securities issued by FNMA and FHLMC	1	-	-	1
Other Mmortgage-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 (ABS)	8	-	(1)	7
Total held-for-trading Mortage-Backed Securities and Asset-Backed Securities (ABSs)	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 (continued)

	December 31, 2023 (audited)			
	Amortized cost	Gains not yet Realized from adjustments to fair value[a]	Losses not yet Realized from adjustments to fair value[a]	Fair value
	In NIS million			
Mortgage-Backed Securities (MBSs)				
Pass-through securities (Pass through securities)	1	-	-	1
Of which: securities issued by FNMA and FHLMC	1	-	-	1
Other Mortgage-Backed Securities (including CMOs and stripped MBSs)	21	-	(3)	18
Of which: securities issued or guarantted by FNMA, FHLMC or GNMA	-	-	-	-
Total Mortgage-Backed Securities (MBSs)	22	-	(3)	19
Total Asset-Backed Securities (ABS)	7	-	(1)	6
Total held-for-trading Mortgage-Backed Securities and Asset-Backed Securities (ABSs)	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 nine months ended September 30, 2024 (unaudited)			
	Governments and financial institutions	Asset-Backed or Mortgage-Backed Securities	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 nine months ended September 30, 2023 (unaudited)			
	Governments and financial institutions	Asset-Backed or Mortgage-Backed Securities	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 or Mortgage-Backed Securities	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

	September 30, 2024 (unaudited)					
	Loans to the public				Banks, governments and bonds	Total
	Commercial	Housing	Other private	Total – public		
	In NIS million					
Recorded outstanding debt:						
Examined on a specific basis	251,715	–	651	252,366	130,646	383,012
Examined on a collective basis	30,861	140,778	29,767	201,406	–	201,406
Total[1]	282,576	140,778	30,418	453,772	130,646	584,418
[1]Of which:						
Non-performing debts	1,602	557	217	2,376	–	2,376
Debts in arrears of 90 days or more	63	–	71	134	–	134
Other troubled debts	3,352	21	665	4,038	–	4,038
Total troubled debts	5,017	578	953	6,548	–	6,548
Outstanding loan loss provision in respect of debts:						
Examined on a specific basis	4,167	–	243	4,410	20	4,430
Examined on a collective basis	1,099	607	705	2,411	–	2,411
Total loan loss provision[2]	5,266	607	948	6,821	20	6,841
[2]Of which:						
For non-performing debts	407	101	142	650	–	650
For other troubled debts	857	3	429	1,289	–	1,289

(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 (continued)

A. Debts,[a] held-to-maturity bonds and available-for-sale bonds, loans to the public, and loan loss provision balance (cont.)

	September 30, 2023 (unaudited)					
	Loans to the public				Banks, governments and bonds	Total
	Commercial	Housing	Other private	Total - public		
	In NIS million					
Recorded outstanding debt:						
Examined on a specific basis	236,462	–	635	237,097	135,835	372,932
Examined on a collective basis	28,209	128,011	30,160	186,380	–	186,380
Total[1]	264,671	128,011	30,795	423,477	135,835	559,312
[1]Of which:						
Non-performing debts	2,273	570	303	3,146	–	3,146
Debts in arrears of 90 days or more	82	–	89	171	–	171
Other troubled debts	3,605	25	614	4,244	–	4,244
Total troubled debts	5,960	595	1,006	7,561	–	7,561
Outstanding loan loss provision in respect of debts:						
Examined on a specific basis	4,081	–	222	4,303	20	4,323
Examined on a collective basis	756	530	627	1,913	–	1,913
Total loan loss provision[2]	4,837	530	849	6,216	20	6,236
[2]Of which:						
For non-performing debts	442	66	156	664	–	664
For other troubled debts	815	3	361	1,179	–	1,179

(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 (continued)

A. Debts,[(a)] held-to-maturity bonds and available-for-sale bonds, loans to the public, and loan loss provision balance (cont.)

	December 31, 2023 (audited)					
	Loans to the public				Banks, governments and bonds	
	Commercial	Housing	Other private Oter	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 6 – Credit Risk, Loans to the Public and Loan Loss Provision (continued)

B. Change in Balance of Loan Loss Provision

	For the three months ended September 30, 2024 (unaudited)					
	Loan loss provision					
	Loans to the public				Banks, governments and bonds for maturity available for sale	
	Commercial	Housing	Other private	Total – public		Total
	In NIS million					
Balance of loan loss provision as at the beginning of the reporting period	5,852	611	961	7,424	17	7,441
Loan loss expenses	166	14	113	293	19	312
Charge-offs	(99)	(1)	(155)	(255)	–	(255)
Collection of debts written off in previous years	85	–	65	150	–	150
Net charge-offs	(14)	(1)	(90)	(105)	–	(105)
Balance of loan loss provision as at the end of the reporting period[1]	6,004	624	984	7,612	36	7,648
[1]Of which: in respect of off-balance-sheet credit instruments	738	17	36	791	16	807

	For the three months ended September 30, 2023 (unaudited)					
	Loan loss provision					
	Loans to the public				Banks, governments and bonds for maturity available for sale	
	Commercial	Housing	Private Other	Total Public		Total
	In NIS million					
Balance of loan loss provision as at the beginning of the reporting period	4,815	461	822	6,098	23	6,121
Loan loss expenses (income)	722	75	197	994	(3)	991
Charge-offs	(108)	(4)	(195)	(307)	–	(307)
Collection of debts written off in previous years	74	–	59	133	–	133
Net charge-offs	(34)	(4)	(136)	(174)	–	(174)
Balance of loan loss provision as at the end of the reporting period[1]	5,503	532	883	6,918	20	6,938
[1]Of which: in respect of off-balance-sheet credit instruments	666	2	34	702	–	702

Note 6 – Credit Risk, Loans to the Public and Loan Loss Provision (continued)

B. Transaction in balance of loan loss provision (continued)

	For the nine months ended September 30, 2024 (unaudited)					
	Loan loss provision					
	Loans to the public				Banks, governments and bonds for maturityv avilable for sale	
	Commercial	Housing	Other private Oher	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)	181	(10)	326	497	19	516
Charge-offs	(477)	(3)	(490)	(970)	–	(970)
Collection of debts written off in previous years	427	3	191	621	–	621
Net charge-offs	(50)	–	(299)	(349)	–	(349)
Balance of loan loss provision as at the end of the reporting period[1]	6,004	624	984	7,612	36	7,648
[1]Of which: in respect of off-balance-sheet credit instruments	738	17	36	791	16	807

	For the nine months ended September 30, 2023 (unaudited)					
	Loan loss provision					
	Loans to the public				Banks, governments and bonds for maturity	
	Commercial	Housing	Other private	Total Public	available for sale	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)	1,185	119	445	1,749	(34)	1,715
Charge-offs	(359)	(6)	(489)	(854)	–	(854)
Collection of debts written off in previous years	257	–	195	452	–	452
Net charge-offs	(102)	(6)	(294)	(402)	–	(402)
Balance of loan loss provision as at the end of the reporting period[1]	5,503	532	883	6,918	20	6,938
[1]Of which: in respect of off-balance-sheet credit instruments	666	2	34	702	–	702

Note 7 – Public Deposits

A. Types of Deposits by Location and Type of Depositor

	September 30		December 31
	2024	2023	2023
	Unaudited		Audited
	In NIS million		
In Israel			
Demand deposits			
Non-interest bearing deposits	137,446	149,265	150,365
Interest-bearing deposits	139,255	117,148	137,351
Total demand deposits	276,701	266,413	287,716
Fixed deposits	311,604	278,106	280,108
Total deposits in Israel[1]	588,305	544,519	567,824
Total deposits by the public	588,305	544,519	567,824
[1]Of which:			
Deposits by private individuals	176,201	167,539	169,788
Deposits by institutional entities	155,313	123,921	138,478
Deposits by corporations and others	256,791	253,059	259,558

B. Deposits by the Public, by Amount

	September 30		December 31
	2024	2023	2023
	Unaudited		Audited
Maximum deposit in NIS million	In NIS million		
Up to 1	132,586	124,631	128,159
Over 1 and up to 10	128,975	122,837	125,586
Over 10 and up to 100	100,150	92,973	92,257
Over 100 and up to 500	68,824	59,494	57,311
Over 500	157,770	144,584	164,511
Total	588,305	544,519	567,824

Note 8 – Employee Rights

A. Issuance of the option warrants

On August 16, 2022, the Bank published an outline for a securities offering to officers (other than directors or the President and CEO) and employees of the Bank group totaling up to 5,000,000.

For more information, please see Note 24.A in the financial statements as of December 31, 2023.

On March 14, 2024, 156,591 additional option warrants, not listed for trading on the Tel Aviv Stock Exchange, were allocated to 4 employees of the Bank and to 3 senior officers of the Bank (other than members of the Board of Directors or the President and CEO), including options out of the said amount, which shall be allocated and shall expire, or for which the right of the offeree shall be revoked, and shall not be exercised into shares and shall be returned to the option pool, as noted in detail in the Outline.

At the vesting date of the option warrants, offerees shall be entitled to exercisable shares in an amount to be determined according to the benefit value component only. For this purpose, the "benefit value component" is the difference between the closing price of an ordinary share of the Bank on the TASE on exercise date and the exercise price. The option warrants shall vest in three equal annual tranches (each tranche shall be 33% percent of the amount of the option warrants allocated to each offeree) as of the allocation date, as follows:

The first tranche shall vest after one year will have elapsed from the allocation date and shall expire 24 months later. It is clarified that the exercise of the first tranche is also subject to a lockup period and to the provisions of Section 102. The second tranche shall vest after two years will have elapsed from the allocation date and shall expire 24 months later. The third tranche shall vest after three years will have elapsed from the allocation date and shall expire 24 months later.

After the exercise of each tranche period ends, the option warrants for that tranche shall expire (if they have not expired or have not been exercised prior to that in accordance with the provisions of the option plan) and the option warrants shall not be exercisable as from that date.

The option warrants are offered to the offerees free of charge, as part of their employment terms and conditions with the Bank. The exercise price of the option warrants effectively allocated is NIS 32.56 per share, according to the average closing price in NIS of the Bank's stock market shares in the thirty trading days that preceded the Board of Directors' approval for the option warrants' allocation.

In respect of the issuance of the abovementioned option warrants, the Bank shall record payroll expenses according to the fair value of the option warrants. This expense shall be recorded in the Bank's financial statements over the options' vesting period.

The fair value estimate of the option warrants as of the date of their allocation is approximately NIS 1.1 million. The fair value estimate of the option warrants was performed by an external appraiser, is based on the binomial model for option pricing, and is in accordance with the assumptions included in the Outline.

The Bank received approval from the Israel Tax Authority to designate the plan as a "plan to allocate options through a trustee", under Section 102 of the Income Tax Ordinance, using the capital gains taxation track.

Note 8 - Employee Benefits (cont.)

B. Composition of Benefits

1. Employee benefits

	As of September 30		As at December 31
	2024	2023	2023
	Unaudited		Audited
	In NIS million		
Retirement benefits – pension and severance pay			
Liability amount	16,334	16,717	17,210
Fair value of plan assets	9,036	8,919	9,018
Excess of liability over plan assets	7,298	7,798	8,192
Accrued jubilee vacation leave			
Liability amount	16	17	18
Excess of liability over plan assets (included in "other liabilities")	16	17	18
Other benefits			
Liability amount	482	479	505
Fair value of plan assets	–	–	–
Excess of liability over plan assets	482	479	505
Total			
Excess liability included in "Other liabilities"[1]	7,814	8,319	8,733
[1]Of which: for benefits of employees who are working abroad	11	–	10
Excess assets included in "Other Assets"[2]	18	25	18
[2]Of which: for benefits to employees abroad	–	2	–

2. Defined benefit plan

A. Obligation and funding status

1. Change in the obligation in respect of expected benefit

Note 8 - Employee Benefits (cont.)

	For three months ended September 30		For nine months ended September 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	15,981	17,546	17,210	17,214	17,214
Service cost	26	31	86	94	124
Interest cost	230	212	663	621	858
Contributions by planholders	5	6	16	18	23
Actuarial loss (gain)	339	(817)	(869)	(512)	(209)
Changes in foreign exchange rates	6	–	10	12	10
Paid benefits	(253)	(261)	(782)	(730)	(971)
Downsizing, discharges, special and contractual benefits for severance	–	–	–	–	161
Obligation in respect of expected benefit as at the end of the reporting period	16,334	16,717	16,334	16,717	17,210
Obligation in respect of cumulative benefit as at the end of the reporting period	15,559	15,784	15,559	15,784	16,235

The actuarial gain during the first nine months of 2024 stems mainly from an increase in the discount rate. The increase was partially offset by the effect of change in the mortality schedules. The loss during the third quarter stems from a decrease in interest.

Note 8 - Employee Benefits (cont.)

B. 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 three months ended September 30		For nine months ended September 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	9,023	8,934	9,018	8,816	8,816
Actual return on plan assets[(a)]	128	(25)	397	288	339
Plan contributions by the Bank	13	162	40	192	365
Contributions by planholders	5	6	16	18	23
Changes in foreign exchange rates	4	(2)	9	12	8
Paid benefits	(137)	(156)	(444)	(407)	(533)
Fair value of plan assets as at the end of the reporting period	9,036	8,919	9,036	8,919	9,018
Funding status - net liability recognized at the end of the reporting period	7,298	7,798	7,298	7,798	8,192

(a) Including the effect of the transition to a paying fund in respect of the retirees. See Note 23.E in the financial statements as at December 31, 2023.

3. Amounts recognized in the consolidated balance sheet

	As of September 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	7,298	7,800	8,192
Net liability recognized at the end of the reporting period	7,298	7,798	8,192

4. Amounts recognized in Accumulated other comprehensive income before tax effect

	As of September 30		As at December 31
	2024	2023	2023
	Unaudited		Audited
	In NIS million		
Net actuarial loss	745	1,400	1,737
Closing balance of accumulated other comprehensive income	745	1,400	1,737

Note 8 - Employee Benefits (cont.)

B. 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 three months ended September 30		For the nine months ended September 30		For the year ended December 31
	2024	2023	2024	2023	2023
	Unaudited				Audited
	In NIS million				
Service cost	26	31	86	94	124
Interest cost	230	212	663	621	858
Expected return on plan assets	(130)	(129)	(392)	(353)	(487)
Amortization of unrealized amounts - net actuarial loss	15	75	118	262	311
Downsizing, discharges, special and contractual benefits for severance, including restructuring	-	-	-	-	161
Total benefit cost, net	141	189	475	624	967
Total expense for defined contribution pension plan	56	53	168	160	214
Total expenses included in profit and loss	197	242	643	784	1,181

2. Changes in plan assets and obligation for benefit recognized in other comprehensive income before tax effect

	For three months ended September 30		For nine months ended September 30		For the year ended December 31
	2024	2023	2024	2023	2023
	Unaudited				Audited
	In NIS million				
Actuarial loss (gain), net, for the period	341	(663)	(874)	(447)	(61)
Amortization of unrealized amounts - net actuarial loss	(15)	(75)	(118)	(262)	(311)
Total recognized in other comprehensive income	326	(738)	(992)	(709)	(372)
Total benefit cost, net	141	189	475	624	967
Total recognized in net benefit cost for the period and in other comprehensive (income) loss	467	(549)	(517)	(85)	595

Note 8 - Employee Benefits (cont.)

B. 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 of September 30		As at December 31
	2024	2023	2023
	Unaudited		Audited
	In %		
Discount rate	2.94	2.41	2.39
Rate of increase in the CPI	2.64	3.13	2.61[(b)]
Departure rate	0-36.4	0-36.4	0-38.8
Rate of compensation increase	0-6.28	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 of September 30		As at December 31
	2024	2023	2023
	Unaudited		Audited
	In %		
Discount rate	2.67	2.09	2.17
Expected long-term return on plan assets	6.00	5.50	5.63
Rate of compensation increase	0-6.28	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 of September 30		As of December 31	As of September 30		As of December 31
	2024	2023	2023	2024	2023	2023
	Unaudited		Audited	Unaudited		Audited
	In NIS million					
Discount rate	(1,871)	(2,031)	(2,056)	2,256	2,473	2,500
Rate of increase in the CPI	(294)	(350)	(356)	334	391	406
Departure rate	208	205	204	(144)	(233)	(232)
Rate of compensation increase	327	380	397	(294)	(341)	(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

Note 8 - Employee Benefits (cont.)

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.)

B. Composition of Benefits (cont.)

4. Plan assets

A. Composition of the fair value of plan assets

	As of September 30		As at December 31
	2024	2023	2023
	Unaudited		Audited
	In NIS million		
Cash and deposits with banks	113	68	214
Shares	1,147	1,064	991
Government bonds	59	156	261
Corporate bonds	394	474	414
Other	7,323	7,157	7,138
Total	9,036	8,919	9,018

B. Fair value of plan assets by type of asset and allocation target for 2024

	Allocation target	Percentage of plan assets		
	As of December 31	As of September 30		As of December 31
	2024	2024	2023	2023
	Unaudited			Audited
	In %			
Cash and deposits with banks	–	1	1	2
Shares	13	13	12	11
Government bonds	1	1	2	3
Corporate bonds	6	4	5	5
Other	80	81	80	79
Total	100	100	100	100

Note 8 - Employee Benefits (cont.)

B. Composition of Benefits (cont.)

5. Cash flows

A. Contributions

	Forecast[a]	For three months ended September 30		For nine months ended September 30		For the year ended December 31
	2024	2024	2023	2024	2023	2023
	Unaudited					Audited
	In NIS million					
Contributions	369	18	168	56	210	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	259
2025	1,202
2026	923
2027	835
2028	812
2029–2033	4,644
2034 onwards	8,851
Total	17,526

(a) In discounted values.

Note 9.A – Equity

Changes in the Bank's Equity

Allocation of option warrants

For details regarding the issuance of the Bank's option letters that are not listed for trading to employees and officers of the Bank, including the CEO, please see Note 8A.See Note 24.A in the financial statements as at 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 2023 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 May 22, 2025, or until the total buyback amount has been reached, whatever is earlier.

The share buyback plan is executed 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, who will act under an irrevocable power of appointment, in accordance with the safe harbor mechanism published by the Israel Securities Authority. The buyback plan will take place in three 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 shares totaling NIS 270 million under the said plan.

The implementation of Stage B began on August 18, 2024 and ended on October 13, 2024, during which time the Bank purchased (through the independent Stock Exchange member it had contracted) 6,554,354 shares totaling NIS 227 million under the said plan. As of the report publication date, the Bank owns 107,864,311 treasury shares.

Immediately prior to publishing this report, the Bank decided to proceed to Stage C, granting the TASE member an irreversible order to initiate Stage C on November 20, 2024. Stage C will end on the earlier of the following: (A) February 13, 2025; or (B) Completion of the purchase of the Bank shares on a scale that will not exceed NIS 229 million. After completion of Stage C, should the Bank decide to execute Stage D, it shall give the TASE member an irreversible order to commence execution of Stage D on the second trading day following publication of the first financial statement after the decision has been made to execute Stage D. In such a case, Stage D will end on the earlier of: (A) May 22, 2025; or (B) completion of the purchase of the Bank's shares in a scope not to exceed NIS 1 billion, less the total amount purchased as part of Stages A, B and C. If, following the completion of Stage C, a decision will be made not to proceed with Stage D, 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.

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 September 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.

Note 9.A – Equity (continued)

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 18, 2024, the Board of Directors approved a distribution of profits at an overall rate of 40% of the net income for the third quarter of 2024, of which approximately 30 percent would be in the form of a cash dividend in the amount of approximately NIS 688 million, and the balance by means of a share buyback would total NIS 229 million, as noted above. The sum of the dividend approved for each NIS 1 par value share is approximately 45.61 agorot. 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 designated November 27 2024 as the record date for purposes of payment of the dividend and December 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
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	835
August 14, 2024	September 5, 2024	44.99[1]	681

Shelf prospectus and the issuance of credit-linked notes

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.

[1] Further to the supplementary report dated August 26, 2024.

On April 17, 2024 the Bank issued a total of approximately NIS 0.8 billion p.v
credit linked notes (CLN), Leumi Bonds Series 2 v.r.

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.

Note 9.A – Equity (continued)

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.

Issuance of Bonds and Commercial Securities

On September 10, 2024, the Bank issued a total of approx. NIS 0.62 billion p.v. in Series 185 Bonds, issued by expanding the series in consideration of approx. NIS 0.63 billion, for a total of approx. NIS 1.44 billion p.v. in Bonds (Series 186), issued by expanding the series in consideration of approx. NIS 1.46 billion, and a total of approx. NIS 1.8 billion p.v. in commercial securities (CS Series 6) issued as a new series.

The Commercial Securities Fund (Series 6) and the interest from it will be payable in one payment on September 9, 2025; it is not linked, and it bears interest at the rate of 0.05% above the Bank of Israel's interest rate.

The bonds (Series 185 and 186) and the commercial securities (CS) (Series 6) are not recognized for supervised capital purposes.

Early redemption of subordinated notes

On September 4, 2024, the Bank's board of directors decided to fully redeem by early redemption the subordinated notes (Series 404) that were issued to the public in July 2019. Accordingly, on September 30, 2024, subordinated notes totaling approx. NIS 1.44 billion were redeemed (including linkage differences).

Note 9.B. – 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 September 30, 2024:

- Change in the scope of risk-weighted assets - The risk-weighted assets as of September 30, 2024 total approximately NIS 495 billion. Every NIS 1 billion increase in risk-weighted assets will reduce the Common Equity Tier 1 capital ratio by approximately 0.02 percent and the total capital ratio by approximately 0.03 percent.
- Change in the Common Equity Tier 1 capital - The Common Equity Tier 1 capital as of September 30, 2024 totals approximately NIS 59.7 billion. A decrease of NIS 100 million in the Common Equity Tier 1 capital will reduce the CET1 capital ratio and the total capital ratio by approximately 0.02 percent.

Note 9.B - Capital Adequacy, Leverage and Liquidity (cont.)

	September 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)	59,703	51,998	53,892
Tier 2 capital, after deductions	13,366	14,371	14,141
Total capital - total	73,069	66,369	68,033
Balance of risk-weighted assets			
Credit risk(b)(d)	453,371	425,005	426,399
Market risks	7,444	6,198	5,834
Operational risk	33,834	29,071	29,943
Total balance of risk-weighted assets	494,649	460,274	462,176
Ratio of capital to risk-weighted assets			
Ratio of CET1 capital to risk-weighted assets	12.07%	11.30%	11.66%
Ratio of total capital to risk-weighted assets	14.77%	14.42%	14.72%
Minimum CET 1 capital ratio set by the Banking Supervision Department(a)	10.23%	10.21%	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 September 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 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 9.B – Capital Adequacy, Leverage and Liquidity (cont.)

B. Capital Components for the Calculation of Capital Ratios

	September 30		December 31
	2024	2023	2023
	Unaudited		Audited
	In NIS million		
1. Common Equity Tier 1 capital			
Shareholders' equity	60,258	52,518	54,497
Adjustments in respect of the transition from the accounting curve to the regulatory curve[(a)]	(239)	(88)	(198)
Total CET1 capital before regulatory adjustments and deductions	60,019	52,430	54,299
Regulatory adjustments and deductions:			
Goodwill and intangible assets	(414)	(676)	(643)
Regulatory adjustments and other deductions – CET1 capital	(22)	(21)	(20)
Total regulatory adjustments and deductions before adjustments in respect of efficiency plans and before adjustments for CECL – CET1 capital Tier 1	(436)	(697)	(663)
Total adjustments for the efficiency plan[(c)]	–	25	16
Total adjustments for current expected credit losses[(b)]	120	240	240
Total CET1 capital, after regulatory adjustments and deductions	59,703	51,998	53,892
2. Tier 2 capital			
Tier 2 capital: Instruments before deductions	7,673	9,058	8,811
Tier 2 capital: Provisions for loan losses, before deductions	5,693	5,313	5,330
Total Tier 2 capital	13,366	14,371	14,141
Total capital – total	73,069	66,369	68,033

(a) For further details, please see the section entitled "Volatile Capital Components" above.

(b) Adjustments in respect of the effect of first-time application of GAAP for current expected credit losses, which are gradually reduced until December 31, 2024. For further details regarding the adjustments for 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 9.B - Capital Adequacy, Leverage and Liquidity (cont.)

C. Effect of adjustments on CET1 capital ratio

	September 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	12.05%	11.25%	11.61%
Adjustments in respect of the efficiency plan[(a)]	–	0.01%	0.01%
Adjustments for current expected credit losses[(b)]	0.02%	0.04%	0.04%
Ratio of CET1 capital to risk-weighted assets	12.07%	11.30%	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 additional information, please see Note 1.24.1 to the financial statements as of December 31, 2022.

Note 9.B - Capital Adequacy, Leverage and Liquidity (cont.)

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 Bank is required to have a minimum leverage ratio of 5.5 percent.

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.

Note 9.B – Capital Adequacy, Leverage and Liquidity (cont.)

	As of September 30		As of December 31
	2024	2023	2023
	Unaudited		Audited
	In NIS million		
Consolidated data[b]			
Tier 1 capital	59,703	51,998 [a]	53,892[a]
Total exposures[c]	851,607	773,129	810,014
Leverage ratio			
Leverage ratio	7.01%	6.73%	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".

Note 9.B - Capital Adequacy, Leverage and Liquidity (cont.)

E. Liquidity coverage ratio pursuant to the directives issued by the Banking Supervision Department

On September 28, 2014, a circular was published adding Proper Conduct of Banking Business Directive No. 221, "Liquidity Coverage Ratio", which applies the recommendations of the Basel Committee regarding liquidity coverage ratio to the banking system in Israel. The liquidity coverage ratio examines a time-horizon of 30 days under a stress scenario, and is intended to ensure that a banking corporation has an inventory of high-quality liquid assets that is able to cover the corporation's liquidity requirements in this time horizon. The Directive prescribes the manner of calculating the liquidity coverage ratio, including the characteristics and operational requirements for an "inventory of high-quality liquid assets" (the numerator) and sufficient buffers for them; it also prescribes the net cash outflow expected under the stress scenario defined in the Directive for 30 calendar days (the denominator).

The stress scenario set forth in the directive includes a shock scenario combining a corporation-specific shock and a systemic shock; in this context, standard withdrawal and deposit rates were defined for outflows and inflows, respectively, according to the various balance categories.

As from January 1, 2017, the required minimum liquidity coverage ratio is 100 percent. However, in a period of financial pressure, a banking corporation may fall below these minimum requirements.

	For the three months ended		
	September 30		December 31
	2024	2023	2023
	Unaudited		Audited
	Average in %		
a. Consolidated data			
Liquidity coverage ratio	124	130	124
Minimum liquidity coverage ratio set by the Banking Supervision Department	100	100	100
b. The Bank's data			
Liquidity coverage ratio	121	126	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 September 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.

	September 30		December 31
	2024	2023	2023
	Unaudited		Audited
	In %		
a. Consolidated data			
Net stable funding ratio	115	118	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

	September 30		December 31
	2024	2023	2023
	Unaudited		Audited
	In NIS million		
Commitments to purchase securities	1,388	1,223	1,145
Commitments to invest in, and purchase of, buildings and equipment	56	95	9

	For three months ended September 30		For the nine months ended September 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	209	–	473	42	42
Cash proceeds	209	–	473	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 of 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 total additional exposure arising from legal claims filed against the Bank and the consolidated companies on various issues, the amount of each of which exceeds NIS 2 million and regarding which the chances of the claims materializing are not remote, totals approximately NIS 438 million.

1. The following are changes in material claims reported:

   1.1. On December 2, 2013, a motion for class certification was filed against the Bank regarding early repayment fees for non-housing loans. According to the applicants, the early repayment fee, both in respect of loans subject to calculation principles set in the Proper Conduct of Banking Business Directives and in respect of loans subject to rules set by the Bank, are calculated by the Bank in an unlawful manner. On November 3 2019, a decision was handed down by the Tel Aviv District Court, which partially approved the application for class action certification regarding the manner of calculating the early repayment fee for unsupervised loans, and on December 22 2019, the claimants appealed the ruling to the Supreme Court. On July 21, 2021, a judgments had been handed down rejecting the appeal, and the claim continued to be conducted at the District Court in respect of the part that was approved to be conducted as a class action. On November 10, 2024 the Court approved the settlement agreement on the application for approval of the claim as a class action.

1.2. On January 21, 2020, a motion for class certification was filed with the Tel Aviv District Court against the Bank and against other banks. The motion claims that the Bank allegedly charges all of its customers (whether private individuals, small businesses or corporations) for transactions to purchase products and/or services overseas, whether for private use or in order to transfer them overseas or import them into Israel, according to Chapter 7 of the Foreign Trade price list, rather than charge lower fees and commissions in accordance with Chapter 5 of the Foreign Currency price list. The plaintiffs 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.

1.3. 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.

1.4. 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).

1.5. 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 applicants did not cite an individual or group damage amount. On October 31, 2024, the Court dismissed the motion for class action certification.

Note 10 - Contingent Liabilities and Special Commitments (cont.)

C. Other proceedings

On March 28, 2023, a petition for a mandatory injunction was submitted to the Tel Aviv District Court (Economic Department) for discovery and review of documents. The applicant is petitioning for the discovery of various documents relating to the compensation paid to the Bank's officers, in order to examine the filing of a derivative claim on behalf of the Bank against senior officers and employees at the Bank in connection with the compensation granted to the Bank's officers in apparent violation of the Compensation for Officers of Financial Corporations Law (Special Approval and Disallowance of Expenses for Tax Purposes in Respect to Exceptional Compensation), 2016 and Proper Conduct of Banking Business Directives Nos. 301 and 301A. On August 21, 2024, the Court certified a settlement reached by the parties, by which each of the banks will provide addition information regarding the compensation of officers at the bank as part of immediate reports regarding the convening of general meetings for ratification of compensation policies for the bank's officers and as part of its annual financial statements.

D. Contingent Liabilities and Various Commitments

1. 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.

2. After the date of the report, October 29, 2024, the Bank received notification from the Banking Supervision Department regarding the imposition of a financial sanction in the amount of NIS 3.3 million in respect of failure to submit certain reports (standard reports in respect of cash transfers in Israeli currency overseas by means of correspondents' accounts at the Bank whose ultimate destination was a Bank customer) to the Israel Money Laundering and Terror Financing Prohibition Authority (IMPA), as required by what is specified in Section 8(a)(7) of the Prohibition on Money Laundering Ordinance (Obligations of Identification, Reporting, and Record-Keeping of Banking Corporations for the Prevention of Money Laundering and Financing of Terror), 2001. The amount of the financial sanction was arrived at after the Committee decided to reduce, in respect of the relevant period, the maximum amount of the financial sanction that can be imposed in accordance with the Prohibition on Money Laundering Law, 2000, in accordance with the Regulations Regarding the Prohibition on Money Laundering (Financial Sanction), 2001, and in light of the actions undertaken by the Bank to correct the situation.

Note 11 – Derivatives Activity – Scope, Credit Risks and Maturity Dates

A. Volume of Consolidated Activity

	September 30, 2024 (unaudited)		
	Derivatives not held-for-trading	Derivatives held-for-trading	Total
	In NIS million		
(1) Nominal amount of derivatives			
a) Interest rate contracts			
Future and forward contracts	2,799	86,638	89,437
Written options	1,766	2,841	4,607
Purchased options	–	2,099	2,099
Swaps[(a)]	55,865	396,260	452,125
Total[(b)]	60,430	487,838	548,268
Of which: hedging derivatives[(c)]	11,569	–	11,569
b) Foreign currency contracts			
Future and forward contracts	52,552	438,359	490,911
Written options	1,007	22,822	23,829
Purchased options	1,007	24,024	25,031
Swaps[(a)]	3,896	22,229	26,125
Total	58,462	507,434	565,896
c) Stock contracts			
Future and forward contracts	1,016	260,441	261,457
Written options	371	88,208	88,579
Purchased options[(e)]	637	88,035	88,672
Other	7	–	7
Swaps	215	250,854	251,069
Total	2,246	687,538	689,784
d) Commodities and other contracts			
Future and forward contracts	–	3,000	3,000
Written options	–	35	35
Purchased options	–	35	35
Swaps	–	2,244	2,244
Total	–	5,314	5,314
e) Credit contracts			
Where the Bank is a guarantor	–	–	–
Where the Bank is a beneficiary	–	–	–
Total	–	–	–
Total nominal amount	121,138	1,688,124	1,809,262

(a) Of which: Swaps for which the Banking Corporation pays a fixed interest rate of NIS 223.196 million.
(b) Of which: NIS-CPI swaps totaling NIS 15.976 million.
(c) The Bank uses IRS Interest swap transactions for the hedging.
(d) Of which: foreign exchange spots totaling NIS 23,685 million.
(e) Of which: a total of NIS 88.177 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.)

	September 30, 2023 (unaudited)		
	Derivatives not held-for-trading	Derivatives held-for-trading	Total
	In NIS million		
(1) Nominal amount of derivatives			
a) Interest rate contracts			
Future and forward contracts	3,229	77,856	81,085
Written options	839	488	1,327
Swaps[(a)]	45,925	367,729	413,654
Total[(b)]	49,993	446,073	496,066
Of which: hedging derivatives[(c)]	10,455	–	10,455
b) Foreign currency contracts			
Future and forward contracts	55,905	311,818	367,723
Written options	1,115	23,034	24,149
Purchased options	1,115	25,310	26,425
Swaps[(a)]	3,633	21,510	25,143
Total	61,768	381,672	443,440
c) Stock contracts			
Future and forward contracts	931	168,820	169,751
Written options	372	87,000	87,372
Purchased options[(e)]	728	86,708	87,436
Other	7	–	7
Swaps	201	177,652	177,853
Total	2,239	520,180	522,419
d) Commodities and other contracts			
Future and forward contracts	–	9,248	9,248
Written options	–	74	74
Purchased options	–	93	93
Swaps	–	4,258	4,258
Total	–	13,673	13,673
e) Credit contracts			
Where the Bank is a guarantor	4	–	4
Where the Bank is a beneficiary	–	–	–
Total	4	–	4
Total nominal amount	114,004	1,361,598	1,475,602

(a) Of which: Swaps for which the banking corporation pays a fixed interest of NIS 200,851 million.
(b) Of which: NIS-CPI swaps totaling NIS 16,022 million.
(c) The Bank uses IRS Interest swap transactions for the hedging.
(d) Of which: foreign exchange spots totaling NIS 22,456 million.
(e) Of which: a total of NIS 86,295 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)		
	Derivatives not held-for-trading	Derivatives held-for-trading	Total
	In NIS million		
(1) Nominal amount of derivatives			
a) Interest rate contracts			
Future and forward contracts	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			
Future and forward contracts	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			
Future and forward contracts	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			
Future and forward contracts	–	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.)

	September 30, 2024 (unaudited)					
	Assets for derivatives, gross			Liabilities for derivatives, gross		
	Derivatives not held-for-trading	Derivatives held-for-trading	Total	Derivatives not held-for-trading	Derivatives held-for-trading	Total
	In NIS million					
(2) Gross fair value of derivatives						
a) Interest rate contracts	941	6,877	7,818	577	6,685	7,262
Of which: hedging derivatives	641	–	641	97	–	97
b) Foreign currency contracts	280	4,988	5,268	248	4,704	4,952
Of which: hedging derivatives	–	–	–	–	–	–
c) Stock contracts	73	14,212	14,285	34	14,138	14,172
d) Commodities and other contracts	–	143	143	–	143	143
Total assets/liabilities in respect of derivatives, gross[(a)]	1,294	26,220	27,514	859	25,670	26,529
Amounts netted on the balance sheet	–	–	–	–	–	–
Book balance	1,294	26,220	27,514	859	25,670	26,529
Of which: not subject to a master netting arrangement or similar arrangements	–	1,530	1,530	–	1,236	1,236

(a) Of which: NIS 5 million in gross fair value of assets in respect of embedded derivatives and NIS 29 million in gross fair value of liabilities in respect of embedded derivatives.

	September 30, 2023 (unaudited)					
	Assets for derivatives, gross			Liabilities for derivatives, gross		
	Derivatives not held-for-trading	Derivatives held-for-trading	Total	Derivatives not held-for-trading	Derivatives held-for-trading	Total
	In NIS million					
(2) Gross fair value of derivatives						
a) Interest rate contracts	1,579	10,742	12,321	889	10,271	11,160
Of which: hedging derivatives	1,119	–	1,119	221	–	221
b) Foreign currency contracts	630	8,867	9,497	28	6,542	6,570
Of which: hedging derivatives	–	–	–	–	–	–
c) Stock contracts	26	10,272	10,298	63	10,226	10,289
d) Commodities and other contracts	–	508	508	–	507	507
Total assets/liabilities in respect of derivatives, gross[(a)]	2,235	30,389	32,624	980	27,546	28,526
Amounts netted on the balance sheet	–	–	–	–	–	–
Book balance	2,235	30,389	32,624	980	27,546	28,526
Of which: not subject to a master netting arrangement or similar arrangements	–	1,558	1,558	–	908	908

(a) Of which: NIS 9 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.

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		
	Derivatives not held-for-trading	Derivatives held-for-trading	Total	Derivatives not held-for-trading	Derivatives held-for-trading	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 in respect of 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 September 30, 2024		For the nine months ended September 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 as comprehensive income (loss) Including other income from derivatives	Profit (loss) reclassified from accumulated other comprehensive income (loss) to profit and loss[(a)]
	Unaudited			
	In NIS million			
a. Derivatives used for cash flow hedges[(b)]				
Interest rate contracts[(c)]	(8)	8	(16)	13

	For the three months ended September 30, 2023		For the nine months ended September 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 as comprehensive income (loss) Including other income from derivatives	Profit (loss) reclassified from accumulated other comprehensive income (loss) to profit and loss[(a)]
	Unaudited			
	In NIS million			
a. Derivatives used for cash flow hedges[(b)]				
Interest rate contracts[(c)]	(3)	1	(6)	8

	For the year ended December 31, 2023	
	Amounts recognized as comprehensive income (loss) Including other income from derivatives	Profit (loss) reclassified from accumulated other comprehensive income (loss) to profit and loss[(a)]
	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 Non-interest 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.)

C. Accounting Hedges (cont.)

2. Effect of fair value hedge accounting and cash flow hedges on profit (loss)

	For the three months ended September 30, 2024	For the nine months ended September 30, 2024
	Unaudited	
	In NIS million	
Total interest income (expenses) recognized in the income statement	30	118
Effect of fair value hedges:		
a. Gain (loss) from fair value hedges		
Interest rate contracts[(a)]		
Hedged items	191	198
Hedging derivatives[(b)]	(153)	(67)
b. Gain (loss) on cash flow hedges		
Interest rate contracts		
Profit and loss reclassified to accumulated other comprehensive income (loss)	(8)	(13)

	For the three months ended September 30, 2023	For the nine months ended September 30, 2023
	Unaudited	
	In NIS million	
Total interest income (expenses) recognized in the income statement	45	129
Effect of fair value hedges:		
a. Gain (loss) from fair value hedges		
Interest rate contracts[(a)]		
Hedged items	(125)	51
Hedging derivatives[(c)]	171	86
b. Gain (loss) on cash flow hedges		
Interest rate contracts		
Profit and loss reclassified to accumulated other comprehensive income (loss)	(1)	(8)

	For the year ended on 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[(d)]	(63)
b. Gain (loss) on cash flow hedges	
Interest rate contracts	
Profit and loss reclassified to Accumulated other comprehensive income (loss)	(4)

Please see comments below.

Note 11 – Derivatives Activity – Scope, Credit Risks and Maturity Dates (cont.)

B. Accounting Hedges (cont.)

2. Effect of cash flow hedge accounting and fair value hedging on profit (loss) (cont.)

Comments:

(a) The Bank designates certain derivatives as hedging instruments of fair value, derivatives hedging exposure to interest rate received for bonds.

(b) Losses in the amount of approximately NIS 153 million and approximately NIS 67 million for three- and nine-month periods respectively, in respect of the hedging instrument that was reclassified and was transferred from the section titled "Financing Revenues not from Interest" to the section titled "Revenues from Interest." The losses include losses in the amount of approximately NIS 181 million and approximately NIS 153 million for three- and nine-month periods respectively, due to the influence of a change in fair value, as well as profits in the sum of approximately NIS 28 million and approximately NIS 86 million for the periods of three and nine months respectively, due to the impact of accumulation of the interest.

(c) Profits in the amount of approximately NIS 171 million and approximately NIS 86 million for three- and nine-month periods respectively, due to the hedging instrument were reclassified and transferred from the section "Financing Revenues not from Interest" to the section "Revenues from interest." The profits include profits in the amount of approximately NIS 141 million and losses in the amount of approximately NIS 4 million for three- and nine-month periods respectively, due to the impact of the change in fair value, as well as profits in the sum of approximately NIS 30 million and approximately NIS 90 million for the periods of three and nine months, respectively, due to the impact of the accumulation of interest.

(d) Losses in the amount of approximately NIS 63 million, due to the hedging instrument was reclassified and was transferred from the section "Financing Revenues not from Interest" to the section "Revenues from Interest." The losses include losses in the amount of approximately NIS 184 million, due to the impact of a change in fair value, as well as profits in the sum of approximately NIS 121 million due to the impact of the accumulation of interest.

3. Items hedged at fair value hedges

	As at September 30, 2024 (unaudited)		
	Carrying amount of the hedged item	Cumulative fair value adjustments that had an effect on the carrying amount	
		Existing hedge relationships	Existing hedge discontinued
	In NIS million		
Securities – debt instruments classified as available-for-sale securities	6,533	(598)	(1)
Subordinated notes	(3,631)	112	–

	As at September 30, 2023 (unaudited)		
	Carrying amount of the hedged item	Cumulative fair value adjustments that had an effect on the carrying amount	
		Existing hedge relationships	Existing hedge discontinued
	In NIS million		
Securities – debt instruments classified as available-for-sale securities	5,099	(1,049)	1
Subordinated notes	(3,867)	232	–

	For the year ended December 31, 2023 (audited)		
	Carrying amount of the hedged item	Cumulative fair value adjustments that had an effect on the carrying amount	
		Existing hedge relationships	Existing hedge discontinued
	In NIS million		
Securities - debt instruments classified as available-for-sale securities	5,046	(800)	(1)
Subordinated notes	(3,601)	115	-

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 September 30, 2024		For the nine months ended September 30, 2024	
	Amounts carried to other comprehensive income (loss)	Profit (loss) reclassified from Accumulated other comprehensive income (loss)[(a)]	Amounts carried to other comprehensive income (loss) Other total	Profit (loss) reclassified from Accumulated other comprehensive income (loss)[(a)]
	Unaudited			
	In NIS million			
Deposits serving as investment hedges, net				
Foreign currency deposits	22	–	(61)	–

	For the three months ended September 30, 2023		For the nine months ended September 30, 2023	
	Amounts carried to other comprehensive income (loss)	Profit (loss) reclassified from Accumulated other comprehensive income (loss)[(a)]	Amounts carried to other comprehensive income (loss) Other total	Profit (loss) reclassified from Accumulated other comprehensive income (loss)[(a)]
	Unaudited			
	In NIS million			
Deposits serving as investment hedges, net				
Foreign currency deposits	(73)	–	(207)	–

	For the year ended December 31, 2023	
	Amounts carried to other comprehensive income (loss) Other total	Profit (loss) reclassified from 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 Non-interest 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 September 30, 2024	For the nine months ended September 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	(513)	(96)
Foreign exchange contracts	(721)	1,392
Stock contracts	83	250
Commodity- and other contracts	–	1
Total	(1,151)	1,547

	For the three months ended on September 30, 2023	For the nine months ended on September 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	104	27
Foreign exchange contracts	2,193	4,966
Stock contracts	(28)	137
Commodity- and other contracts	2	2
Total	2,271	5,132

	For the year ended on 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 Non-interest finance income (expenses) item.

Note 11 – Derivatives Activity – Scope, Credit Risks and Maturity Dates (cont.)

C. Credit Risk for Derivatives by Contract Counterparty

	September 30, 2024 (unaudited)						
	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)	511	9,373	11,663	–	3,940	2,027	27,514
Gross amounts not netted on the balance sheet:							
Credit risk mitigation in respect of financial instruments	–	3,143	8,781	–	2,227	744	14,895
Credit risk mitigation in respect of cash collateral received	–	5,962	2,486	–	1,291	108	9,847
Total net book balance of assets in respect of derivatives(d)	511	268	396	–	422	1,175	2,772
Adjustment of book balance, net to on-balance-sheet credit risk(e)	–	16	(48)	–	(73)	137	32
Total on-balance-sheet credit risk for derivatives	511	284	348	–	349	1,312	2,804
Net off-balance-sheet credit risk for derivatives(f)	1,269	17,344	21,507	117	13,296	3,010	56,543
Total credit risk for derivatives	1,780	17,628	21,855	117	13,645	4,322	59,347
Book balance of liabilities in respect of derivatives(a)(c)	298	3,900	10,016	230	10,726	1,359	26,529
Gross amounts not netted on the balance sheet:							
Financial instruments	–	3,143	8,781	–	2,227	754	14,905
Pledged cash collateral	–	669	1,100	230	7,061	36	9,096
Net amount of liabilities in respect of derivatives	298	88	135	–	1,438	569	2,528

	September 30, 2023 (unaudited)						
	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)	354	5,086	13,696	–	10,252	3,236	32,624
Gross amounts not netted on the balance sheet:							
Credit risk mitigation in respect of financial instruments	–	4,116	11,609	–	2,348	1,148	19,221
Credit risk mitigation in respect of cash collateral received	–	913	1,770	–	7,428	333	10,444
Total net book balance of assets in respect of derivatives(d)	354	57	317	–	476	1,755	2,959
Adjustment of book balance, net to on-balance-sheet credit risk(e)	–	(26)	14	–	(198)	84	(126)
Total on-balance-sheet credit risk for derivatives	354	31	331	–	278	1,839	2,833
Net off-balance-sheet credit risk for derivatives(f)	1,168	10,889	14,721	56	7,828	3,638	38,300
Total credit risk for derivatives	1,522	10,920	15,052	56	8,106	5,477	41,133
Book balance of liabilities in respect of derivatives(a)(c)	301	7,799	13,785	265	4,423	1,953	28,526

	September 30, 2024 (unaudited)						
	Stock exchanges	Banks	Dealers/ brokers	Governments and central banks	Institutional entities	Other	Total
	In NIS million						
Gross amounts not netted on the balance sheet:							
Financial instruments	–	4,116	11,609	–	2,348	1,148	19,221
Pledged cash collateral	–	3,471	2,120	241	1,202	–	7,034
Net amount of liabilities in respect of derivatives	301	212	56	24	873	805	2,271

Please see comments below.

Note 11 – Derivatives Activity – Scope, Credit Risks and Maturity Dates (cont.)

C. Credit risk and 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 balance-sheet balance of assets in respect of standalone derivatives totaling NIS 27.509 million (September 30, 2023 – NIS 32.615 million, December 31, 2023 – NIS 27.410 million).
(c) Of which on-balance-sheet total liabilities in respect of standalone derivatives totaling NIS 26,500 million (September 30, 2023 – 28,503 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 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 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. For the periods of nine month ended September 30, 2023 and and for the year ended December 31, 2023, no credit losses were recognized in respect of derivative instruments.
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 of September 30, 2024, September 30, 2023, and December 31, 2023 was NIS 250 million, NIS 240 million, and NIS 231 million, respectively.
   The effect of the non-performance risk on the valuation of liabilities for derivatives as of September 30, 2024, September 30, 2023, and December 31, 2023 was NIS 18 million, NIS 17 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

	September 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	2,113	4,992	5,467	3,405	15,977
Other	86,886	147,401	204,227	93,777	532,291
Foreign exchange contracts	322,524	207,413	31,078	4,881	565,896
Stock contracts	517,875	168,585	3,324	–	689,784
Commodity- and other contracts	3,759	615	940	–	5,314
Total	933,157	529,006	245,036	102,063	1,809,262
Total as at September 30, 2023 (unaudited)	754,083	416,350	214,925	90,244	1,475,602
Total as at December 31, 2023 (audited)	793,782	349,598	215,087	86,540	1,445,007

Note 12.A – Regulatory Operating Segments

Information on regulatory operating segments – consolidated

	For the three months ended September 30, 2024 (unaudited)			
	Activity in Israel[(a)]			
	Households[(e)]			
	Total	Of which: loans for housing	Of which: credit cards	Private banking
	In NIS million			
Interest income from external	2,749	2,178	20	4
Interest expense from external	764	–	–	310
Interest income, net:				
From external	1,985	2,178	20	(306)
Inter-segmental	(483)	(1,765)	(1)	396
Total interest income, net	1,502	413	19	90
Total Non-interest income	278	10	99	41
Total income	1,780	423	118	131
Loan loss expenses (income)	148	14	6	–
Operating and other expenses:				
For external	741	109	63	26
Inter-segmental	–	–	–	–
Total operating and other expenses	741	109	63	26
Profit (loss) before taxes	891	300	49	105
Provision (benefit) for profit taxes	330	110	19	40
Profit (loss) after taxes	561	190	30	65
The Bank's share in associates' profits, after tax effect	–	–	–	–
Net income (loss) before amount attributable to non-controlling interests	561	190	30	65
Net income (loss) attributable to the Bank's shareholders	561	190	30	65
Average balance of assets[(b)]	166,087	136,939	5,288	372
Of which: investments in associates[(b)]	–	–	–	–
Average outstanding balance of loans to the public[(b)]	167,118	137,342	5,345	365
Outstanding loans to the public as at the end of the reporting period	171,013	140,552	5,163	410
Outstanding non-performing debts in arrears of over 90 days	845	557	2	–
Outstanding other troubled debts	685	21	36	1
Balance of the loan loss provision for loans to the public	1,553	607	62	2
Net charge-offs during the period	91	1	–	–
Average outstanding liabilities[(b)]	140,693	53	16	39,232
Of which: average balance of deposits by the public[(b)]	140,578	1	–	39,230
Balance of deposits by the public as at the end of the reporting period	141,186	–	–	35,015
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)]	110,351	83,287	4,698	1,018
Average balance of assets under management[(b)(d)]	65,751	1,370	–	62,623
Breakdown of interest income, net:				
Spread[(f)] from credit granting activity	596	329	14	1
Spread[(f)] from deposit taking activity	795	–	–	79
Other	111	84	5	10
Total interest income, net	1,502	413	19	90

(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 of the end of the period in the amount of NIS 21.2 billion to customers whose business activity is classified into 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.

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 29.A to the financial statements as at December 31, 2023.

Small and micro businesses	Mid-sized businesses	Large businesses	institutional entities	Financial manageme nt	Other segment	Total activities Israel	Foreign operations[a] Total Foreign activities	Total
1,168	635	2,507	50	2,646	–	9,759	207	9,966
715	496	1,022	1,312	801	–	5,420	1	5,421
453	139	1,485	(1,262)	1,845	–	4,339	206	4,545
530	356	(504)	1,496	(1,698)	15	108	(108)	–
983	495	981	234	147	15	4,447	98	4,545
242	88	240	52	3	11	955	23	978
1,225	583	1,221	286	150	26	5,402	121	5,523
117	12	16	1	24	–	318	(6)	312
399	114	132	69	79	128	1,688	28	1,716
–	–	(1)	2	6	(7)	–	–	–
399	114	131	71	85	121	1,688	28	1,716
709	457	1,074	214	41	(95)	3,396	99	3,495
262	168	407	80	56	(97)	1,246	39	1,285
447	289	667	134	(15)	2	2,150	60	2,210
–	–	–	–	83	–	83	–	83
447	289	667	134	68	2	2,233	60	2,293
447	289	667	134	68	2	2,233	60	2,293
67,312	38,984	150,907	4,273	288,250	6,717	722,902	9,354	732,256
–	–	–	–	3,996	–	3,996	–	3,996
68,736	39,543	152,031	4,277	–	–	432,070	9,338	441,408
70,892	39,732	153,784	7,990	–	–	443,821	9,951	453,772
589	270	725	1	–	–	2,430	80	2,510
1,066	472	1,444	–	–	–	3,668	370	4,038
2,379	828	1,991	7	–	–	6,760	61	6,821
49	(7)	(27)	–	–	–	106	(1)	105
101,908	59,447	99,482	139,497	82,078	10,389	672,726	255	672,981
101,770	59,311	93,726	139,070	–	–	573,685	–	573,685
101,308	59,425	96,058	155,313	–	–	588,305	–	588,305
60,498	44,985	190,601	1,285	35,665	18,335	460,693	10,180	470,873
61,026	43,221	196,409	1,495	53,552	16,098	483,170	11,479	494,649
101,944	33,020	113,807	1,073,269	41,771	2	1,492,187	–	1,492,187
449	212	638	7	–	–	1,903	206	2,109
476	240	178	226	–	–	1,994	(291)	1,703
58	43	165	1	147	15	550	183	733
983	495	981	234	147	15	4,447	98	4,545

Note 12.A – Regulatory Operating Segments (cont.)

Information on regulatory operating segments – consolidated (cont.)

	For the three months ended September 30, 2023 (unaudited)			
	Activity in Israel[a]			
	Households[e]			
	Total	Of which: loans for housing	Of which: credit cards	Private banking
	In NIS million			
Interest income from external	2,320	1,697	22	4
Interest expense from external	678	6	–	292
Interest income, net:				
From external	1,642	1,691	22	(288)
Inter-segmental	(123)	(1,285)	(4)	381
Total interest income, net	1,519	406	18	93
Total Non-interest income	245	11	67	37
Total income	1,764	417	85	130
Loan loss expenses (income)	273	59	5	(7)
Operating and other expenses:				
For external	722	93	59	22
Inter-segmental	–	–	–	–
Total operating and other expenses	722	93	59	22
Profit (loss) before taxes	769	265	21	115
Provision (benefit) for profit taxes	259	89	8	40
Profit (loss) after taxes	510	176	13	75
The Bank's share in associates' profits, after tax effect	–	–	–	–
Net income (loss) before amount attributable to non-controlling interests	510	176	13	75
Net income (loss) attributable to the Bank's shareholders	510	176	13	75
Average balance of assets[b]	154,146	124,188	5,025	371
Of which: investments in associates[b]	–	–	–	–
Average outstanding balance of loans to the public[b]	155,008	124,539	5,070	367
Outstanding loans to the public as at the end of the reporting period	158,712	127,826	4,613	372
Outstanding non-performing debts in arrears of over 90 days	962	570	3	–
Outstanding other troubled debts	591	25	–	7
Balance of the loan loss provision for loans to the public	1,379	530	49	1
Net charge-offs during the period	140	4	–	–
Average outstanding liabilities[b]	134,524	48	14	32,634
Of which: average balance of deposits by the public[b]	134,416	–	–	32,632
Balance of deposits by the public as at the end of the reporting period	134,471	–	–	33,068
Average balance of risk-weighted assets[b][c]	101,000	74,241	4,109	756
Balance of risk-weighted assets as at the end of the reporting period[c]	105,171	78,267	4,350	803
Average balance of assets under management[b][d]	60,112	1,736	–	51,533
Breakdown of interest income, net:				
Spread[f] from credit granting activity[g]	642	344	15	1
Spread[f] from deposit taking activity	796	–	–	88
Other[g]	81	62	3	4
Total interest income, net	1,519	406	18	93

(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 19.6 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-sized businesses	Large businesses	institutional entities	Financial manageme nt	Other segment	Total activities Israel	Total Foreign activities	Total
1,160	708	2,178	33	2,190	–	8,593	165	8,758
697	588	883	1,131	554	–	4,823	–	4,823
463	120	1,295	(1,098)	1,636	–	3,770	165	3,935
500	398	(400)	1,207	(1,869)	10	104	(104)	–
963	518	895	109	(233)	10	3,874	61	3,935
236	89	241	44	478	3	1,373	28	1,401
1,199	607	1,136	153	245	13	5,247	89	5,336
149	128	428	1	7	8	987	4	991
387	125	128	59	67	181	1,691	31	1,722
–	7	–	2	3	(12)	–	–	–
387	132	128	61	70	169	1,691	31	1,722
663	347	580	91	168	(164)	2,569	54	2,623
227	122	176	31	41	(53)	843	23	866
436	225	404	60	127	(111)	1,726	31	1,757
–	–	–	–	10	–	10	–	10
436	225	404	60	137	(111)	1,736	31	1,767
436	225	404	60	137	(111)	1,736	31	1,767
64,770	40,071	142,675	4,673	268,314	7,692	682,712	8,082	690,794
–	–	–	–	3,972	–	3,972	–	3,972
66,006	40,468	143,951	4,676	–	–	410,476	8,088	418,564
66,430	41,535	146,809	1,881	–	–	415,739	7,738	423,477
730	143	1,325	1	–	–	3,161	156	3,317
1,023	363	2,023	1	–	–	4,008	236	4,244
2,141	747	1,878	6	–	–	6,152	65	6,217
29	(6)	11	–	–	–	174	–	174
102,717	65,445	83,956	121,689	85,839	11,774	638,578	74	638,652
102,583	65,353	77,460	121,230	–	–	533,674	–	533,674
100,677	66,097	86,285	123,921	–	–	544,519	–	544,519
57,563	44,121	189,581	970	34,571	18,388	446,950	10,415	457,365
58,241	45,208	185,623	1,018	35,215	18,513	449,792	10,482	460,274
85,589	30,226	105,536	952,771	56,193	–	1,341,960	–	1,341,960
450	236	562	3	–	2	1,896	173	2,069
480	252	178	102	–	–	1,896	–	1,896
33	30	155	4	(233)	8	82	(112)	(30)
963	518	895	109	(233)	10	3,874	61	3,935

Note 12.A – Regulatory Operating Segments (cont.)

Information on regulatory operating segments – consolidated (cont.)

	For the nine months ended September 30, 2024 (unaudited)			
	Activity in Israel[(a)]			
	Households[(e)]			
	Total	Of which: loans for housing	Of which: credit cards	Private banking
	In NIS million			
Interest income from external	7,486	5,804	58	11
Interest expense from external	2,215	–	–	933
Interest income, net:				
From external	5,271	5,804	58	(922)
Inter-segmental	(826)	(4,581)	(5)	1,210
Total interest income, net	4,445	1,223	53	288
Total Non-interest income	769	32	262	129
Total income	5,214	1,255	315	417
Loan loss expenses (income)	337	(10)	(1)	–
Operating and other expenses:				
For external	2,180	336	180	92
Inter-segmental	1	1	–	–
Total operating and other expenses	2,181	337	180	92
Profit before taxes	2,696	928	136	325
Provision (benefit) for profit taxes	988	340	50	120
Profit after taxes	1,708	588	86	205
The Bank's share in associates' losses, after tax effect	–	–	–	–
Net income before attribution to non-controlling interests	1,708	588	86	205
Net income attributable to the Bank's shareholders	1,708	588	86	205
Average balance of assets[(b)]	161,837	133,510	4,533	384
Of which: investments in associates[(b)]	–	–	–	–
Average outstanding balance of loans to the public[(b)]	162,929	133,942	4,598	377
Outstanding loans to the public as at the end of the reporting period	171,013	140,552	5,163	410
Outstanding non-performing debts in arrears of over 90 days	845	557	2	–
Outstanding other troubled debts	685	21	36	1
Balance of the loan loss provision for loans to the public	1,553	607	62	2
Net charge-offs during the period	299	–	(1)	–
Average outstanding liabilities[(b)]	139,605	54	17	33,586
Of which: average balance of deposits by the public[(b)]	139,482	–	–	33,584
Balance of deposits by the public as at the end of the reporting period	141,186	–	–	35,015
Average balance of risk-weighted assets[(b)(c)]	107,809	81,314	4,447	920
Balance of risk-weighted assets as at the end of the reporting period[(c)]	110,351	83,287	4,698	1,018
Average balance of assets under management[(b)(d)]	63,993	1,354	–	60,086
Breakdown of interest income, net:				
Spread[(f)] from granting loans to the public	1,788	991	40	2
Spread[(f)] from deposit taking from the public	2,350	–	–	259
Other	307	232	13	27
Total interest income (expense), net	4,445	1,223	53	288

(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 of the end of the period in the amount of NIS 21.2 billion to customers whose business activity is classified into 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 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 29.A to the financial statements as at December 31, 2023.

Small and micro businesses	Mid-sized businesses	Large businesses	institutional entities	Financial manageme nt	Other segment	Total activities Israel	Foreign Total Foreign activities	Total
3,370	1,932	7,005	149	8,070	–	28,023	562	28,585
2,131	1,464	3,066	4,076	2,009	–	15,894	1	15,895
1,239	468	3,939	(3,927)	6,061	–	12,129	561	12,690
1,675	1,011	(1,023)	4,528	(6,328)	40	287	(287)	–
2,914	1,479	2,916	601	(267)	40	12,416	274	12,690
687	254	693	153	1,277	853	4,815	56	4,871
3,601	1,733	3,609	754	1,010	893	17,231	330	17,561
166	13	(3)	2	38	–	553	(37)	516
1,221	367	406	197	230	418	5,111	81	5,192
–	–	(1)	6	10	(16)	–	–	–
1,221	367	405	203	240	402	5,111	81	5,192
2,214	1,353	3,207	549	732	491	11,567	286	11,853
812	496	1,185	202	245	(12)	4,036	92	4,128
1,402	857	2,022	347	487	503	7,531	194	7,725
–	–	–	–	(378)[(g)]	–	(378)	–	(378)
1,402	857	2,022	347	109	503	7,153	194	7,347
1,402	857	2,022	347	109	503	7,153	194	7,347
66,830	39,329	146,632	6,258	303,134	7,317	731,721	8,703	740,424
–	–	–	–	3,778	–	3,778	–	3,778
68,260	39,872	147,836	6,262	–	–	425,536	8,673	434,209
70,892	39,732	153,784	7,990	–	–	443,821	9,951	453,772
589	270	725	1	–	–	2,430	80	2,510
1,066	472	1,444	–	–	–	3,668	370	4,038
2,379	828	1,991	7	–	–	6,760	61	6,821
130	(46)	(14)	–	–	–	369	(20)	349
102,881	59,940	102,365	147,708	86,095	10,752	682,932	252	683,184
102,740	59,808	96,656	147,288	–	–	579,558	–	579,558
101,308	59,425	96,058	155,313	–	–	588,305	–	588,305
59,420	43,810	189,601	1,280	40,539	17,956	461,335	10,712	472,047
61,026	43,221	196,409	1,495	53,552	16,098	483,170	11,479	494,649
96,836	31,808	108,187	1,033,205	41,128	–	1,435,243	–	1,435,243
1,327	642	1,890	16	–	–	5,665	561	6,226
1,425	715	530	583	–	–	5,862	(291)	5,571
162	122	496	2	(267)	40	889	4	893
2,914	1,479	2,916	601	(267)	40	12,416	274	12,690

Note 12.A – Regulatory Operating Segments (cont.)

Information on regulatory operating segments – consolidated (cont.)

	For the nine months ended September 30, 2023 (unaudited)			
	Activity in Israel[a]			
	Households[e]			
	Total	Of which: loans for housing	Of which: credit cards	Private banking
	In NIS million			
Interest income from external	6,913	5,098	61	11
Interest expense from external	1,712	6	–	743
Interest income, net:				
From external	5,201	5,092	61	(732)
Inter-segmental	(739)	(3,907)	(8)	1,041
Total interest income, net	4,462	1,185	53	309
Total Non-interest income	842	35	311	115
Total income	5,304	1,220	364	424
Loan loss expenses (income)	558	113	21	–
Operating and other expenses:				
For external	2,046	284	174	73
Inter-segmental	–	–	–	–
Total operating and other expenses	2,046	284	174	73
Profit (loss) before taxes	2,700	823	169	351
Provision (benefit) for profit taxes	957	288	61	128
Profit (loss) after taxes	1,743	535	108	223
The Bank's share in associates' losses, after tax effect	–	–	–	–
Net income (loss) before amount attributable to non-controlling interests	1,743	535	108	223
Net income (loss) attributable to the Bank's shareholders	1,743	535	108	223
Average balance of assets[b]	150,633	121,100	4,485	380
Of which: investments in associates[b]	–	–	–	–
Average outstanding balance of loans to the public[b]	151,532	121,497	4,525	374
Outstanding loans to the public as at the end of the reporting period	158,712	127,826	4,613	372
Outstanding non-performing debts in arrears of over 90 days	962	570	3	–
Outstanding other troubled debts	591	25	–	7
Balance of the loan loss provision for loans to the public	1,379	530	49	1
Net charge-offs during the period	300	6	(1)	–
Average outstanding liabilities[b]	132,166	52	14	31,427
Of which: average balance of deposits by the public[b]	132,046	–	–	31,425
Balance of deposits by the public as at the end of the reporting period	134,471	–	–	33,068
Average balance of risk-weighted assets[b][c]	100,851	74,514	3,865	713
Balance of risk-weighted assets as at the end of the reporting period[c]	105,171	78,267	4,350	803
Average balance of assets under management[b][d]	59,070	1,728	–	48,711
Breakdown of interest income, net:				
Spread[f] (loss) from granting loans to the public[h]	1,915	1,001	43	3
Spread[f] from deposit taking from the public	2,300	–	–	284
Other[h]	247	184	10	22
Total interest income (expense), net	4,462	1,185	53	309

(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 19.6 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 NIS 1.1 billion. For additional information, please see Note 15A 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	
Small and micro small	Mid-sized businesses	Large businesses	institutional entities	Financial manageme nt	Other segment	Total activities Israel	Total Foreign activities	Total
3,340	1,995	5,958	105	6,245	–	24,567	426	24,993
1,891	1,522	2,404	3,106	1,468	–	12,846	–	12,846
1,449	473	3,554	(3,001)	4,777	–	11,721	426	12,147
1,476	1,115	(1,167)	3,429	(4,937)	30	248	(248)	–
2,925	1,588	2,387	428	(160)	30	11,969	178	12,147
699	267	658	137	1,110	32	3,860	24	3,884
3,624	1,855	3,045	565	950	62	15,829	202	16,031
409	168	555	(8)	8	–	1,690	25	1,715
1,161	349	382	170	184	576	4,941	93	5,034
–	7	–	6	9	(22)	–	–	–
1,161	356	382	176	193	554	4,941	93	5,034
2,054	1,331	2,108	397	749	(492)	9,198	84	9,282
732	478	730	143	59	(153)	3,074	45	3,119
1,322	853	1,378	254	690	(339)	6,124	39	6,163
–	–	–	–	(962)(g	–	(962)	–	(962)
1,322	853	1,378	254	(272)	(339)	5,162	39	5,201
1,322	853	1,378	254	(272)	(339)	5,162	39	5,201
63,944	39,701	136,224	4,092	279,786	8,612	683,372	7,756	691,128
–	–	–	–	4,463	–	4,463	–	4,463
65,137	40,117	137,294	4,097	–	–	398,551	7,287	405,838
66,430	41,535	146,809	1,881	–	–	415,739	7,738	423,477
730	143	1,325	1	–	–	3,161	156	3,317
1,023	363	2,023	1	–	–	4,008	236	4,244
2,141	747	1,878	6	–	–	6,152	65	6,217
141	(3)	(36)	–	–	–	402	–	402
101,618	66,591	92,399	118,681	83,545	11,681	638,108	2,147	640,255
101,480	66,499	85,708	118,174	–	–	535,332	12	535,344
100,677	66,097	86,285	123,921	–	–	544,519	–	544,519
58,360	43,562	177,772	5,227	30,807	16,590	433,882	9,529	443,411
58,241	45,208	185,623	1,018	35,215	18,513	449,792	10,482	460,274
81,405	29,598	104,812	927,564	54,634	–	1,305,794	–	1,305,794
1,353	684	1,478	11	–	(2)	5,442	444	5,886
1,442	804	522	407	–	2	5,761	–	5,761
130	100	387	10	(160)	30	766	(266)	500
2,925	1,588	2,387	428	(160)	30	11,969	178	12,147

Note 12.A – 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]			
	Totalf	Of which: loans fFor housing	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 Non-interest 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	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 NIS 1.1 billion. For additional information, please see Note 15A 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	
Small and micro businesses	Mid-sized businesses	Large businesses	institutional entities	Financial manageme nt	Other segment	Total activities Israel	Total Foreign activities	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 activity segments and the management approach appear in Note 29.B of the financial statements as at December 31, 2023.

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

	For the three months ended September 30, 2024 (unaudited)											
	The Bank									Subsidiaries in Israel	Foreign subsidiaries	Total
	Private individuals	Small businesses	Totgal banking	Mortgages	Commercial	Corporate	Real estate	Capital markets	Other and adjustments			
	In NIS million											
Interest income, net:												
From external	(824)	224	(600)	2,276	361	629	1,123	479	18	51	208	4,545
Inter-segmental	2,212	305	2,517	(1,932)	309	(343)	(750)	303	(3)	9	(110)	–
Interest income, net	1,388	529	1,917	344	670	286	373	782	15	60	98	4,545
Non-interest incomes (expenses)												
Non-interest Income	406	126	532	2	147	80	109	164	(131)	52	23	978
Total income (expenses)	1,794	655	2,449	346	817	366	482	946	(116)	112	121	5,523
Expenses (incomes) due to credit losses	144	67	211	30	2	5	39	18	1	12	(6)	312
Total operating and other expenses	757	228	985	110	168	66	45	126	143	45	28	1,716
Profit (loss) Before tax	893	360	1,253	206	647	295	398	802	(260)	55	99	3,495
Provision (benefit) for taxes	340	136	476	78	246	113	152	391	(198)	(12)	39	1,285
Net profit attributable to the Bank's shareholders	553	224	777	128	401	182	246	479	(62)	82	60	2,293

Note 12b – Activity Sectors – Management Approach (cont.)

Summary of financial performance according to management approach (cont.)

	For the three months ended September 30, 2023 (unaudited)											
	The Bank									Subsidiaries In Israel	Subsidiaries Abroad	Total
	Private individuals	Small businesses	Total banking	Mortgages	Commercial	Corporate	Real estate	Capital markets	Other and adjustments			
	In NIS million											
Interest income, net:												
From external	(644)	262	(382)	1,741	410	596	1,031	328	8	37	166	3,935
Inter-segmental	2,063	278	2,341	(1,375)	324	(313)	(675)	(204)	(2)	9	(105)	–
Interest income, net	1,419	540	1,959	366	734	283	356	124	6	46	61	3,935
Non-interest income	370	121	491	3	145	100	100	438	4	92	28	1,401
Total income	1,789	661	2,450	369	879	383	456	562	10	138	89	5,336
Expenses (income) due to credit losses	242	144	386	87	95	169	222	14	(7)	21	4	991
Total operating and other expenses	727	233	960	96	181	74	45	107	181	47	31	1,722
Profit (loss) before tax	820	284	1,104	186	603	140	189	441	(164)	70	54	2,623
Provision (benefit) for taxes to tax	281	98	379	64	206	48	65	151	(75)	5	23	866
Net income (loss) attributable to the Bank's shareholders	539	186	725	122	397	92	124	343	(89)	22	31	1,767

Note 12b – Activity Sectors – Management Approach (cont.)

Summary of financial performance according to management approach (cont.)

	For the nine months ended September 30, 2024 (unaudited)											
	The Bank									Subsidiaries in Israel	Foreign subsidiaries	Total
	Private individuals	Small businesses	Total banking	Mortgages	Commercial	Corporate	Real estate	Capital markets	Other and adjustments			
	In NIS million											
Interest income, net:												
From external	(2,392)	663	(1,729)	5,998	1,070	1,594	3,212	1,786	44	151	564	12,690
Inter-segmental	6,522	915	7,437	(4,954)	981	(758)	(2,119)	(321)	(4)	28	(290)	–
Interest income, net	4,130	1,578	5,708	1,044	2,051	836	1,093	1,465	40	179	274	12,690
Non-interest income	1,142	357	1,499	8	434	248	311	1,323	632[(a)]	360	56	4,871
Total income	5,272	1,935	7,207	1,052	2,485	1,084	1,404	2,788	672	539	330	17,561
Loan loss expenses (income)	368	109	477	8	139	(107)	10	16	–	10	(37)	516
Total operating and other expenses	2,228	694	2,922	334	543	219	130	346	463	154	81	5,192
Profit before taxes	2,676	1,132	3,808	710	1,803	972	1,264	2,426	209	375	286	11,853
Provision (benefit) for taxes to tax	1,018	430	1,448	270	686	370	481	1,009	(268)	40	92	4,128
Net profit attributable to the Bank's shareholders	1,658	702	2,360	440	1,117	602	783	996[(b)]	477	378	194	7,347

Balances as of September 30, 2024												
Loans to the public, net	30,276	26,951	57,227	142,656	64,550	64,614	71,158	28,675	6,910	1,272	9,889	446,951
Deposits by the public	226,023	57,049	283,072	–	86,743	37,902	9,334	171,249	5	–	–	588,305

(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 loss due to impairment of the investment in Valley shares in the sum of approximately NIS 0.6 billion.

Note 12b – Activity Sectors – Management Approach (cont.)

Summary of financial performance according to management approach (cont.)

	For the nine months ended September 30, 2023 (unaudited)											
	The Bank									Subsidiaries in Israel	Foreign subsidiaries	Total
	Private individuals	Small businesses	Total banking	Mortgages	Commercial	Corporate	Real estate	Capital markets	Other and adjustments			
	In NIS million											
Interest income, net:												
From external	(1,379)	873	(506)	5,239	1,205	1,580	2,794	1,297	16	96	426	12,147
Inter-segmental	5,591	754	6,345	(4,167)	1,003	(766)	(1,774)	(405)	(1)	13	(248)	–
Interest income, net	4,212	1,627	5,839	1,072	2,208	814	1,020	892	15	109	178	12,147
Non-interest income	1,189	372	1,561	10	440	250	294	1,047	52	206	24	3,884
Total income	5,401	1,999	7,400	1,082	2,648	1,064	1,314	1,939	67	315	202	16,031
Loan loss expenses (income)	574	261	835	158	182	99	375	(4)	(2)	47	25	1,715
Total operating and other expenses	2,067	683	2,750	287	539	215	121	277	610	142	93	5,034
Profit (loss) before tax	2,760	1,055	3,815	637	1,927	750	818	1,666	(541)	126	84	9,282
Provision (benefit) for taxes	944	361	1,305	218	659	256	280	570	(238)	24	45	3,119
Net income (loss) attributable to the Bank's shareholders	1,816	694	2,510	419	1,268	494	538	124[(a)]	(303)	112	39	5,201

Balances as at September 30, 2023												
Loans to the public, net	31,142	25,700	56,842	129,583	64,435	61,643	65,027	24,013	6,464	1,241	8,013	417,261
Deposits by the public	215,144	53,224	268,368	–	88,916	32,796	9,627	144,806	6	–	–	544,519

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

Note 12b – Activity Sectors – Management Approach (cont.)

Summary of financial performance according to management approach (cont.)

	For the year ended December 31, 2023 (audited)											
	The Bank									Subsidiaries in Israel	Foreign subsidiaries	Total
	Private individuals	Small businesses	Total banking	Mortgages	Commercial	Corporate	Real estate	Capital markets	Other and adjustments			
	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
Non-interest 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 NIS 1.1 billion. For additional information, please see Note 15A to the financial statements as at December 31, 2023.

Note 13 – 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 September 30, 2024 (unaudited)					
	Loan loss provision					
	Loans to the public				Banks, governments and bonds held to maturity available for sale	
	Commercial	Housing	Other private	Total – public		Total
	In NIS million					
Balance of loan loss provision as at the beginning of the reporting period	5,852	611	961	7,424	17	7,441
Loan loss expenses	166	14	113	293	19	312
Charge-offs	(99)	(1)	(155)	(255)	–	(255)
Collection of debts written off in previous years	85	–	65	150	–	150
Net charge-offs	(14)	(1)	(90)	(105)	–	(105)
Outstanding loan loss provision as at the end of the reporting period[1]	6,004	624	984	7,612	36	7,648
[1]Of which: in respect of off-balance-sheet credit instruments	738	17	36	791	16	807

	For the three months ended September 30, 2023 (unaudited)					
	Loan loss provision					
	Loans to the public				Banks, governments and Bonds held to maturity	
	Commercial	Housing	Other private	Total public	available for sale	Total
	In NIS million					
Balance of loan loss provision as at the beginning of the reporting period	4,815	461	822	6,098	23	6,121
Loan loss expenses (income)	722	75	197	994	(3)	991
Charge-offs	(108)	(4)	(195)	(307)	–	(307)
Collection of debts written off in previous years	74	–	59	133	–	133
Net charge-offs	(34)	(4)	(136)	(174)	–	(174)
Outstanding loan loss provision as at the end of the reporting period[1]	5,503	532	883	6,918	20	6,938
[1]Of which: in respect of off-balance-sheet credit instruments	666	2	34	702	–	702

(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 balance of provision for loan losses (cont.)

	For the nine months ended September 30, 2024 (unaudited)					
	Loan loss provision					
	Loans to the public				Banks, governments and bonds held to maturity available for sale	
	Commercial	Housing	Other private	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)	181	(10)	326	497	19	516
Charge-offs	(477)	(3)	(490)	(970)	-	(970)
Collection of debts written off in previous years	427	3	191	621	-	621
Net charge-offs	(50)	-	(299)	(349)	-	(349)
Outstanding loan loss provision as at the end of the reporting period[1]	6,004	624	984	7,612	36	7,648
[1]Of which: in respect of off-balance-sheet credit instruments	738	17	36	791	16	807

	For the nine months ended September 30, 2023 (unaudited)					
	Loan loss provision					
	Loans to the public				Banks, governments and bonds held to maturity available for sale	
	Commercial	Housing	Other private	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)	1,185	119	445	1,749	(34)	1,715
Charge-offs	(359)	(6)	(489)	(854)	-	(854)
Collection of debts written off in previous years	257	-	195	452	-	452
Net charge-offs	(102)	(6)	(294)	(402)	-	(402)
Outstanding loan loss provision as at the end of the reporting period[1]	5,503	532	883	6,918	20	6,938
[1]Of which: in respect of off-balance-sheet credit instruments	666	2	34	702	-	702

(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

	September 30, 2024 (unaudited)					
	Loans to the public				Banks, governments and Bonds held to maturity available for sale	
	Commercial	Housing	Other private	Total - public		Total
	In NIS million					
Recorded outstanding debt:[(a)]						
Examined on a specific basis	251,715	-	651	252,366	130,646	383,012
Examined on a collective basis	30,861	140,778	29,767	201,406	-	201,406
Total debts[(a)]	282,576	140,778	30,418	453,772	130,646	584,418
Outstanding loan loss provision in respect of debts:[(a)]						
Examined on a specific basis	4,167	-	243	4,410	20	4,430
Examined on a collective basis	1,099	607	705	2,411	-	2,411
Total loan loss provision	5,266	607	948	6,821	20	6,841

Note 13 - Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

	September 30, 2023 (unaudited)					
	Loans to the public				Banks, governments and bonds held to maturity available for sale	
	Commercial	Housing	Other private	Total - public		Total
	In NIS million					
Recorded outstanding debt:[a]						
Examined on a specific basis	236,462	–	635	237,097	135,835	372,932
Examined on a collective basis	28,209	128,011	30,160	186,380	–	186,380
Total debts[a]	264,671	128,011	30,795	423,477	135,835	559,312
Outstanding loan loss provision in respect of debts:[a]						
Examined on a specific basis	4,081	–	222	4,303	20	4,323
Examined on a collective basis	756	530	627	1,913	–	1,913
Total loan loss provision	4,837	530	849	6,216	20	6,236

(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 manner of calculation of the provision for credit losses 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 available for sale	
	Commercial	Housing	Other private	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

	September 30, 2024 (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 to 89 days(c)
	In NIS million					
Borrower activity in Israel						
Public - commercial						
Construction & real estate - construction	69,167	267	597	70,031	16	37
Construction & real estate - real estate activities	46,230	229	82	46,541	4	102
Financial services	40,748	14	16	40,778	1	7
Commercial - Other	94,185	1,958	644	96,787	23	114
Commercial - total	250,330	2,468	1,339	254,137	44	260
Private individuals - housing loans	140,152	21	557	140,730	-	578
Private individuals - other	29,455	736	217	30,408	71	172
Total loans to the public - activity in Israel	419,937	3,225	2,113	425,275	115	1,010
Borrower activity outside Israel						
Public - commercial						
Construction and real estate	11,565	166	4	11,735	-	2
Commercial - other	15,664	781	259	16,704	19	205
Commercial - total	27,229	947	263	28,439	19	207
Private individuals	58	-	-	58	-	-
Total loans to the public - foreign operations	27,287	947	263	28,497	19	207
Total loans to the public	447,224	4,172	2,376	453,772	134	1,217

(a) Non-performing loans to the public, substandard or special mention.
(b) Classified as troubled, performing debts.
(c) Accumulates interest income Debts in arrears of 30 and up to 89 days, totaling NIS 360 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 delinquency (cont.)

	September 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 to 89 days(c)
	In NIS million					
Borrower activity in Israel						
Public - commercial						
Construction & real estate - construction	64,526	193	1,001	65,720	20	359
Construction & real estate - real estate activities	41,758	682	143	42,583	10	222
Financial services	33,944	14	37	33,995	5	19
Commercial - other	94,217	2,020	522	96,759	47	147
Commercial - total	234,445	2,909	1,703	239,057	82	747
Private individuals - housing loans	127,401	25	570	127,996	-	408
Private individuals - other	29,780	662	303	30,745	89	234
Total loans to the public - activity in Israel	391,626	3,596	2,576	397,798	171	1,389
Borrower activity outside Israel						
Public - commercial						
Construction and real estate	8,445	175	98	8,718	-	-
Commercial - other	15,821	603	472	16,896	-	81
Commercial - total	24,266	778	570	25,614	-	81
Private individuals	24	41	-	65	-	-
Total loans to the public - foreign operations	24,290	819	570	25,679	-	81
Total loans to the public	415,916	4,415	3,146	423,477	171	1,470

(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 241 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 delinquency (cont.)

	December 31, 2023 (audited)					
		Troubled[a]			Performing debts - additional information	
	Non-troubled	Performing	Non-performing	Total	In arrears of 90 days or more[b]	In arrears of 30 to 89 days[c]
	In NIS million					
Borrower activity in Israel						
Public - commercial						
Construction & real estate - construction	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

Note 13 - Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

	September 30, 2024 (unaudited)								
	Recorded outstanding debt of fixed loans to the public						Recorded debit balance of renewing loans	Recorded debit balance of renewing loans converted to fixed-time deposits	Total
	2024	2023	2022	2021	2020	Past			
	In NIS million								
Borrower activity in									
Public - commercial									
Construction and real estate - total	19,295	15,321	12,190	9,935	2,967	6,894	47,024	2,946	116,572
Credit that is rated as investment-grade	19,250	15,105	11,830	9,433	2,806	6,760	46,891	2,910	114,985
Credit that is non-investment-grade nor troubled	45	46	85	65	104	5	59	3	412
Troubled performing credit	-	126	192	68	21	34	52	3	496
Non-performing credit	-	44	83	369	36	95	22	30	679
Charge-offs Gross during the period	-	(10)	(19)	(81)	(12)	(4)	(22)	(2)	(150)
Commercial - other, total	31,490	22,082	17,884	10,719	5,958	9,121	38,184	2,127	137,565
Credit that is rated as investment-grade	31,361	21,735	17,339	10,318	5,698	8,761	37,345	2,101	134,658
Credit that is non-investment-grade nor troubled	129	26	26	34	9	12	38	1	275
Troubled performing	-	233	359	254	156	288	672	10	1,972
Non-performing credit	-	88	160	113	95	60	129	15	660
Charge-offs Gross during the period	-	(36)	(51)	(46)	(14)	(11)	(84)	(5)	(247)
Private individuals - housing loans - total	20,779	20,119	23,783	20,434	12,365	43,250	-	-	140,730
LTV of up to 60%	11,623	11,295	12,759	11,466	7,661	29,631	-	-	84,435
LTV of more than	9,075	8,728	10,940	8,793	4,646	12,609	-	-	54,791
LTV over 75%	81	96	84	175	58	1,010	-	-	1,504
Credit that is non-delinquent and investment-grade	20,697	19,651	23,079	19,874	11,986	41,592	-	-	136,879
Non-delinquent credit not rated as investment-grade	58	404	608	450	273	923	-	-	2,716
In arrears of 30-89 days	16	37	41	61	46	377	-	-	578
Non-performing credit	8	27	55	49	60	358	-	-	557
Charge-offs Gross during the period	-	(3)	-	-	-	-	-	-	(3)
Private individuals - other - total	8,476	5,954	4,296	2,468	1,371	377	7,200	266	30,408
Credit that is non-delinquent and investment-grade	8,141	5,352	3,708	2,171	1,244	316	6,776	202	27,910
Non-delinquent credit not rated as investment-grade	296	510	458	236	104	52	344	38	2,038
In arrears of 30-89 days	19	42	35	17	5	2	51	1	172
In arrears of over 90	5	10	16	7	3	1	29	-	71

Note 13 - Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

	September 30, 2024 (unaudited)								
	Recorded outstanding debt of fixed loans to the public						Recorded debit balance of renewing loans	Recorded debit balance of renewing loans converted to fixed-time deposits	Total
	2024	2023	2022	2021	2020	Past			
	In NIS million								
Non-performing credit	15	40	79	37	15	6	–	25	217
Charge-offs Gross during the period	(4)	(87)	(113)	(70)	(18)	(46)	(147)	(5)	(490)
Total loans to the public - activity in Israel	80,040	63,476	58,153	43,556	22,661	59,642	92,408	5,339	425,275
Total loans to the public - foreign operations	6,714	4,955	3,107	2,400	172	373	10,767	9	28,497
Non-troubled credit	6,714	4,955	2,820	2,072	35	369	10,313	9	27,287
Troubled performing credit	–	–	38	328	137	–	444	–	947
Non-performing credit	–	–	249	–	–	4	10	–	263
Charge-offs Gross during the period	–	–	–	–	(22)	–	(58)	–	(80)
Total loans to the public	86,754	68,431	61,260	45,956	22,833	60,015	103,175	5,348	453,772

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.)

p	September 30, 2023 (unaudited)								
	Recorded outstanding debt of fixed loans to the public								
	2023	2022	2021	2020	2019	Past	Recorded debit balance of renewing loans	Recorded debit balance of renewing loans converted to fixed-time deposits eposits	Total
	In NIS million								
Borrower activity in Israel									
Public - commercial									
Construction and real estate - total	17,554	17,355	14,417	4,222	3,452	6,933	42,587	1,783	108,303
Credit that is rated as investment-grade	17,487	16,915	13,667	4,030	3,412	6,748	42,014	1,769	106,042
Credit that is non-investment-grade nor troubled	39	74	54	29	4	3	37	2	242
Troubled performing credit	22	166	82	22	16	63	503	1	875
Non-performing credit	6	200	614	141	20	119	33	11	1,144
Commercial - other, total	31,807	25,982	15,247	9,109	4,233	10,154	31,749	2,473	130,754
Credit that is rated as investment-grade	31,712	25,324	14,813	8,840	3,997	9,714	30,943	2,439	127,782
Credit that is non-investment-grade nor troubled	11	113	135	35	9	4	71	1	379
Troubled performing credit	65	452	209	162	177	328	632	9	2,034
Non-performing credit	19	93	90	72	50	108	103	24	559
Private individuals - housing loans - total	16,142	26,527	22,593	13,513	9,088	40,133	-	-	127,996
LTV of up to 60%	8,896	13,992	12,490	8,259	5,912	27,604	-	-	77,153
LTV of more than 60% and up to 75%	7,218	12,468	10,021	5,194	3,133	11,429	-	-	49,463
LTV over 75%	28	67	82	60	43	1,100	-	-	1,380
Credit that is non-delinquent and investment-grade	16,114	26,213	22,342	13,352	8,969	39,344	-	-	126,334
Non-delinquent credit not rated as investment-grade	19	207	149	62	46	201	-	-	684
In arrears of 30-89 days	9	88	64	55	34	158	-	-	408
Non-performing credit	-	19	38	44	39	430	-	-	570
Private individuals - other - total	8,389	7,250	4,269	2,242	738	422	7,206	229	30,745
Credit that is non-delinquent and investment-grade	8,024	6,463	3,775	2,032	638	359	6,721	166	28,178
Non-delinquent credit not rated as investment-grade	310	602	363	159	76	49	362	20	1,941
In arrears of 30-89 days	27	71	39	12	6	4	75	-	234
In arrears of over 90 days	11	25	10	4	2	1	36	-	89

Note 13 - Additional Information on Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

p	September 30, 2023 (unaudited)								
	Recorded outstanding debt of fixed loans to the public								
	2023	2022	2021	2020	2019	Past	Recorded debit balance of renewing loans	Recorded debit balance of renewing loans converte d to fixed-time deposits eposits	Total
	In NIS million								
Non-performing credit	17	89	82	35	16	9	12	43	303
Total loans to the public - activity in Israel	73,892	77,114	56,526	29,086	17,511	57,642	81,542	4,485	397,798
Total loans to the public - foreign operations	8,224	3,867	2,859	256	406	444	9,450	173	25,679
Non-troubled credit	8,148	3,433	2,701	41	401	444	8,949	173	24,290
Troubled performing credit	59	270	55	-	-	-	435	-	819
Non-performing credit	17	164	103	215	5	-	66	-	570
Total loans to the public	82,116	80,981	59,385	29,342	17,917	58,086	90,992	4,658	423,477

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)]

	September 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 no provision	Total balance of [(b)] non-performing debts	Outstanding contractual principal in respect of non-performing debts	Recorded interest income[(c)]
	In NIS million					
Borrower activity in Israel						
Public - commercial						
Construction and real estate	556	77	123	679	1,183	-
Commercial - other	525	296	135	660	2,407	2
Commercial - total	1,081	373	258	1,339	3,590	2
Private individuals - housing loans	557	101	-	557	557	-
Private individuals - other	217	142	-	217	606	-
Total loans to the public - activity in Israel	1,855	616	258	2,113	4,753	2
Borrower activity outside Israel						
Total loans to the public - foreign operations	142	34	121	263	558	-
Total public[1]	1,997	650	379	2,376	5,311	2
[1]Of which:						
Measured on a specific basis according to the present value of cash flows	1,132	545	360	1,492	3,715	
Measured on a specific basis according to fair value of collateral	308	4	19	327	1,039	
Measured on a collective basis	557	101	-	557	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 154 million would have been recorded.
Additional information: the total recorded average debt balance of non-performing debts in the nine months ending September 30, 2024 is NIS 2,924 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.)

	September 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 balance of [(b)] Non-performing debts	Outstanding contractual principal in respect of non-performing debts	Recorded interest income[(c)]
	In NIS million					
Borrower activity in Israel						
Public - commercial						
Construction and real estate	987	195	157	1,144	1,557	-
Commercial - other	346	196	213	559	2,405	2
Commercial - total	1,333	391	370	1,703	3,962	2
Private individuals - housing loans	570	66	-	570	581	1
Private individuals - other	303	156	-	303	597	2
Total loans to the public - activity in Israel	2,206	613	370	2,576	5,140	5
Borrower activity outside Israel						
Total loans to the public - foreign operations	380	51	190	570	801	4
Total - public[1]	2,586	664	560	3,146	5,941	9
[1]Of which:						
Measured on a specific basis according to the present value of cash flows	1,323	480	465	1,788	3,736	
Measured on a specific basis according to fair value of collateral	693	118	95	788	1,624	
Measured on a collective basis	570	66	-	570	581	

(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 377 million would be recorded.
Additional information: the total recorded average debt balance of non-performing debts in the nine months ended September 30, 2023 is NIS 2,295 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 balance of [b] Non-performing debts	Outstanding contractual principal in respect of non-performing debts	Recorded interest income[c]
	In NIS million					
Borrower activity in Israel						
Public - commercial						
Construction and real estate	1,018	253	155	1,173	1,592	-
Commercial - other	533	283	167	700	2,517	2
Commercial - total	1,551	536	322	1,873	4,109	2
Private individuals - housing loans	688	79	-	688	688	1
Private individuals - other	343	196	-	343	672	2
Total loans to the public - activity in Israel	2,582	811	322	2,904	5,469	5
Borrower activity outside Israel						
Total loans to the public - foreign operations	520	81	186	706	935	4
Total - public[1]	3,102	892	508	3,610	6,404	9
[1]Of which:						
Measured 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 September 30, 2024 (unaudited)[a]				
	Recorded outstanding debt				
	Troubled		Non-troubled		
	Non-performing	performing[(a)] interest income	In arrears of 30 days or more	Non-delinquent	Total
	In NIS million				
Borrower activity in Israel					
Commercial	447	256	1	200	904
Private individuals - housing loans	103	21	-	42	166
Private individuals - other	184	173	2	202	561
Total loans to the public - activity in Israel	734	450	3	444	1,631
Total loans to the public - foreign operations	115	140	-	150	405
Total loans to the public	849	590	3	594	2,036

(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 September 30, 2023 (unaudited)[b]			
	non-performing interest income	Performing[(a)] delinquent In arrears of 30 days up to 89 days	performing[(a)] Non-delinquent	Total
	In NIS million			
Borrower activity in Israel				
Public - commercial				
Construction and real estate	331	1	80	412
Commercial - Other	240	4	350	594
Commercial - total	571	5	430	1,006
Private individuals - housing loans	89	-	70	159
Private individuals - other	274	7	242	523
Total loans to the public - activity in Israel	934	12	742	1,688
Borrower activity outside Israel				
Total loans to the public - foreign operations	162	-	364	526
Total - public	1,096	12	1,106	2,214

(a) Performing.
(b) The disclosure referring to troubled debt restructurings carried out until December 31, 2023 remained in its previous format.

Comment: As of September 30, 2023, restructured troubled debt in the amount of NIS 1,485 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 interest income	Performing[(a)] delinquent In arrears of 30 days up 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 September 30, 2024 (unaudited)[(a)]			
	Recorded outstanding debt			
	Troubled			
	Non-performing	performing[(a)] interest income	Total	Charge-offs
	In NIS million			
Borrower activity in Israel				
Commercial	44	1	45	5
Private individuals - housing loans	18	-	18	-
Private individuals - other	82	1	83	7
Total loans to the public - activity in Israel	144	2	146	12
Total - public	144	2	146	12

	Restructurings carried out		
	For the three months ended September 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	103	99	99
Commercial - other	440	61	60
Commercial - total	543	160	159
Private individuals - housing loans	30	9	9
Private individuals - other	2,238	124	123
Total loans to the public - activity in Israel	2,811	293	291
Borrower activity outside Israel			
Total loans to the public - foreign operations	-	-	-
Total - public	2,811	293	291

(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 further information, see Note 1.B.1

(b) The fair disclosure regarding the restructuring of troubled debts carried out until December 31, 2023 has 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 nine months ended September 30, 2024 (unaudited)[(a)]				
	Recorded outstanding debt				
	Troubled		Non-troubled		
	Non-performing	performing[(a)] interest income	Non-delinquent	Total	Charge-offs
	In NIS million				
Borrower activity in Israel					
Commercial	189	29	1	219	34
Private individuals - housing loans	49	-	-	49	-
Private individuals - other	154	51	-	205	39
Total loans to the public - activity in Israel	392	80	1	473	73
Total loans to the public - foreign operations	-	140	-	140	-
Total - public	392	220	1	613	73

	Restructurings carried out		
	For the nine months ended September 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	275	343	343
Commercial - other	1,177	151	149
Commercial - total	1,452	494	492
Private individuals - housing loans	81	25	25
Private individuals - other	6,323	347	345
Total loans to the public - activity in Israel	7,856	866	862
Borrower activity outside Israel			
Total loans to the public - foreign operations	1	31	31
Total - public	7,857	897	893

(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 further information, see Note 1.B.1

(b) The fair disclosure regarding the restructurings carried out until December 31, 2023 has 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 nine months ending September 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	Period extension and deferral of payments
	In NIS million	In %	millions NIS				
Borrower activity in Israel							
Commercial	45	0.02	29	14	–	1	1
Private individuals - housing loans	18	0.01	–	4	14	–	–
Private individuals - other	83	0.27	2	43	–	37	1
Total loans to the public - activity in Israel	146	0.03	31	61	14	38	2
Total - public	146	0.03	31	61	14	38	2

	Debts of borrowers with financial difficulties who underwent a change in terms and conditions							
	For the nine months ended September 30, 2024 (unaudited)[(a)]							
	Total		Type of change					
	Recorded outstanding debt	percent Total	Waiver of interest	Period extension	Deferral of payments	Waiver of interest and period extension	Waiver for interest, period extension and deferral of payments	Period extension and deferral of payments
	In NIS million	In %	millions NIS					
Borrower activity in Israel								
Commercial	219	0.09	69	37	–	109	2	2
Private individuals - housing loans	49	0.03	–	9	40	–	–	–
Private individuals - other	205	0.67	11	107	1	77	2	7
Total loans to the public - activity in Israel	473	0.11	80	153	41	186	4	9
Total loans to the public - foreign operations	140	0.49	–	140	–	–	–	–
Total - public	613	0.14	80	293	41	186	4	9

(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 further information, 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.)

	Financial effects of a change in terms and conditions for debts of borrowers with financial difficulties			
	For the nine months ending September 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	7	3.65	43	3
Private individuals - housing loans	-	-	55	10
Private individuals - other	8	4.25	46	3
Total loans to the public - activity in Israel	15	4.01	46	10
Total - public	15	4.01	46	10

	Financial effects of a change in terms and conditions for debts of borrowers with financial difficulties			
	For the nine months ended September 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	18	3.27	44	3
Private individuals - housing loans	-	-	68	11
Private individuals - other	21	4.01	45	3
Total loans to the public - activity in Israel	39	3.65	46	11
Total loans to the public - foreign operations	-	-	5	-
Total - public	39	3.65	26	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 further information, 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 three months ending September 30, 2024[a]			
	(Unaudited)			
	Total	Type of change		
	Recorded outstanding debt	Waiver of interest	Extension of the period for	Waiver of interest and period extension
	In NIS million			
Borrower activity in Israel				
Commercial	10	–	2	8
Private individuals - other	16	1	7	8
Total loans to the public - activity in Israel	26	1	9	16
Total - public	26	1	9	16

	Failed restructurings[b]	
	For the three months ending September 30, 2023[c]	
	(Unaudited)	
	Number of contracts	Debit balance Recorded
		In NIS million
Borrower activity in Israel		
Public - commercial		
Construction and real estate	45	5
Commercial - other	169	16
Commercial - total	214	21
Private individuals - housing loans	16	8
Private individuals - other	838	32
Total loans to the public - activity in Israel	1,068	61
Total - public	1,068	61

(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 further information, 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.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 nine months ended September 30, 2024[a]			
	(Unaudited)			
	Total	Type of change		
	Recorded outstanding debt	Waiver of interest	Extension of the period	Waiver of interest and period extension
	In NIS million			
Borrower activity in Israel				
Commercial	19	–	3	16
Private individuals – housing loans	10	–	10	–
Private individuals – other	28	2	12	14
Total loans to the public – activity in Israel	57	2	25	30
Total – public	57	2	25	30

	Failed restructurings[b]	
	For the nine months ending September 30, 2023[c]	
	(Unaudited)	
	Number of contracts	Debit balance Recorded
		In NIS million
Borrower activity in Israel		
Public – commercial		
Construction and real estate	151	19
Commercial – other	536	49
Commercial – total	687	68
Private individuals – housing loans	43	24
Private individuals – other	2,731	95
Total loans to the public – activity in Israel	3,461	187
Total – public	3,461	187

(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 further information, 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

	September 30, 2024 (unaudited)							
	Is not in arrears of 90 days or more	In arrears of 90 days up to 180	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	907	119	455	117	3	1	–	1,602
Housing loans	60	222	140	110	14	6	5	557
Private individuals – other	217	–	–	–	–	–	–	217
Total	1,184	341	595	227	17	7	5	2,376

	September 30, 2023 (unaudited)							
	Is not in arrears of 90 days or more	In arrears of 90 days up to 180	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	1,810	86	247	55	69	2	4	2,273
Housing loans	37	271	156	91	8	6	1	570
Private individuals – other	303	–	–	–	–	–	–	303
Total	2,150	357	403	146	77	8	5	3,146

	December 31, 2023 (audited)							
	Is not in arrears of 90 days or more	In arrears of 90 days up to 180	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

		September 30, 2024 (unaudited)			
		Outstanding housing loans			Off-balance-shee credit risk
		Total[1]	[1]Of which: bullet and balloon	[1]Of which: Variable interest	Total
		In NIS million			
First pledge: LTV ratio	Up to 60%	84,184	4,224	50,048	2,812
	Over 60%	56,591	1,474	34,899	2,801
Secondary pledge or unpledged		3	-	3	-
Total		140,778	5,698	84,950	5,613

		September 30, 2023 (unaudited)			
		Outstanding housing loans			Off-balance-shee credit risk
		Total[1]	[1]Of which: bullet balloon	[1]Of which: Variable interest rate	Total
		In NIS million			
First pledge: LTV ratio	Up to 60%	77,162	2,101	47,260	2,507
	Over 60%	50,845	662	31,602	2,345
Secondary pledge or unpledged		4	-	4	-
Total		128,011	2,763	78,866	4,852

		December 31, 2023 (audited)			
		Outstanding housing loans			Off-balance-shee credit risk
		Total[1]	[1]Of which: bullet and balloon	[1]Of which: Variable interest	Total
		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

	September 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	1,744	2	807	1	642	3
Loan guarantees	8,431	95	8,382	102	8,453	103
Guarantees for apartment buyers	39,160	19	36,530	17	35,731	19
Guarantees and other commitments(b)	28,566	109	27,390	93	26,548	96
Unutilized credit card credit facilities	14,113	33	12,512	26	13,916	34
Unutilized current loan account facilities and other credit facilities in demand accounts	14,219	54	14,177	52	15,922	58
Irrevocable loan commitments approved and not yet given	58,816	405	52,872	344	54,416	339
Commitments to issue guarantees	39,492	90	30,894	67	34,340	95
Unutilized credit facilities for derivatives activity	2,789	-	2,929	-	3,122	-
Approval in principle to maintain interest rate(c)	6,843	-	4,896	-	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 fund of the TASE Clearing House in the amount of NIS 171 million (on September 30, 2023 in the amount of NIS 273 million and on December 31, 2023 in the amount of 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

	September 30, 2024 (unaudited)				
	Up to one year	One year to three years	Three to five years	Over five years	Total
	In NIS million				
Loan guarantees	6,285	1,119	365	662	8,431
Guarantees for apartment buyers	–	39,160	–	–	39,160
Guarantees and other commitments	15,529	6,679	1,251	5,107	28,566
Total guarantees	21,814	46,958	1,616	5,769	76,157

	September 30, 2023 (unaudited)				
	Up to one year	One year to three years	Three to five Years	Over five years	Total
	In NIS million				
Loan guarantees	5,338	1,778	414	852	8,382
Guarantees for apartment buyers	–	36,530	–	–	36,530
Guarantees and other commitments	14,281	7,001	2,226	3,882	27,390
Total guarantees	19,619	45,309	2,640	4,734	72,302

	December 31, 2023 (audited)				
	Up to one year	One year 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 approximately NIS 283 million (September 30, 2023 – NIS 294 million, December 31, 2023 – NIS 302 million). Similarly, the balance of securities and other marketable assets held as collateral totaled approximately NIS 11 million (September 30, 2023 – NIS 13 million, December 31, 2023 – NIS 9 million).

Note 14 – Assets and Liabilities by Linkage Basis

	September 30, 2024 (unaudited)						
	NIS		Foreign currency[a]				
	Non-linked	Linked to CPI	In USD	In EUR	Other	Non-monetary items[b]	Total
	In NIS million						
Assets							
Cash and deposits with banks	115,942	1	13,395	974	3,058	3,303	136,673
Securities	44,518	3,749	58,212	6,666	2,109	6,024	121,278
Securities borrowed or purchased under reverse repurchase agreement	1,599	–	4,336	1	–	–	5,936
Loans to the public, net[c]	326,055	66,513	31,708	7,302	11,999	3,374	446,951
Loans to governments	637	–	296	1,024	–	–	1,957
Investments in associates	–	–	–	–	–	3,462	3,462
Buildings and equipment	–	–	–	–	–	2,721	2,721
Assets in respect of derivatives	5,140	406	6,091	1,028	691	14,153	27,509
Other assets	6,027	11	47	21	82	964	7,152
Total assets	499,918	70,680	114,085	17,016	17,939	34,001	753,639
Liabilities							
Deposits by the public	420,862	10,361	133,436	12,241	4,708	6,697	588,305
Deposits by banks	8,634	–	6,091	2,978	1,261	6	18,970
Deposits by governments	35	–	57	10	–	–	102
Securities loaned or sold under reverse repurchase agreement	1,215	–	11,097	–	–	–	12,312
Bonds, promissory notes And subordinated notes	6,477	19,155	6,429	–	–	–	32,061
Liabilities for derivatives	5,634	388	4,689	961	800	14,028	26,500
Other liabilities	6,019	8,246	123	52	150	536	15,126
Total liabilities	448,876	38,150	161,922	16,242	6,919	21,267	693,376
Difference[d]	51,042	32,530	(47,837)	774	11,020	12,734	60,263
Effect of hedging derivatives:							
Derivatives (excluding options)	765	(765)	–	–	–	–	–
Effect of non-hedging derivatives:							
Derivatives (excluding options)	(27,284)	(3,294)	42,121	(1,631)	(11,122)	1,210	–
In the money options, net (according to underlying asset)	(1,162)	–	913	204	45	–	–
Out of the money options, net (according to underlying asset)	(291)	–	108	168	15	–	–
Grand total	23,070	28,471	(4,695)	(485)	(42)	13,944	60,263
In the money options, net (discounted nominal value)	(1,739)	–	1,398	279	62	–	–
Out of the money options, net (discounted nominal value)	(1,232)	–	860	343	29	–	–

(a) Including those linked to foreign currency.
(b) Including derivatives whose underlying asset relates to a non-monetary item.
(c) After the deduction of loan loss provisions attributed to a linkage basis, in accordance with the linkage of the underlying credit, in the amount of NIS 6,821 million.
(d) Shareholders' equity includes non-controlling interests.

Note 14 – Assets and Liabilities by Linkage Basis (cont.)

	September 30, 2023 (unaudited)						
	NIS		Foreign currency[a]				
	Non-linked	Linked to CPI	In USD	In EUR	Other	Non-monetary items[b]	Total
	In NIS million						
Assets							
Cash and deposits with banks	86,353	–	7,661	2,490	3,053	1,754	101,311
Securities	63,263	4,210	53,201	3,623	2,337	4,745	131,379
Securities borrowed or purchased under reverse repurchase agreement	1,220	–	1,709	1	–	–	2,930
Loans to the public, net[c]	315,304	59,765	22,741	4,957	9,850	4,644	417,261
Loans to governments	373	–	542	441	–	–	1,356
Investments in associates	–	–	–	–	–	4,078	4,078
Buildings and equipment	–	–	–	–	–	2,795	2,795
Assets in respect of derivatives	6,253	334	15,748	435	392	9,453	32,615
Other assets	5,911	4	50	11	67	993	7,036
Total assets	478,677	64,313	101,652	11,958	15,699	28,462	700,761
Liabilities							
Deposits by the public	384,350	11,607	124,797	12,362	4,992	6,411	544,519
Deposits by banks	13,489	–	1,930	479	145	25	16,068
Deposits by governments	108	–	83	22	–	–	213
Securities loaned or sold under reverse repurchase agreement	570	–	16,283	–	–	–	16,853
Bonds, promissory notes and deferred liability letters[A] and subordinated notes	6,305	14,750	6,514	–	–	–	27,569
Liabilities for derivatives	7,437	369	10,972	172	144	9,409	28,503
Other liabilities	4,988	8,578	159	86	201	501	14,513
Total liabilities	417,247	35,304	160,738	13,121	5,482	16,346	648,238
Difference[d]	61,430	29,009	(59,086)	(1,163)	10,217	12,116	52,523
Effect of hedging derivatives:							
Derivatives (excluding options)	729	(729)	–	–	–	–	–
Effect of non-hedging derivatives:							
Derivatives (excluding options)	(35,535)	(5,128)	49,734	92	(10,357)	1,194	–
In the money options, net (according to underlying asset)	(1,037)	–	768	323	(54)	–	–
Out of the money options, net (according to underlying asset)	(1,480)	–	1,355	94	31	–	–
Grand total	24,107	23,152	(7,229)	(654)	(163)	13,310	52,523
In the money options, net (discounted nominal value)	(1,441)	–	1,132	401	(92)	–	–
Out of the money options, net (discounted nominal value)	(4,775)	–	3,888	801	86	–	–

(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 6,216 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	Linked to CPI	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 agreement	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 reverse repurchase agreement	80	–	13,696	–	–	–	13,776
Bonds, promissory notes and deferred liability letters[A] 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 15.A – Balances and Fair Value Estimates of Financial Instruments

	September 30, 2024 (unaudited)				
	Book balance	Fair value			
		(Level 1)	(Level 2)	(Level 3)	Total
	In NIS million				
Financial assets					
Cash and deposits with banks	136,673	121,206	14,236	1,082	136,524
Securities[(b)]	121,278	64,773	46,457	8,889	120,119
Securities borrowed or purchased under reverse repurchase agreements	5,936	5,936	–	–	5,936
Loans to the public, net	446,951	23,082	–	422,180	445,262
Loans to governments	1,957	–	382	1,497	1,879
Assets in respect of derivatives	27,509	5,655	19,505	2,349	27,509
Other financial assets	295	28	–	267	295
Total financial assets	740,599 [(c)]	220,680	80,580	436,264	737,524
Financial liabilities					
Deposits by the public	588,305	26,658	311,439	248,712	586,809
Deposits by banks	18,970	6,527	5,116	7,320	18,963
Deposits by governments	102	–	64	39	103
Securities loaned or sold under repurchase agreements	12,312	12,312	–	–	12,312
Bonds, promissory notes and subordinated notes	32,061	28,102	–	3,064	31,166
Liabilities for derivatives	26,500	5,630	20,748	122	26,500
Other financial liabilities	3,177	385	1,701	1,091	3,177
Total financial liabilities	681,427 [(c)]	79,614	339,068	260,348	679,030
Off-balance-sheet financial instruments					
Transactions in which the outstanding balance embodies credit risk	438	–	–	438	438
In addition, liabilities in respect of employee benefits, net[(d)]	7,796	–	–	7,796	7,796

(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 198,509 million and NIS 266,337 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 15.A – Balances and Fair Value Estimates of Financial Instruments (cont.)

	September 30, 2023 (unaudited)				
	Book balance	Fair value			
		(Level 1)	(Level 2)	(Level 3)	Total
	In NIS million				
Financial assets					
Cash and deposits with banks	101,311	92,722 [(e)]	7,221	1,120 [(e)]	101,063
Securities[(b)]	131,379	84,623	37,060	8,016	129,699
Securities borrowed or purchased under reverse repurchase agreements	2,930	2,930	–	–	2,930
Loans to the public, net	417,261	19,460	–	391,519	410,979
Loans to governments	1,356	–	122	1,141	1,263
Assets in respect of derivatives	32,615	6,650	22,203	3,762	32,615
Other financial assets	376	25	–	351	376
Total financial assets	687,228 [(c)]	206,410	66,606	405,909	678,925
Financial liabilities					
Deposits by the public	544,519	31,717	317,169 [(e)]	193,901 [(e)]	542,787
Deposits by banks	16,068	1,027	3,272	11,398	15,697
Deposits by governments	213	–	181	32	213
Securities loaned or sold under repurchase agreements	16,853	16,853	–	–	16,853
Bonds, promissory notes and subordinated notes	27,569	25,333	–	964	26,297
Liabilities for derivatives	28,503	6,616	21,761	126	28,503
Other financial liabilities	3,676	600	1,634	1,442	3,676
Total financial liabilities	637,401 [(c)]	82,146	344,017	207,863	634,026
Off-balance-sheet financial instruments					
Transactions in which the outstanding balance embodies credit risk	338	–	–	338	338
In addition, liabilities in respect of employee benefits, net[(d)]	8,294	–	–	8,294	8,294

(a) Level 1 – Fair value measurements using quoted prices in an active market.
Level 2 – Fair value measurements using other significant observable inputs.
Level 3 – Fair value measurements using significant unobservable inputs.
(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 202,161 million and NIS 256,816 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 15.A – Balances and Fair Value Estimates of Financial Instruments (cont.)

	December 31, 2023 (audited)				
	Book balance	Fair value			
		(Level 1)	(Level 2)	(Level 3)	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 15.B – Items Measured at Fair Value

A. Items Measured at Fair Value on a Recurring Basis

	September 30, 2024 (unaudited)			
	Fair value measurements using			
	Prices quoted in an active market (Level 1)	In other significant observable inputs (Level 2)	In unobservable significant inputs (Level 3)	Total fair value
	In NIS million			
Assets				
Available-for-sale bonds:				
Government of Israel bonds	34,200	9,968	28	44,196
Foreign governments bonds	13,450	4,126	–	17,576
Bonds of Israeli financial institutions	190	–	–	190
Bonds of foreign financial institutions	–	8,508	–	8,508
Asset-backed bonds (ABSs) or Mortgage-backed (MBS)	–	6,453	5,028	11,481
Other Israeli bonds	698	315	–	1,013
Other foreign bonds	–	4,792	–	4,792
Total available-for-sale bonds	48,538	34,162	5,056	87,756
Not held for-trading equity securities and mutual funds:				
Not held for-trading equity securities and mutual funds	2,456	–	–	2,456
Held-for-trading securities:				
Government of Israel bonds	7,225	–	–	7,225
Foreign governments bonds	278	62	–	340
Bonds of Israeli financial institutions	172	–	–	172
Bonds of foreign financial institutions	–	187	–	187
Asset-Backed Bonds (ABSs) or Mortgage-Backed Bonds (MBS)	–	11	1	12
Other Israeli bonds	230	–	–	230
Other foreign bonds	–	296	–	296
Equity securities and mutual funds	3	–	–	3
Total held-for-trading securities	7,908	556	1	8,465
Assets in respect of derivatives:				
NIS-CPI contracts	–	98	325	423
Interest rate contracts	39	7,176	180	7,395
Foreign exchange contracts	–	3,444	1,580	5,024
Stock contracts	4,724	8,775	263	13,762
Commodity- and other contracts	130	12	1	143
MAOF (Israeli financial instruments and futures) market activity	762	–	–	762
Total underlying assets for derivatives	5,655	19,505	2,349	27,509
Other:				
Credit and deposits for loaned securities	14,890	–	–	14,890
Securities borrowed or purchased under reverse repurchase agreement	5,936	–	–	5,936
Other	27	–	–	27
Other – total	20,853	–	–	20,853
Total assets	85,410	54,223	7,406	147,039

Note 15.B – Items Measured at Fair Value (cont.)

A. Items measured at fair value on a recurring basis (cont.)

	September 30, 2024 (unaudited)			
	Fair value measurements using			
	Prices quoted in 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	–	289	109	398
Interest rate contracts	38	6,825	–	6,863
Foreign exchange contracts	–	4,703	6	4,709
Stock contracts	4,700	8,918	7	13,625
Commodity- and other contracts	130	13	–	143
MAOF (Israeli financial instruments and futures) market activity	762	–	–	762
Total liabilities in respect of derivatives	5,630	20,748	122	26,500
Other:				
Deposits in respect of loaned securities	13,426	24	–	13,450
Securities loaned or sold under reverse repurchase agreement	12,312	–	–	12,312
Credit-linked notes (CLNs)	–	–	2,553	2,553
Other	385	–	–	385
Other - total	26,123	24	2,553	28,700
Total liabilities	31,753	20,772	2,675	55,200

Note 15.B – Items Measured at Fair Value (cont.)

A. Items measured at fair value on a recurring basis (cont.)

	September 30, 2023 (unaudited)			
	Fair value measurements using			
	Prices quoted in an active market (Level 1)	In other significant observable inputs (Level 2)	In unobservable significant inputs (Level 3)	Total fair value
	In NIS million			
Assets				
Available-for-sale bonds:				
Government of Israel bonds	54,627	5,402	26	60,055
Foreign governments bonds	15,496	3,019	–	18,515
Bonds of Israeli financial institutions	47	–	–	47
Bonds of foreign financial institutions	–	9,091	–	9,091
Asset-Backed Bonds (ABSs) or Mortgage-Backed Bonds (MBS)	–	5,164	5,329	10,493
Other Israeli bonds	591	160	–	751
Other foreign bonds	–	4,788	–	4,788
Total available-for-sale bonds	70,761	27,624	5,355	103,740
Not held for-trading equity securities and mutual funds:				
Not held for-trading equity securities and mutual funds	2,029	–	–	2,029
Held-for-trading securities:				
Government of Israel bonds	6,362	–	–	6,362
Bonds of Israeli financial institutions	425	–	–	425
Bonds of foreign financial institutions	–	19	–	19
Asset-Backed Bonds (ABSs) or Mortgage-Backed Bonds (MBS)	–	22	6	28
Other Israeli bonds	161	–	–	161
Other foreign bonds	–	65	–	65
Equity securities and mutual funds	61	–	–	61
Total held-for-trading securities	7,009	106	6	7,121
Assets in respect of derivatives:				
NIS-CPI contracts	–	151	187	338
Interest rate contracts	751	11,099	133	11,983
Foreign exchange contracts	–	6,755	2,402	9,157
Stock contracts	4,805	4,135	1,034	9,974
Commodity- and other contracts	439	63	6	508
MAOF (Israeli financial instruments and futures) market activity	655	–	–	655
Total underlying assets for derivatives	6,650	22,203	3,762	32,615
Other:				
Credit and deposits for loaned securities	14,591	–	–	14,591
Securities borrowed or purchased under reverse repurchase agreement	2,930	–	–	2,930
Other	22	–	–	22
Other - total	17,543	–	–	17,543
Total assets	103,992	49,933	9,123	163,048

Note 15.B – Items Measured at Fair Value (cont.)

A. Items measured at fair value on a recurring basis (cont.)

	September 30, 2023 (unaudited)			
	Fair value measurements using			
	Prices quoted in an active market (Level 1)	In other significant observable inputs (Level 2)	In unobservable significant inputs (Level 3)	Total fair value
	In NIS million			
Liabilities				
Liabilities for derivatives:				
NIS-CPI contracts	–	268	111	379
Interest rate contracts	687	10,094	–	10,781
Foreign exchange contracts	–	6,227	8	6,235
Stock contracts	4,836	5,103	7	9,946
Commodity- and other contracts	438	69	–	507
MAOF (Israeli financial instruments and futures) market activity	655	–	–	655
Total liabilities in respect of derivatives	6,616	21,761	126	28,503
Other:				
Deposits in respect of loaned securities	15,454	14	–	15,468
Securities loaned or sold under reverse repurchase agreement	16,853	–	–	16,853
Credit-linked notes (CLNs)	–	–	480	480
Other	600	–	–	600
Other - total	32,907	14	480	33,401
Total liabilities	39,523	21,775	606	61,904

Note 15.B – 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 in an active market (Level 1)	In other significant observable inputs (Level 2)	In unobservable significant 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 Bonds (ABSs) or Mortgage-Backed Bonds (MBS)	–	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 Bonds (ABSs) or Mortgage-Backed Bonds (MBS)	–	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 agreement	3,053	–	–	3,053
Other	22	–	–	22
Other – total	17,224	–	–	17,224
Total assets	129,386	49,291	7,782	186,459

Note 15.B – 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 in an active market (Level 1)	In other significant observable inputs (Level 2)	In unobservable significant 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 reverse repurchase agreement	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 15.B – Items Measured at Fair Value (cont.)

B. Items Measured at Fair Value on a Non-Recurring Basis

	September 30, 2024 (unaudited)				
	Fair value measurements using				
	Prices quoted in an active market (Level 1)	Other significant observable inputs (Level 2)	In unobservable significant inputs (Level 3)	Total fair value	Total profit (loss) for changes in value for the period
	In NIS million				
Collateral-dependent non-performing credit	–	–	327	327	59
Total	–	–	327	327	59

	September 30, 2023 (unaudited)				
	Fair value measurements using				
	Prices quoted in an active market (Level 1)	In other significant observable inputs (Level 2)	In unobservable significant inputs (Level 3)	Total fair value	Total profit (loss) for changes in value for the period
	In NIS million				
Collateral-dependent non-performing credit	–	–	788	788	(89)
Total	–	–	788	788	(89)

	December 31, 2023 (audited)				
	Fair value measurements using				
	Prices quoted in an active market (Level 1)	Other significant observable inputs (Level 2)	In unobservable significant inputs (Level 3)	Total fair value	Total profit (loss) for changes in value for the period
	In NIS million				
Collateral-dependent non-performing credit	–	–	782	782	(127)
Total	–	–	782	782	(127)

Note 15.C – Changes to items measured at fair value on a recurring basis Included in Level 3

	For the three months ended September 30, 2024 (unaudited)										
	Fair value as at the beginning of the period	Gains (losses), net realized/unrealized and included: 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 of September 30, 2024	Gains (losses) not yet realized in respect of instruments held as of September 30, 2024
	In NIS million										
Assets											
Available-for-sale bonds:											
Israeli Government	26	2	–	–	–	–	–	–	–	28	–
MBS/ABS	5,262	(69)	15	158	–	(338)	–	–	–	5,028	16
Total available-for-sale bonds	5,288	(67)	15	158	–	(338)	–	–	–	5,056	16
Held-for-trading bonds:											
MBS/ABS	1	–	–	–	–	–	–	–	–	1	–
Total held-for-trading bonds	1	–	–	–	–	–	–	–	–	1	–
Assets in respect of derivatives:											
NIS-CPI contracts	263	37	–	–	–	–	–	25	–	325	72
Interest rate contracts	104	117	–	–	–	(41)	–	–	–	180	81
Foreign exchange contracts	1,281	232	–	67	–	–	–	–	–	1,580	965
Stock contracts	224	39	–	–	–	–	–	–	–	263	122
Commodity- and other contracts	–	1	–	–	–	–	–	–	–	1	1
Total underlying assets for derivatives	1,872	426	–	67	–	(41)	–	25	–	2,349	1,241
Total assets	7,161	359	15	225	–	(379)	–	25	–	7,406	1,257
Liabilities											
Liabilities for derivatives:											
NIS-CPI contracts	90	(26)	–	–	–	–	–	45	–	109	52
Foreign exchange contracts	6	–	–	–	–	–	–	–	–	6	–
Stock contracts	7	–	–	–	–	–	–	–	–	7	–
Total liabilities in respect of derivatives	103	(26)	–	–	–	–	–	45	–	122	52
Other - total	2,609	19	–	–	–	(75)	–	–	–	2,553	19
Total liabilities	2,712	(7)	–	–	–	(75)	–	45	–	2,675	71

(a) Net realized gains (losses) reported in the income statement under the Non-interest finance income line item.
(b) Unrealized gains included in the Statement of Changes in Equity under accumulated other comprehensive income (loss). The balance of profit (loss), including unrealized other income, in respect of available-for-sale bonds held as of September 30, 2024, amounted to NIS 16 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 15.C – Changes to items measured at fair value on a recurring basis Included in Level 3 (cont.)

	For the three months ended September 30, 2023 (unaudited)										
	Fair value as at the beginning of the period	Gains (losses), net eealized/unrealized and included: 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 of September 30, 2023	Gains (lLosses) not yet realized in respect of instruments held as of September 30, 2023
	In NIS million										
Assets											
Available-for-sale bonds:											
Israeli Government	26	–	–	–	–	–	–	–	–	26	–
MBS/ABS	4,356	179	(17)	218	–	(96)	–	237	452	5,329	(16)
Total available-for-sale bonds	4,382	179	(17)	218	–	(96)	–	237	452	5,355	(16)
Held-for-trading bonds:											
MBS/ABS	6	–	–	–	–	–	–	–	–	6	–
Total held-for-trading bonds	6	–	–	–	–	–	–	–	–	6	–
Assets in respect of derivatives:											
NIS-CPI contracts	190	(11)	–	–	–	–	–	8	–	187	3
Interest rate contracts	88	73	–	–	–	(28)	–	–	–	133	55
Foreign exchange contracts	2,512	(196)	–	86	–	–	–	–	–	2,402	1,334
Stock contracts	305	729	–	–	–	–	–	–	–	1,034	871
Commodity- and other contracts	5	1	–	–	–	–	–	–	–	6	1
Total underlying assets for derivatives	3,100	596	–	86	–	(28)	–	8	–	3,762	2,264
Total assets	7,488	775	(17)	304	–	(124)	–	245	452	9,123	2,248
Liabilities											
Liabilities for derivatives:											
NIS-CPI contracts	109	(34)	–	–	–	–	–	36	–	111	38
Foreign exchange contracts	22	(14)	–	–	–	–	–	–	–	8	–
Stock contracts	7	–	–	–	–	–	–	–	–	7	–
Total liabilities in respect of derivatives	138	(48)	–	–	–	–	–	36	–	126	38
Other - total	–	(1)	–	500	–	(19)	–	–	–	480	(1)
Total liabilities	138	(49)	–	500	–	(19)	–	36	–	606	37

(a) Net realized gains (losses) reported in the income statement under the Non-interest 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) including in respect of available-for-sale bonds as at September 30, 2023, amounted to NIS (16) 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 that were Included in Level 3 (cont.)

	For the nine months ended September 30, 2024 (unaudited)										
		Gains (losses), net Realized/unrealized and included:									
	Fair value as at the beginning of the year	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 of September 30, 2024	Gains (losses) not yet realized in respect of instruments held as of September 30, 2024
	In NIS million										
Assets											
Available-for-sale bonds:											
Israeli Government	26	2	–	–	–	–	–	–	–	28	(1)
MBS/ABS	4,889	40	10	812	–	(715)	–	–	(8)	5,028	9
Total available-for-sale bonds	4,915	42	10	812	–	(715)	–	–	(8)	5,056	8
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	57	–	–	–	–	–	68	–	325	142
Interest rate contracts	118	635	–	–	–	(573)	–	–	–	180	105
Foreign exchange contracts	2,363	(2,920)	–	2,137	–	–	–	–	–	1,580	1,223
Stock contracts	179	84	–	–	–	–	–	–	–	263	228
Commodity- and other contracts	–	1	–	–	–	–	–	–	–	1	1
Total underlying assets for derivatives	2,860	(2,143)	–	2,137	–	(573)	–	68	–	2,349	1,699
Total assets	7,782	(2,101)	10	2,949	(2)	(1,292)	–	68	(8)	7,406	1,707
Liabilities											
Liabilities for derivatives:											
NIS-CPI contracts	116	(81)	–	–	–	–	–	74	–	109	26
Foreign exchange contracts	6	–	–	–	–	–	–	–	–	6	–
Stock contracts	7	–	–	–	–	–	–	–	–	7	–
Total liabilities in respect of derivatives	129	(81)	–	–	–	–	–	74	–	122	26
Other - total	419	17	(3)	2,298	–	(178)	–	–	–	2,553	13
Total liabilities	548	(64)	(3)	2,298	–	(178)	–	74	–	2,675	39

(a) Net realized gains (losses) reported in the income statement under the Non-interest finance income line item.
(b) Unrealized gains (losses) included in "Statement of Changes in Equity" under "Accumulated other comprehensive income (loss)". The balance of profit (loss), including unrealized other income, in respect of available-for-sale bonds held as of September 30, 2024, amounted to NIS 8 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 15.C – Changes to items measured at fair value on a recurring basis Included in Level 3 (cont.)

	For the nine months ended September 30, 2023 (unaudited)										
	Fair value as at the beginning of year	Gains (losses), net Realized/unrealized and included: 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 September 30, 2023	Gains (losses) not yet realized in respect of instruments held as of September 30, 2023
	In NIS million										
Assets											
Available-for-sale bonds:											
Israeli Government	24	3	(1)	–	–	–	–	–	–	26	(1)
MBS/ABS	4,059	390	35	815	–	(207)	–	237	–	5,329	34
Total available-for-sale bonds	4,083	393	34	815	–	(207)	–	237	–	5,355	33
Held-for-trading bonds:											
MBS/ABS	10	–	–	–	–	(5)	–	1	–	6	–
Other - foreign	2	–	–	–	–	(2)	–	–	–	–	–
Total held-for-trading bonds	12	–	–	–	–	(7)	–	1	–	6	–
Assets in respect of derivatives:											
NIS-CPI contracts	153	8	–	–	–	–	–	26	–	187	60
Interest rate contracts	77	452	–	–	–	(396)	–	–	–	133	72
Foreign exchange contracts	1,823	(1,298)	–	1,877	–	–	–	–	–	2,402	2,088
Stock contracts	1,715	(681)	–	–	–	–	–	–	–	1,034	741
Commodity- and other contracts	4	2	–	–	–	–	–	–	–	6	3
Total underlying assets for derivatives	3,772	(1,517)	–	1,877	–	(396)	–	26	–	3,762	2,964
Total assets	7,867	(1,124)	34	2,692	–	(610)	–	264	–	9,123	2,997
Liabilities											
Liabilities for derivatives:											
NIS-CPI contracts	148	(137)	–	–	–	–	–	100	–	111	35
Foreign exchange contracts	4	4	–	–	–	–	–	–	–	8	–
Stock contracts	7	–	–	–	–	–	–	–	–	7	–
Total liabilities in respect of derivatives	159	(133)	–	–	–	–	–	100	–	126	35
Other - total	–	(1)	–	500	–	(19)	–	–	–	480	(1)
Total liabilities	159	(134)	–	500	–	(19)	–	100	–	606	34

(a) Net realized gains (losses) reported in the income statement under the Non-interest 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 September 30, 2023, amounted to NIS 33 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 15.C – Changes to items measured at fair value on a recurring basis Included in Level 3 (cont.)

	For the year ended December 31, 2023 (audited)										
		Gains (losses), net Realized/unrealized and included:									
	Fair value as at the beginning of year	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 of December 31, 2023	Gains (losses) not yet realized in respect of instruments held as of 31 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 Non-interest 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 15.D – Quantitative Information on Items Measured at Fair Value Included in Level 3

Quantitative Information on Fair Value Measurement in Level 3

	September 30, 2024 (unaudited)				
	Fair	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	28	Discounted cash flows	Spread	bp 205	bp 205
			probability of default	1.68%	1.68%
			% of loss	25%	25%
Asset-Backed Bonds (ABSs) or Mrtgage-Backed Bonds (MBSs)	5,028	Discounted cash flows	Spread	bp 110-210	bp 160
			probability of default	2%-3.8%	2.90%
			of prerepayment rate	20%	20%
			% of loss	30%	30%
Held-for-trading securities[1]					
Asset-Backed Bonds (ABSs) or Mortgage-Backed Bonds (MBSs) bonds	1	Discounted cash flows	Spread	bp 110-210	bp 160
			probability of default	2%-3.8%	2.90%
			Of early repayment rate	20%	20%
			% of loss	30%	30%
Assets for derivatives[2]					
NIS-CPI interest contracts	325	Discounted cash flows	Expected inflation	0.18%-2.94%	1.56%
	-	Discounted cash flows	Counterparty risk	(*)0.16%-100%	0.81%
Interest rate contracts	180	Discounted cash flows	Counterparty risk	(*)0.16%-100%	0.81%
Foreign exchange contracts	1,580	Discounted cash flows	Counterparty risk	(*)0.16%-100%	0.81%
Stock contracts	263	Discounted cash flows	Counterparty risk	(*)0.16%-100%	0.81%
Commodity contracts	1	Discounted cash flows	Counterparty risk	(*)0.16%-100%	0.81%
Liabilities					
Liabilities for derivatives[2]					
NIS-CPI interest contracts	109	Discounted cash flows	Expected inflation	0.18%-2.94%	1.56%
Foreign exchange contracts	6	Discounted cash flows	Expected inflation	0.18%-2.94%	1.56%
Stock contracts	7	Discounted cash flows	Counterparty risk	0.16%-100%	0.81%
Other liabilities	290	Discounted cash flows	Probability of default	4.00%-5.12%	4.74%
			Effective average duration in years	0.52-0.21	0.44
	755	Discounted cash flows	Probability of default	4.00%-5.12%	4.74%
			Effective average duration in years	1.62-0.68	1.34
	575	Discounted cash flows	Probability of default	4.00%-5.12%	4.75%

	September 30, 2024 (unaudited)				
	Fair	Valuation technique	Unobservable inputs	Range	Average(3)
	In NIS million				
			Effective average duration in years	4.36	4.36
	151	Discounted cash flows	Probability of default	4.00%-5.12%	4.70%
			Of effective average duration in years	1.17	1.17
	234	Discounted cash flows	Probability of default	4.00%-5.12%	4.75%
			Of effective average duration in years	2.43	2.43
	548	Discounted cash flows	Probability of default	4.00%-5.12%	4.58%
			Of effective average duration in years	1.35	1.35
b. Items measured at fair value on a non-recurring basis					
Collateral-dependent non-performing credit	327	Collateral's fair value			

* For a defaulted counterparty.

Please see comments on p. 236.

Note 15.D – Quantitative Information on Items Measured at Fair Value Included in Level 3 (cont.)

Quantitative Information on Fair Value Measurement in Level 3 (cont.)

	September 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	bp 205	bp 205
			probability of default	1.68%	1.68%
			% of loss	25%	25%
Asset-BackedBonds (ABSs) or Mortgage-Backed Bonds (MBSs)	5,329	Discounted cash flows	Spread	bp 200-280	bp 240
			probability of default	2%-3.8%	2.90%
			of prepayment rate	20%	20%
			% of loss	30%	30%
Held-for-trading securities[1]					
Asset-Backed Bonds (ABSs) or Mortgage-Backed Bonds (MBSs)	6	Discounted cash flows	Spread	bp 200-280	bp 240
			probability of default	2%-3.8%	2.90%
			Of prepayment rate	20%	20%
			% of loss	30%	30%
Assets for derivatives[2]					
NIS-CPI interest contracts	184	Discounted cash flows	Expected inflation	0.38%-2.85%	1.62%
	3	Discounted cash flows	Counterparty risk	(*)0.27%-100%	1.50%
Interest rate contracts	133	Discounted cash flows	Counterparty risk	(*)0.27%-100%	1.50%
Foreign exchange contracts	2,402	Discounted cash flows	Counterparty risk	(*)0.27%-100%	1.50%
Stock contracts	1,034	Discounted cash flows	Counterparty risk	(*)0.27%-100%	1.50%
Commodity contracts	6	Discounted cash flows	Counterparty risk	(*)0.27%-100%	1.50%
Liabilities					
Liabilities for derivatives[2]					
NIS-CPI interest contracts	111	Discounted cash flows	Expected inflation	0.38%-2.85%	1.62%
Foreign exchange contracts	8	Discounted cash flows	Expected inflation	0.38%-2.85%	1.62%
Stock contracts	7	Discounted cash flows	Counterparty risk	0.27%-100%	1.50%
Other liabilities	480	Discounted cash flows	Probability of default	4.61%-6.57%	5.46%
			of effective average duration in years	0.503-1.003	0.762
b. Items measured at fair value on a non-recurring basis					
Collateral-dependent non-performing credit	788	Collateral's fair value			

* For a defaulted counterparty.

Please see comments on p. 236.

Note 15.D - 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	bp 205	bp 205
			probability of default	1.68%	1.68%
			% of loss	25%	25%
Asset-Backed Bonds (ABSs) or Mortgage-Backed Bonds (MBSs)	4,889	Discounted cash flows	Spread	bp 200-280	bp 240
			probability of default	2%-3.8%	2.90%
			of prepayment rate	20%	20%
			% of loss	30%	30%
Held-for-trading securities[1]					
Asset-Backed Bonds (ABSs) or Mortgage-Backed Bonds (MBSs)	5	Discounted cash flows	Spread	bp 200-280	bp 240
			probability of default	2%-3.8%	2.90%
			of prepayment rate	20%	20%
			% of loss	30%	30%
Other - foreign	2	Discounted cash flows	Spread	bp 105-210	bp 158
			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 due to derivative instruments[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 on p. 236.

Note 15.D – 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. The higher (lower) the expected inflation rate with the counterparty committed to paying the Bank the CPI-linked amount, the higher (lower) the contracts' fair value, respectively.

(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

Commencing October 7, 2023 the State of Israel has been in a war – the "Iron Swords War".

The first months of 2024 were characterized by the return to activity against the background of the War, and gradual recovery rather than of full economic activity from the significant negative consequences due to the War, which led to a sharp decline in the results in the fourth quarter of 2023. Among the main areas of activity that were significantly impaired due to the War, activity of which had not yet returned to their level prior to the War, the foreign tourism and agriculture sectors should be noted. At the same time, there has been a significant impact on the construction sector. On the regional level, the disruptions of the activity currently are mainly in the northern region, in light of the increasing intensity of the warfare on the northern border.

Looking forward, the growth rate in 2024 in its entirety is expected to be lower than that assessed immediately prior to the War. The forecast for the future, greatly depends on the security developments. If the war diminishes in intensity, that eventuality is expected to help accelerate the economy's process of recovery; however, if the escalation of warfare continues, the potential for impairment of additional sectors and additional regions will increase. The geo-political risks remained very high against the background of the escalation of warfare over the last months, including the continued direct conflict against Iran. Similarly, also the risks associated with the sentiment towards Israel in the global financial markets remained high.

Against the background of the war and its immediate and long-term impact on financial activity in the economy and on Israel's fiscal position, Israel's credit rating has diminished, each of the leading credit rating companies has responded with a downwards update of the country's credit rating outlook, and there is the possibility of a further reduction of Israel's credit rating.

Credit rating company S&P has lowered Israel's credit rating to A, leaving the country's credit rating outlook negative, and credit rating company Moody's has reduced Israel's credit rating by two notches from A2 to Baa1, leaving the country's credit rating outlook negative. Fitch has not yet updated Israel's credit rating, which was given in August 2024 and which remains at A level, while the credit rating outlook remains negative.

In the wake of the reduction of the State of Israel's credit rating, the three leading credit rating companies also reduced the credit rating of the Bank (and other Israeli banks), with a negative credit rating outlook.

The downgrading of the credit ratings did not have an 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 published a notice regarding the extension of the outline for another three months, commencing April 1, 2024 and its expansion to additional population groups commencing from that date. On June 23, 2024 the Bank of Israel announced an additional extension and expansion of the outline for assisting the banking system's customers for three additional months commencing July 1, 2024 up to September 30, 2024 and on September 22, 2024 the Bank of Israel announced an additional extension and expansion of the outline for assisting the banking system's customers,for three additional months commencing October 1, 2024 up to December 31, 2024. Pursuant to the announcement, the entitlement of the first circle of the population residing or owning a business located within the range of up to 7 km from the Gaza Strip (rather than 30 km) had been updated, as had been expanded the entitlement of the population of army reserve soldiers in active duty during the period between October 1, 2024 up to December 31, 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.Similarly, the Bank has taken it upon itself responsibility for providing ongoing support to Kibbutz Be'eri until it has fully recovered; has launched the National Fruit-Picking Project, which provides scholarships to students who have volunteered for a significant period to assist farmers throughout Israel; has launched the National Matriculation Project, which sponsors matriculation exam preparation marathons for high school students from regions evacuated because of the war; and has made many other donations.

The Bank has granted a designated contribution for the support of reserve soldiers – both female and male – and their spouses who are independent business owners and many of whom currently face financial distress. The grants had been granted through the "Otef for Reserve Businesses" project.

Additionally, the Bank initiated a designated project, the "National Weddings Project", as part of which it provided for, free of charge, a wedding event for dozens of of spouses who served for a long period on reserve duty during the War. The services for the event will be provided also by business owners from the north and south.

B. Impairment of the investment in Valley

As specified in Note 15 and Note 1.E.2. The Bank's financial statements as of December 31, 2023, the Bank's investment in the shares of Valley National Bancorp (hereinafter – "Valley") is recorded in the Bank's accounting books based on 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 estimates that the decrease in fair value is not temporary, and accordingly, the difference between the fair value of the investment and its value in the books has been recognized as an impairment loss for the second quarter of 2024.

The fair value of the investment in Valley had been set according to a quoted market price of the share as of June 30, 2024 with no adjustments, in the sum of $6.98 per share, and of this date it stands at approximately NIS 1.9 billion. Accordingly, in the second quarter of 2024 the Bank recorded a depreciation due to the value of the investment in Valley in the sum of approximately NIS 0.6 billion after the tax effect.

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 impairment was accompanied by a reallocation of the composition of the investment account in accordance with the latest valuation as of the impairment date.

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 within the range of NIS 2.3-2.8 billion.

For more information regarding the impairment of investments in equity-accounted associates, please see Note 1.22.4 to the financial statements as of December 31, 2023.

On November 8, 2024, Valley conducted an issuance of ordinary share capital in the scope of approximately $450 million. Following the issuance, the Bank's holding rate of Valley shares decreased to the rate of 13.05%.

The decrease in the holding rate of Valley has no significant impact on the Bank's results in the fourth quarter of 2024.

C. Sale of headquarters buildings in Tel Aviv

"Beit Lin" – on March 25, 2024 the Beit Lin transaction had been completed, the Bank was paid the balance of the consideration, and possession of the asset had been delivered to the buyer. In respect of the Beit Lin transaction, in the period of the report a capital gain of approximately NIS 271 million was included in the reporting period.

"Beit Mani" – on February 29, 2024 the Beit Mani transaction had been completed, the Bank was paid the balance of the consideration, and possession of the asset had been delivered to the buyer. In respect of the Beit Mani transaction, a capital gain (before tax) in the sum of approximately 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 Law (Legislative Amendments for Obtaining the Budgetary Targets for the 2024 Budget Year), 2024 the Law of Special Payment for Achieving the Budgetary Targets (Temporary Order – Iron Swords), 2024 (hereinafter – the "Law") had been published; according to which, a bank whose scope of assets is not small (a bank whose assets are valued more than 5% of Israeli banks' total assets, (a "Paying Bank") shall pay the State Treasury – for the period commencing April 1, 2024 and ending on December 31, 2025 (hereinafter – the "effective period") – an annual payment equal to 6% of the profits generated for its activity in Israel (the "Annual Payment Sum").

If the total annual payment of all the paying banks exceeds NIS 1.2 billion for 2024 or NIS 1.3 billion for 2025, paying banks will be refunded the difference between the annual payment amount of all the paying banks and the maximum amount for 2024 or 2025, as the case may be, multiplied by the relative share of the said paying bank from the total annual payment of all paying banks.

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

It should be noted that, due to the effect of the law, the Bank recorded in the reporting period tax expenses in the amount of approximately NIS 405 million.

At the same time, on February 28, 2024, the Value Added Tax Ordinance (Tax Rate on Transactions and Imports of Goods) (Amendment), 2024 was published, according to which the VAT rate will be raised to 18% commencing January 1, 2025.

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 impact on the profit and loss is in the sum of approximately NIS 75 million.

Pursuant to the aforementioned, the combined tax rate applying to the Bank in 2024, considering the determining period, is 38.03%, and is expected to increase in 2025 to 39.32%. Additionally, the profit tax rate applying to the Bank will increase commencing January 1, 2026 to 18%, so that the rate of the combined tax rate that will apply to the Bank in the years 2026 onwards will be 34.75%.

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 publication date of the reports, the Board of Directors includes 11 directors, in accordance with the number of directors allowed in banking corporations, pursuant to Proper Conduct of Banking Business Directive No. 301 (hereinafter – "Directive 301"), and in accordance with the approval of the Banking Supervision Department regarding the appropriate quorum of directors on the Board of Directors that was given on June 20, 2024, as specified in subsection 2 below.

During the third 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 "Supervisor"), according to which: 1) the Supervisor of Banks approves, by virtue of his power vested in him pursuant to 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 following 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 following 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 following the date of the expiration 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 36.A 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 further details, please see the immediate report published by the Bank on June 1, 2024 (Ref. No. 2024-01-067237).

On August 27, 2024, the Bank announced a summon to an annual general meeting, which convened on October 8, 2024, as on the agenda the following issues were included: (1) a discussion on the annual financial statements; (2) appointment of auditing accountants and empowerment for setting their salaries; (3) appointment of two external directors pursuant to the provisions of the Companies Law; (4) appointment of two external directors pursuant to that set in Directive 301.

On October 8, 2024 the annual general meeting approved the resolutions as follows[1]

1. To reappoint the auditing firms Somekh Chaikin (KPMG) and Brightman Almagor Zohar & Co. (Deloitte) as the Bank's joint independent auditors for the period starting on the date of approval of the current

[1] For further information regarding the annual general meeting, please see the immediate reports dated August 27, 2024 and dated October 8, 2024 (reference numbers: 2024-01-094861 and 2024-01-608913, respectively).

annual general meeting through the end of the Bank's next annual general meeting and to authorize the Bank's Board of Directors to set their fees.

2. To appoint Mr. Sasson Eliya to be a director in the status of external director pursuant to the provisions of the Companies Law, for the term of office of three years. On October 28 2024, the Bank received notification from the Banking Supervision Department to the effect that it had no objection to his appointment As such, the beginning of his second term will be counted from November 1, 2024. For further details, please see the immediate report published by the Bank on October 29, 2024 (Ref. No. 2024-01-612297).
3. To appoint chartered accountant Leah Roth (Schwartz) to serve as a director with the status of an external director, pursuant to the provisions of the Companies Law, for a term of office of three years. On October 28 2024, the Bank received notification from the Banking Supervision Department to the effect that it had no objection to her appointment As such, the beginning of her first term of office will be counted from October 29, 2024. For further details, please see the immediate report published by the Bank on October 29, 2024 (Ref. No. 2024-01-612294).
4. To appoint Mr. Ram Belinkov as an external director, pursuant to Directive No. 301, for a period of 3 years. On October 29 2024, the Bank received notification from the Banking Supervision Department to the effect that it had no objection to his appointment As such, the beginning of his first term of office will be counted from October 30, 2024. For further details, please see the immediate report published by the Bank on October 30, 2024 (Ref. No. 2024-01-612700).
5. To appoint Mr. Dan Koller as an external director, pursuant to Directive No. 301, for a period of 3 years. On November 6 2024, the Bank received notification from the Banking Supervision Department to the effect that it had no objection to his appointment As such, the beginning of his second term will be counted from November 13, 2024.

On October 14, 2024, the third and final term of office of Ms. Tamar Gottlieb as an external director came to an end, in accordance with the provisions of the Companies Law. For further details, please see the immediate report published by the Bank on October 15, 2024 (Ref. No. 2024-01-610992).

For information regarding the directors' competencies as required under Directive 301 concerning the board of directors, please see the chapter entitled "Members of the Bank's Board of Directors" in the Corporate Governance Report as of December 31, 2023.

The Chief Internal Auditor

Information regarding the Group's internal auditing in the Group, 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 formulation thereof were included in the Corporate Governance Report as of 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.

A bi-annual compilation of audit reports and records for the first half of 2024 was submitted to the Audit Committee on July 31, 2024 and reported to the Committee on August 7, 2024; submitted to the Board of Directors on August 8, 2024; and reported to the Board of Directors on August 14, 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 on stakeholders' holdings in the Bank as of September 30 2024, please see the immediate report entitled "Status of Holdings of Stakeholders and Senior Officers," dated October 9, 2024 (Ref. No. 2024-01-609525) and immediate report on one who is no longer a stakeholder commencing November 12, 2024 (Ref. No. 2024-01-615175). 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); the immediate report on who became a holder of material means of control from April 8, 2024 (Ref. No.: 2024-01-034966); and the immediate report on who ceased to be and who became, a holder of material control as of October 10, 2024 (Ref. No.: 2024-01-094861).

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 was appointed Head of the Legal Counsel Division, as a member of the Bank's management and First Executive Vice President, starting from September 9, 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.

Ms. Avivit Klein, Director of the Human Resources Division and a member of the Bank's management, has announced of her wish to retire from her term of office at the Bank, and ended her service on October 28, 2024 after 30 years of working at Bank Leumi.

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 Note 16 and the chapter titled "Material Agreements" in the financial statements as of December 31, 2023.

Laws and Regulations Governing the Banking System

Some of the information in this section constitutes forward-looking information. For the meaning of the term, please see under section "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 date of signing the financial statements for 2023, please see the chapter 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.

An additional amendment to the directive published on October 10, 2024 is intended to define the necessary adjustments that must be made in the directive, after the Knesset passed the Regulation of the Engagement in Payment and Payment Initiation Services Law, 2023 ("Payment Initiation Law"). Similarly, the amendment includes clarifications for the implementation of the Financial Information Service Law, 2021 ("Financial Information Servce Law"), regarding aspects concerning customers that are corporations. Inter alia, the amendment expands the application of the directive, in accordance with the specifications in the Payment Initiation Law and in the Financial Information Servce Law, regarding entities monitored by the Banking Supervision Department, so that the amendment will now also apply, on the one hand, to corporations controlled by the providers of a payment service that is important from the standpoint of stability and, on the other, to foreign banks. In addition, the amendment also adjusts provisions related to the obligation of providing accessibility that applies to a banking corporation that serves as the manager of an account for payment to a payment initiation service; to the obligations of the manager of a payment account toward the payer, the purpose of which obligations is to protect the payer's interests with regard to the receipt of basic initiation services; and to the obligations of a basic initiator.

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 No. 369 and draft of a FAQ file on the subject of model risk management

The new draft of a Proper Conduct of Banking Business Directive published on August 21, 2024 deals with the main aspects of effective management of model risks. According to the approach expressed in the new draft, the management of model risks should be identical with the management of other categories of risk. 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 replaces the Banking Supervision Department's October 2010 letter regarding model validation, and it is based on the guidelines of the US regulators regarding model risk management (SR Letter 11-7). The directive will come into force on August 21 2025 (but will not apply to exceptional models regarding which other dates have been set).

Together with the publication of the draft directive, a draft FAQ file was published, and it will present 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. The main components of the permit: (1) Details concerning banking services that the Bank can provide its customers outside the premises of the Bank's branches through a Bank employee especially authorized to deliver such services. These services include the opening of an account, the performance of current and common transactions in the account, the provision of debit cards, the execution of deposits in the account, and the extension of 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 their branch, and to customers with financial understanding, according to criteria to be determined by the Bank, with the exception of certain services, as specified in the permit; (3) A permit for the Bank to perform certain operations other than through a Bank employee, including arrangments for the signing of an agreement to provide credit for a car purchase, including lien documents, the receipt of funds and checks from the Bank's customers and the transfer of these funds and checks through a courier company, and the arrangement of a guarantor's signature before a lawyer or accountant. Similarly, the permit provides details on the terms and conditions for the provision of banking services and for the various transactions listed in the permit, including the Bank's setting of policy, processes of risk management that have been made suitable for a variety of commodities and customers, verification that a particular banking service was provided in a suitable place and setting, the delivery of contact information for inquiries regarding transactions or clarifications, and full documentation of the banking service that was 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 Directive will enter into effect on 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.

Updating of FAQ file on the subject of the implementation of Proper Conduct of Banking Business Directive No. 301A regarding compensation policy in a banking corporation

An updated FAQ file published on August 19, 2024 proposes, inter alia, the payment of equity compensation 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, on the payment of an equity compensation to directors, subject to the fulfillment of all the requirements in the directive regarding directors' compensation, and subject to the fulfillment 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.

Letter from the Banking Supervision Department – Emphasis on the need for increased fairness on the part of the Bank toward customers and for reinforcement of the public's faith in the banking system

On August 5, 2024, a letter from the Banking Supervision Department requested that the Board of Directors reexamine the measures the Bank undertakes and provides to its customers during the present period, including, inter alia, the interest rate in current accounts on negative balances, on deposits, and on positive balances, and that special attention be given to the impact of these measures on the public's trust and to the fairness expected from the Bank in its relations with its customers.

Draft of an updating of Proper Conduct of Banking Business Directive No. 313 on the subject of large-scale exposures

A draft of comments of the public, published on August 22, 2024, is based on the standard publicized by the Basel Committee, in the context of the Basel 3 reform, regarding measurement of, and restrictions on, large-scale exposures for the purpose of protecting the stabiity of the banking corporations from losses due to a sudden failure of the opposing side. This directive replaces the existing directive, "Restrictions on the indebtedness of a borrower and a group of borrowers." Inter alia, a draft of the directive provides alternative definitions to the existing ones as of the date of Proper Conduct of Banking Business Directive No. 313 regarding "borrower," "group of borrowers," "borrower who is engaged in speculative activity," and "a banking group of borrowers." In addition, updates were made on the restrictions on exposure of the Banking Corporation vis-a-vis various opposing sides; similarly, updates were made on the demands regarding the manner in which exposure is measured, and exposures exempt from the demands of the directive were defined.

Amendment to Proper Conduct of Banking Business Directive No. 411 – "Forbidden Credit Risk Management, Money Laundering, and Prohibition of the Fundng of Terrorism"

An update of the directive, pubished on September 2, 2024, focused on the use of identity cards that are no longer valid, with reference to Section 3(a)1 of the Prohibition on Money Laundering Ordinance (Obligations of Identification, Reporting, and Record-Keeping of Banking Corporations for the Prevention of Money Laundering and Financing of Terrorism), 2001 (hereinafter, "the Ordinance". The update adds to the directive Appendix B-6 and states, as a temporary order, that, in the matter of Section 3(a)(1) of the directive, a banking corporation is authorized to validate the identifying details of the recipient of a banking service, in accordance with an identity card that does not contain biometric means of identification and does not bear a validating stamp, in cases where the validity of the identity card has expired. This temporary order will remain in effective until January 31, 2025. The background for the update is that starting from August 2024, older ID cards lacking biometric identification features, which do not display an expiration date, will gradually begin to expire. The purpose of this update is to ease the system's operation regarding financial dealings with customers holding these cards.

Amendment to Proper Conduct of Banking Business Directive No. 451 – Housing loans procedures

On October 1, 2024, the Banking Supervision Department issued an amendment to the directive, postponing the effective date of Section 15.B.1 of the directive, concerning early loan repayment at a bank via a loan from another bank, to April 1, 2025. This postponement follows requests from the banking system due to the complexity of the process and the need to formulate an inter-bank arrangement that will enable implementation of the directive and improve the process of loan refinancing through a loan from another banking corporation.

Cancellation of the Proper Conduct of Banking Business Directive No. 358 – Management of Business Outside the Banking Corporation Offices

On September 19, 2024, the Banking Supervision Department canceled the directive as part of a periodic review of the existing regulation under the Banking Supervision framework. This was because the matter is already regulated under the Banking (Licensing) Law, 1981, and through the special permits issued under Section 28(a) of the Law.

Declaration of the "Debit Card Scheme" as a Controlled Payment System

On July 31, 2024, the Governor of the Bank of Israel declared the "Debit Card Scheme" system (a set of rules between issuers and acquirers in Israel regarding their debit card activities, operated by SVA) as a controlled system under the Payment Systems Law, 2008. This declaration will allow the Bank of Israel to supervise the scheme to ensure its stability and efficiency.

The Banking Supervision Department's letter on "Developments in the construction and real estate sectors"

On October 15, 2024, a letter was sent to banking corporations in which the Banking Supervision Department addressed the additional increase over the past year in the risk level associated with exposures to the construction and real estate sector. The letter also detailed a series of developments in the sector, including: the impact of slowdowns at many construction sites due to a labor shortage; the effect of increased project financing costs amid construction or sales slowdowns; the impact of rising construction costs on project profitability; the effect of higher financing costs on the value of land purchased in recent years; the significant increase in apartment sales through various promotional efforts by developers while avoiding price reductions; the impact of the increased proportion of high-leverage credit for income-generating real estate in offices and commercial properties; the effect of reduced activity in the income-generating residential real estate sector; and the growth in the volume and severity of problematic debts in the sector. In light of this, the Banking Supervision Department required the board of directors to hold a discussion on the impact of these developments on the risks associated with exposures in both the construction sector and the housing portfolio, as well as their effect on the adequacy of controls and the guidelines in the current credit policy. The board is also expected to formulate recommendations for appropriate measures, including the establishment of restrictions, as necessary. Additionally, the Banking Supervision Department required continued adjustment of the loan loss provision to adequately reflect the ongoing increase in the mentioned risk. It also mandated that the quantitative and qualitative disclosures in the board of directors' and management's report continue to be adjusted to address the increasing risk and to demonstrate how the bank manages this risk, incorporating the heightened risk into its loan loss provision.

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 in a manner that excludes 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 is required to return a charge to a customer within 5 days in the event of a bounced check due to 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 a maximum price for the "handling of a housing loan request" service; (f) Revision of the price structure for the "a bank guarantee secured by a specific financial deposit" to a fee in NIS rather than as a percentage of the deposit value, and the addition of a new fee for a "bank guarantee secured by a specific financial deposit for a residential apartment rental agreement"; (f) Regulation of the manner of collection of an early repayment fee in a mortgage loan; (g) Addition of an "automatic coverage of a deficit 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 central banking groups a concentration group and each of the banks therein as a member of a concentration group regarding the basket of banking services for retail customers

On March 26, 2024, the Competition Commissioner announced her intention, subject to a hearing, to declare the five central banking groups (including the Bank) a concentration group regarding the basket of banking services for retail customers (households and small businesses) and each of the banks therein as a member of 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 must be cancelled. (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 concerning the cross clearing arrangement for the Visa and Mastercard international payment cards with Isracard, Max, CAL, Tranzila, CardCom, Bank Leumi, Israel Discount Bank, 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 conditions for the exemption (which has been given until December 31, 2028) reset the obligations of ABS so as to enable a merging into its systems in an egalitarian 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 were canceled, and the entrance into new areas of activity is now subject to the Economic Competition Rules (Block Exemption from Joint Ventures) (Temporary Order), 2006.

Notice of granting a conditional exemption from approval of a restrictive a arrangement pursuant to the Economic Competition Law, 5748-1988 regarding common activity of payment card issuers and automatic device operators.

On November 4, 2024, an announcement made by the Commissioner of Competition had been published in the public records, pursuant to section 14 of the law, regarding common activity of payment card issuers and automatic device operators related to an ATM clearing interface for calculation and money withdrawals due to operations conducted through automatic devices. The parties to the arrangement are: Bank Hapoalim Ltd., Bank Leumi Le Israel Ltd., Israel Discount Bank Ltd., BankMizrahi-Tefahot Ltd. the First International Bank of Israel, Ltd., the Bank of Jerusalem Ltd., Bank Yahav for Government Employees, Ltd., One Zero Digital Bank Ltd., Casponet Ltd., A.T.M.S Matrix Ltd., and Ofek Cooperative Credit Society Ltd. The conditions for an exemption require the parties to the arrangement, inter alia, to enable any issuer or operator of automatic devices that may wish to join it equally and free of charge; to conduct all the operations required for connection of a new participant to the central ATM clearing system, within reasonable time and free of charge and set a mechanism for decision making and dispute resolution that would enable appropriate and equal representation for all the parties to the arrangement and all the types of the participants in it. The exemption is in effect until July 30, 2029.

Regulation of Payment Services and Payment Initiation Law, 2023

Further to what was specified in the chapter entitled "Legislation and Regulation of the Banking System" in the Corporate Governance Report of 2023, regarding publication of the Law that, inter alia, allows non-bank entities 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. In addition, in September 2024, the Israel Securities Authority published a draft directive to payment companies and license holders or holders of the authority to provide basic initiating services, according to which it was proposed that periodic and immediate mechanisms reporting to the Israel Securities Authority will be established; furthermore, the Authority published a directive regarding the regularization of consumer and practical aspects related to the provision of accompanying services by payment companies, whether that service is authorized by the law regarding the regularization of businesses in the field of payment services or by the Fair Credit Law, 1993, which applies to loans, especially a credit transaction provided along with a payment transaction. Inter alia, the directive refers to arrangements concerning avoidance of deception and the manner in which accompanying services should be marketed, for the purpose of protecting the interests of the customers of payment companies, and also refers to the various aspects of corporative governance and to the need for fair disclosure in all matters relating to accompanying services.

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 with 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; furthermore, it has been proposed 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, publication was made of an amendment to the law in whose framework 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 were indirectly amended; with the aim of enabling the launch of new money market funds with characteristics 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.

Within the context of the law, the Israel Securities Authority was empowered to determine directives and principles that will apply to money market funds (with regard to both the product and its marketing to the public). On September 11, 2024, the Israel Securities Authority published the following directives: (1) A directive to fund managers and trustees regarding the terms and conditions that will apply to money market funds in accordance with Sections 47(b), 97, 129c(2) and (3) of the Joint Investment in Trust Law, 1994, in the context of which, inter alia, principles were determined regarding the assets held in money market funds and regarding the limitations on those assets; the manner in which the prices and the terms and conditions of the presentation of expected yield are to be calculated and published; regarding the terms and conditions of the provision of an early announcement concerning the redemption of units in a money market fund, fixed dates, and the demand for reporting and for full disclosure in the prospectus of the annual financial statement (2) A directive to those engaged in investment advice or investment marketing in connection with a money marketing fund, in accordance with Section 3(a)(14) and (d) of the Regulation of Investment Advice, Investment Marketing and Investment Portfolio Management Law, 1995. The directive determines the obligations of the service providers in a money market fund with regard to fair disclosure to the customer concerning the characteristics of the money market fund, with regard to fair disclosure of conflicts of interest, and with regard to the reporting obligation vis-a-vis the Authority. (3) A directive regarding the formula for calculating yield and regarding the fixed periods for the publication of yield, in accordance with Section 73(b)(1) of the Joint Investment in Trust Law, 1994, which replaces the Regulations of the Joint Investment in Trust Law (Calculation of Yield), 1995.

Alongside these directives, the Israel Securities Authority also published rules concerning the following aspects: (1) On September 19, 2024, publication was made of the Rules for the Regulation of Investment Advice and Investment Marketing (Notification from a Non-Licensee of the Intention to Engage in Investment Advice or in Investment Marketing regarding a Money Market Fund), 2024, in connection with the notification that said non-licensee must submit to the Authority and in connection with the manner of its submission. (2) On September 23, 2024, publication was made of the Rules for Joint Investment in Trust (Directives for the Creation and Redemption of a Fund's Units on Fixed Dates, Fair Disclosure of the Details of the Prospectus of a Money Market Fund, and Additional Details That Must Be Presented in a Publication with regard to a Money Market Fund, 2024. (3) On September 25, 2024, publication was made of the Rules for Joint Investment in Trust (Calculation of Market Segment), 2024.

Bank of Israel - Interim Report of the Team for Examining a Framework for Granting Banking Licenses to Non-Banking Entities

On October 14, 2024, the Bank of Israel published the intermediate report for commenting by the public. The main recommendations concern three areas that require legislative and banking regulatory amendments and the establishment of supervisory policy: (1) allowing a non-banking entity that obtains a banking license to maintain its existing activities and operate under a flexible business model, including an exemption from the obligation to offer the full range of services currently mandated by law, such as opening and managing a checking account, accepting deposits in shekels and foreign currency, and selling bank checks in shekels and foreign currency. Additionally, if a small bank chooses to open and manage a checking account, it is proposed that it be permitted to offer partial checking services (e.g., providing one or more of the existing payment and banking services, such as cash, checks, debit cards, and digital payment instructions). It is also proposed to exempt a small bank from the mandatory compliance with the structured fee schedule established by legislation; to exempt a small bank from obligations related to bank switching and open banking; to amend the Anti-Money Laundering Order for banking corporations to allow reliance on "Know Your Customer" procedures conducted by another bank; to publish a clarification document regarding consumer regulations applicable to a small bank operating without branches; and more. It is also proposed to grant the Supervisor of Banks the authority to temporarily exempt a small bank, as well as an entity that obtains a banking license, from providing services to customers and from high-risk activities. Additionally, it is proposed to expand the list of permitted activities for a small bank beyond the current list for banks, and to allow the Supervisor to add activities according to technological and financial developments. (2) Formulating a supervisory policy tailored to the size and complexity of banks to establish regulations in the areas of stability, corporate governance, and risk management. It is proposed to adjust supervisory regulations to the size and complexity of the bank by establishing two new supervisory levels and a gradual transition between these levels. (3) It is proposed to allow holding companies that control institutional entities to also control a small bank. These holding companies would not be required to sell the bank upon crossing the small bank threshold, provided that the growth in its activities is organic and not the result of additional acquisitions. It is further recommended that a holding permit for a small bank would only be required for ownership of more than 10% of any type of control means, as long as there is a primary controller of the bank and the bank has not been publicly listed. Additionally, if a non-banking entity is not currently subject to the law limiting executive compensation, this exemption would continue to apply for a period of five years from the time of obtaining the banking license.

Letter from the Banking Supervision Department regarding the Law to Increase Competition and Reduce Concentration in Israel's Banking System – Infant Industry Protections

On October 15, 2024, a letter was sent to banking corporations and credit card companies, in which the Banking Supervision Department clarified its interpretation regarding the applicability of infant industry protections set forth in Section 9(a) of the Law to Increase Competition and Reduce Concentration in Israel's Banking Market (Legislative Amendments), 2013, in light of the Banking (Licensing) Regulations (Large-Scale Bank), 2023. In this context, the Banking Supervision Department clarified that during the transition period set by law, the infant industry protections stipulated in the law apply to the bank. This includes the requirement not to operate, through a single operating company (as defined by law), the issuance of more than 52% of the total new credit cards issued by the bank to its customers, as specified in Section 9(a)(1)(b) of the law, for the period from January 31, 2024, to January 31, 2028. In light of this clarification, the Bank is working to comply with the interpretation of the Banking Supervision Department.

A public appeal concerning remuneration models in the public activity regarding securities

On November 12, 2024 an inter-ministerial team, which includes the Bank of Israel, the Securities Authority and the Budget Department at the Ministry of Finance, published a public appeal for obtaining the public's comments regarding possible changes in the structure of commissions and renumeration in the public activities regarding securities. As part of the public appeal it had been noted that the move is intended to increase transparency, promote competition and improve the service to customers operating in the capital market. Additionally, it was noted that the team found that in the current situation there are several main challenges: a difficulty in comparing costs between different service providers resulting from the variance in the structure of commissions, limited access to investment consultancy services and the lack of adequacy between the provided services and the payment for these. As part of its work, the team defined four main principles that will underly the planned reform: promotion of competition through simple and clear cost models, which will improve the ability to compare between various service providers and optimal pricing by the customer; establishing adequacy between the service provided in practice and the consideration for such; standardization of similar products and increasing the transparency of the pricing models; and establishing an incentive for making the capital market accessible for the public through professional and licensed financial brokers. As part of the public appeal, the team wishes to obtain the public's comments in respect of a variety of issues derived from these principles, including: the structure of commissions and securities deposit management fees, distinction between products regarding sale and purchase commissions, the model of renumeration for consulting and investment services, distribution of commissions in mutual funds, costs collected by the generators of the financial assets, and a possibility for establishing structured investment tracks at a fixed cost for the investor.

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, 2023; December 28, 2023; and February 7, 2024, various adjustments to the Proper Conduct of Banking Business Directives were published following the outbreak of the War, and they remained in effect until March 31, 2024 (unless noted otherwise). Details regarding these adjustments may be found in the chapter 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 noted otherwise) On June 30, 2024, the validity of some of the adjustments was extended for the second time, and on October 31, 2024, the validity of some of the adjustments was extended again, as detailed below, until December 31, 2024 (unless stated otherwise):

- Proper Conduct of Banking Business Directive No. 311 – "Credit Risk Management" – On October 31, 2024, an additional three-month extension was provided for the receipt of an up-to-date financial statement from borrowers (a total of twelve 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 six months from the end of the period ending on June 30, 2024). The easements are valid until December 31, 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 – The customer's signature will not be required for a customer's request to defer payments, in accordance with 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 regarding "Restrictions in the Granting of a Housing Loan" – The exemption from certain restrictions on the granting of a housing loan is given if such loan is needed for the construction of a "mamad" (residential secure space), which is exempt from the requirement for a building permit, in accordance with the Planning and Construction Regulations (Construction Work and Structures Exempt from the Requirement for a Building Permit [Temporary Directive – Iron Swords War], 2023), on condition that the cost of the construction work does not exceed NIS 200,000. The exemption refers to restrictions specified in Sections 5 through 8 of the Proper Conduct of Banking Business Directive No. 329 – A restriction on the granting of a housing loan at a rate of repayment from income exceeding 40 percent; a restriction of 66.6 percent in the variable interest rate out of the total housing loan; a restriction on the maximum period (namely, 30 years) for repayment of a housing loan. On February 7, 2024, it was determined that the exemption from these restrictions will also apply to a loan to improve protection in a residential apartment (in an amount not exceeding NIS 200,000), as detailed in the Home Front Command listing; an exemption was also determined in relation to these restrictions regarding the restriction on the loan to value ratio (LTV), which is set in Section 4 of Proper Conduct of Banking Business Directive No. 329 (on October 14, 2024, it was determined that the exemption was extended until October 25, 2025. In addition, it was determined that a banking corporation will be entitled to grant an all-purpose loan in the mortgaging of an apartment (a housing loan not for the purpose of acquiring land rights), at an LTV ratio of 70 percent instead of 50 percent, provided that the amount of the loan exceeding the LTV ratio of 50 percent does not exceed NIS 200,000. On June 30, 2024, the easing of the restriction on an all-purpose loan for the mortgaging of an apartment has been 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 chapter 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 in coping with the consequences of the Iron Swords War for three months commencing April 1, 2024, and its expansion to other populations commencing 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: The granting of an exemption to reserve soldiers from the payment of 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 granting of benefits to reserve soldiers under the outline to be 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.As specified in the announcement, the period for the submission of requests to defer loans under the outline will be extended by an additional three months; an exemption from payment of most of the bank fees and commissions for the ongoing management of a current account (in accordance with the updated table presented in the appendix to the announcement) and an exemption from payment of overdraft interest in a current account were extended under the outline by an additional three months to the First Circle population group; with regard to the exemption for business owners from payment of overdraft interest in a business current account, 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 payment of 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 was expanded, in accordance with the actual overdraft amounts; the granting of benefits to reserve soldiers - exemption from fees and commissions and absorption of overdraft interest in a current account and in a business account, in accordance with the terms and conditions of the outline (the First Circle) was extended for an additional three-month period.

On September 22, 2024, the Bank of Israel announced that the outline would be extended for an additional three months, as of October 1, 2024 and until December 31, 2024, and that adjustments would be made for the First Circle population group eligible for the above extension, as follows: With regard to the residents of southern Israel, the terms and conditions under the outline would be eased for the population residing, or owning a business located, within a radius of up to 7 km. from the Gaza Strip (instead of up to 30 km. from the Gaza Strip). No changes were made for the remaining population group in the First Circle. In addition, as specified in the announcement, the period for the submission of requests for the deferment of loans under the outline was extended for an additional three months, until the end of 2024. Nonetheless, for all loans, the total maximum period for the deferment of payments under the outline will not exceed nine months. Customers who deferred payments for a period of nine months and are still struggling financially to meet their loan payments can request that the bank where they have an account weigh the possibility of easing the situation. Despite the above, the maximum total period for the deferment of payment of loans and mortgage loans will be 12 months for the following population groups: the population residing, or owning a business, in one of the communities in northern Israel that was evacuated by an official agency, as of November 7, 2023; the population residing in one of the communities in northern Israel that, in accordance with a decision made by the Government of Israel, was told to evacuate its community or which had not yet evacuated said community, in accordance with the list appearing on the Bank of Israel website; the above will also apply to reserve soldiers for the updated period of the outline. In addition, the easing of the terms and conditions relating to the exemption from payment of most of the bank fees and commissions that are involved in the ongoing operation of current accounts and which relate to the exemption from payment of overdraft interest in a current account will be extended under the outline for an additional three months for the First Circle population group, under terms and conditions similar to the outline's original terms and conditions. Moreover, the Bank will continue to initiate the provision to reserve soldiers of the following benefits for an additional three-year period: An exemption from payment of bank fees and commissions and the absorption of overdraft interest in current accounts and in business accounts, in accordance with the outline's terms and conditions (First Circle).

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 in which it was stated that, further to the Bad Checks Regulations (Exceptions to the Scope of the Law), 2023, according to which it was determined, inter alia, that a dishonored check in the bank account of a reserve soldier or his/her spouse during the period specified in the regulations (October 7, 2023 to January 21, 2024) will be removed from the count of checks for the purpose of Section 2(a) of 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.

Amendment to Proper Conduct of Banking Business Directive No. 315, Branch Liability Limitation

Due to the prolongation of the Iron Swords War, and in order to support the economy's credit needs, the Supervision of Banks Department extended by two additional years (up to December 31, 2027) an existing temporary relief in the prices of the construction and real estate segment under restriction, so that the total liabilities of the construction and real estate segment would not exceed the higher of the following: the total "construction and real estate, industry and trade of construction products" liabilities do not exceed 26% of the total public liabilities towards a banking institution; and the total "real estate, industry and trade of construction products" deducting liabilities for financing projects in collaboration with the private segment included in the "civil engineering works" do not exceed 22% of the public liabilities towards the banking institution. In addition, the Banking Supervision Department added a temporary easement regarding the rate for limitation of the financial services and insurance services branch, so that by December 31, 2027, the limitation by which the total liabilities of the branch will not exceed 20% of the total public liabilities to the Bank will be examined separately for Israeli and foreign activity, and the cumulative limitation (Israeli and foreign) will not exceed 25%.

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. In light of the ongoing War, the amendment was periodically extended, and on September 30, 2024, the amendment was extended again regarding reporting until December 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 what is specified in the chapter 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, an Order for the Protection of Special Grants (Iron Swords) (Amendment of the Addendum to the Law) (No. 3), 2024, which was published on May 27, 2024, established additional protected grants – an organizational grant for the purpose of acquiring equipment due to the prolongation of the period of evacuation or recouping and for the purpose of preparing for the (autumn Jewish) holidays, limited to NIS 1,000 per person and to up to NIS 5,000 per family, as well as a protected assistance grant for businesses in local authorities that related to the tourism industry – in border communities and in communities included in the specially designated 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 what is specified in the chapter entitled "Legislation and Regulation of the Banking System" in the Corporate Governance Report of 2023, regarding the publication of this law, on n June 5, 2024 the amendment to this law had been published, extending 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 what is specified in the chapter entitled "Legislation and Regulation of the Banking System" in the Corporate Governance Report of 2023, regarding the publication of the Protection of Workers in Times of Emergency Law (Amendment no. 5 and Temporary Order – Iron Swords), 2023, an 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, which was published on June 30, 2024, extends the Temporary Order until October 6, 2024.

The Law for Protection of Workers in Times of Emergency (Amendment No. 5 and Temporary Order – Iron Swords), (Amendment No. 2), 2023

Further to what is specified in the chapter entitled "Legislation and Regulation of the Banking System" in the Corporate Governance Report of 2023, regarding the publication of the Protection of Workers in Times of Emergency Law (Amendment no. 5 and Temporary Order – Iron Swords), 2023 (the "Law"), an additional amendment to the Law was published on September 30, 2024, which extends the Temporary Order for an additional period until February 7, 2025.

Additional Topics

The Insolvency and Economic Rehabilitation Law (Amendment No. 4 – Temporary Order – Novel Coronavirus) (Amendment No. 2), 2023

Further to what is specified in the chapter entitled "Legislation and Regulation of the Banking System" in the Corporate Governance Report for 2023, Amendment 4 to this law establishes a dedicated track for the processing of debts of debtors (corporations and private individuals) that had been adversely affected by the coronavirus crisis, which enables inter alia, a debtor to arrive at a debt settlement agreement 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 Bill (Amendment No. 9) (Temporary Stay of Proceedings in a Debt Settlement Procedure), 2024

On November 11, 2024, a bill had been published, which proposes to amend the Insolvency and Economic Rehabilitation Law, 2018 (hereinafter – the "Law") aiming at enshrining in it, permanently, a track that will encourage debt settlement arrangements and enable stay of proceedings during the negotiation period for their formation in order to increase the odds 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 bill proposes to permanently enshrine in the Law the same relief that was enshrined in it until now only temporarily as part of the temporary order, however, 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 for 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 Regulations for Companies (Easing of Terms and Conditions in Transactions with Stakeholders) (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 in a manner that is likely to increase the tradability and liquidity in the local market, increase the odds 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 Board of Directors of the Tel Aviv Stock Exchange 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 14, 2024, the Official Gazette published an amendment to the above law that adapts Israel's privacy protection laws to accepted standards around the world, and in particular to the European Union's General Data Protection Regulation (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.

Privacy Protection Authority Directive No. 1/2024: The role of the Board of Directors of a company in the execution of that company's obligations, in accordance with the Privacy Protection Regulations (Information Security)

On September 12, 2024, the Privacy Protection Authority published its position on companies in which the processing of personal data is at the core of their activity or companies whose activity places the privacy of individuals in increased jeopardy, and made it clear that the Board of Directors of a company must monitor the company's compliance with the Privacy Protection Law, 1981, and with the Privacy Protection Regulations (Information Security), 2017, in accordance with the principles specified in the above directive. Similarly, the Board of Directors of a company is responsible for the monitoring of the consolidation, adoption, and implementation of the company's policy with regard to the manner in which the demands of the above law and the above regulations are executed, including the obligation to immediately report to the Privacy Protection Authority all events related to information security. In accordance with the above directive, the Board of Directors of a company is obligated, inter alia, to be significantly involved in the execution of the following demands, including the holding of discussions regarding these demands: (1) The creation of the document of definitions for the database that the company is obligated to compile. (2) Ratification of the central principles in the management of the company's information security. (3) The determination of the activities required in light of the results of a risk survey, in light of the examination of penetration vulnerability, and in light of the periodic auditing that the company is obligated to conduct in accordance with the security level of its databases, in accordance with the relevant regulations and following the investigation of security events that have taken place in the company. (4) The holding of quarterly or annual discussions, in accordance with the security level of the company's databases, in accordance with the relevant regulations and following the investigation of security events that have taken place in the organization. (5) The holding of discussions regarding the results of the biennial periodic auditing of the company's compliance with the relevant information security regulations.

Privacy Protection Authority – Guide for the Activity Required for the Implementation of Regulation 10(d) of the Privacy Protection Regulations (Information Security) Regarding the Preservation of Documentation Files and Logbooks

On September 29, 2024, the Privacy Protection Authority published a guide that clarified the manner in which a company must implement Regulation 10(d) of the Privacy Protection Regulations (Information Security), which specify the manner in which that company must preserve documentation data in database systems, when the security level applicable to said data is medium or high. Similarly, the guide proposes guidelines that the owner and the manager of the database can use in order to verify that they are complying with the regulation's directives regarding, inter alia, everything that is related to the management of a documentation mechanism and which will enable both the auditing of access to the database's systems and a retrospective examination of security events or other malfunctions, while, at the same time, ensuring the availability of this data and preventing its leaking out of these systems.

Privacy Protection Authority – A document describing the various challenges involved in the transfer of databases and database systems to a cloud

On September 8, 2024, the Privacy Protection Authority published a document that focuses on the various challenges an organization must take into consideration when executing a transfer to cloud technology and which includes guidelines for implementation. The document focuses on the following topics: incorrect definitions, API interfaces that have not been properly secured, the current architecture's unsuitability, the lack of strategy for the transfer to cloud technology, data loss, and security risks.

Privacy Protection Authority – A document that presents the principles of privacy protection that a company must apply when dealing with emergency events

On September 19, 2024, the Privacy Protection Authority published a document that presents the principles and primary rules that a company must apply in order to prevent and reduce any impairment of personal privacy when the company is dealing with emergency events, such as war, natural disasters, major terror incidents, and epidemics, all of which obligate various entities to operate in a manner that is markedly different from their manner of operating under routine circumstances. These principles and rules center on the following topics: the principle of consent, the obligation of notification, the principle of adherence to the central objective, the principle of reasonable action, the principle of data reduction, access to data on deceased persons, and information security in emergency situations. Regarding the Authority's position and the implementation of the principles and rules appearing in the above document, there is the possibility of striking a suitable balance between the need to operate urgently and effectively in an emergency situation and the obligation to protect the right to privacy and to reduce any impairment of that right.

Israel Securities Authority – Horizontal Auditing Report on Fair Disclosure and Reporting of Risks to Environmental Protection

On September 3, 2024, the Securities Authority published a report summarizing the findings of a broad audit it conducted, on the subject of disclosure and reporting of environmental risks in reporting corporations. The report describes central issues that emerged in the report, for the purpose of presenting to the corporations the position of the Authority's staff on these issues, contributing to the enhancement of the corporations' conduct, and upgrading the reported data in accordance with the law. The main findings and the recommendations focus on the following topics: qualitative and quantitative fair disclosure regarding environmental risks, including the ranking of the impact of the risks presented in the section entitled "Discussion of Risk Factors" in the corporation's report describing its activity; assessment of all the influences stemming from the realization of climate risks and the provision of fair disclosure regarding these influences; involvement of the corporation's Board of Directors and executives with regard to the management of environmental risks (formulation of the corporation's policies, the establishment of its procedures, and ongoing monitoring); identification and assessment of environmental risks; and the establishment of a workplan for the management of environmental risks and the monitoring of its implementation.

Draft Memorandum of the Securities Law (Regulation of Broker-Dealer Activity) (Amendment No. ...), 2024

On October 13, 2024, a draft memorandum of the law was published for public comment. The purpose of the proposed law is to establish a comprehensive regulatory and supervisory framework for broker-dealer activity in Israel to provide adequate protection for investors, increase public confidence in such activities, and develop the market. The draft memorandum, among other things, defines the regulated activity and its exceptions; establishes a licensing requirement for those engaged in regulated activities and sets conditions for obtaining a license and control permits; introduces a requirement for permits to provide ancillary services and engage in additional activities; specifies capital requirements, organizational requirements, and corporate governance obligations for holders of broker-dealer licenses and stock exchange membership licenses; sets obligations of a broker-dealer license holder toward their clients; grants the Securities Authority the power to set various directives for supervisory and enforcement purposes; and includes provisions regarding large traders.

Draft Economic Plan for 2025 – Structural Changes

On October 14, 2024, the Ministry of Finance published the draft economic plan for 2025 for public comment. The draft includes, among other things, the following proposals: 1. To assign the Minister of Finance, in cooperation with the Governor of the Bank of Israel, to establish an inter-ministerial team to examine the imposition of a special tax on bank activity in 2026. 2. To establish a public committee to formulate recommendations for increasing competition in banking services for the retail sector, including recommendations on introducing additional financial and real sector players capable of accepting public deposits and providing credit to the retail sector. 3. To expand the existing credit data database to include information on corporations, including data from additional sources, and to implement several improvements to the existing credit data database to enhance its functionality and provide high-quality and continuous access to information for credit providers. 4. To task the Prime Minister and the Ministry of Finance, in cooperation with the Governor of the Bank of Israel, with establishing a committee to examine the need, feasibility, and methods for making data held by financial and regulatory entities accessible for data processing, research, and official statistical production, including meeting international reporting requirements to support policy-making on economic and financial issues. 5. To assign the Minister of Finance to establish a public committee to examine the impact of the volume and management of assets held by financial entities on the Israeli economy. 6. To promote the completion of legislative processes for measures from the economic plans for 2023 and 2024, which are expected to increase state tax revenues. Among these legislative processes is the proposed amendment to Section 2(g) of the Law to Reduce the Use of Cash, as included in Section 50(3) of the Economic Efficiency Bill (Legislative Amendments for Achieving Budgetary Targets for Fiscal Years 2023 and 2024), 2023. This amendment would extend the prohibition on granting cash loans to apply to regulated financial entities, as defined in the Law to Reduce the Use of Cash, up to the statutory limit for cash loans.

The Securities Authority – the interim report of the inter-ministerial team for examining the use of artificial intelligence in the financial sector.

On November 5, 2024 the Securities Authority published for public comments, the interim report, which is intended for coping in an initial manner with the potential and challenges involved in the use of artificial intelligence. The team's approach advocates encouragement of artificial intelligence activity in the financial sector, alongside setting adapted regulation, where required, as the position is that at this stage it is desirable to take moderate and flexible regulation measures regarding this issue. The team's recommendations concern, inter alia, the following issues: is it required to provide an explanation regarding the manner of the system's activity as well as the manner in which a specific decision had been made by artificial intelligence (general and individual "explanatory duty", respectively); when and in what manner human intervention is required; when do the duties of informing and disclosure of the use of an artificial intelligence system apply; the right to privacy and protection of personal information; discrimination and biases; the responsibility of the supervised entity; AI governance; a risk-based approach based on establishing a risk hierarchy; financial stability; competition laws and operational risks including cyber risks, third-party risks, fraud and disinformation. Additionally, the interim report includes reference to the infrastructural operations required alongside the regulatory ones in order to turn the regulation in the artificial intelligence domain to be advanced and effective. For example, it is proposed to update the government bill concerning a "regulatory sandbox" in the financial sector, which lays out dedicated and uniform regulation for all the financial regulators for establishing an experimental environment, and expansion thereof for increasing its potential effectiveness; to promote regulatory certainty using various tools, such as policy documents, a solution for preliminary inquiries, etc.; to consider vesting regulatory powers for giving the orders required against the background of changes in technology; and to promote supervision activities based on artificial intelligence technologies (Supertech).

Credit Ratings

Credit ratings and outlook for the State of Israel and the Bank as at November 18, 2024

	Rating agency	Long term	Outlook	Short term
State of Israel	Moody's	Baa1	Negative	P-2
	S&P	A	Negative	A-1
	Fitch	A	Negative	F1
Bank Leumi: Foreign exchange	Moody's	Baa1	Negative	P-2
	S&P	+BBB	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

Development of the Bank's credit rating and credit outlook from January 1, 2024 to November 18, 2024

On February 13, 2024, credit rating agency Moody's announced that, following the downgrading of the State of Israel's credit rating from A1 to A2 with a negative outlook, the agency was also downgrading the long-term deposits credit rating to A3 and the short-term deposits credit rating to P-2 for the Bank and for other Israeli banks, as well as the CRR rating of the Bank and of other Israeli banks to A2, with a negative outlook.

On April 6, 2024, the credit rating agency Fitch announced that, following the removal of the State of Israel's credit rating from the Ratings Watch Negative (RWN), it removed the Bank's long-term IDR rating from the RWN and ratified the Bank's long-term rating at a level of A and its short-term rating at a level of F1+, with a negative outlook.

On May 2, 2024, credit rating agency S&P announced that, following the downgrading of the State of Israel's credit rating from AA-/A-1+ to A+/A-1 with a negative outlook, the agency was downgrading the (long-term and short-term) credit rating of the Bank and other Israeli banks from A/A-1 to A-/A-2, with a negative outlook.

On May 2, 2024, credit rating agency S&P Maalot announced that, following the downgrading of the State of Israel's credit rating from AA-/A-1+ to A+/A-1 with a negative outlook, the agency downgraded the credit 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 credit rating and credit rating outlook.

On August 6, 2024, credit rating agency S&P Maalot reiterated the Bank's credit rating and credit rating outlook.

On August 15, 2024, credit rating agency Moody's reiterated the Bank's credit rating and credit rating outlook.

On August 15, 2024, credit rating agency Fitch announced that, following the downgrading of the State of Israel's credit rating from A+ to A with a negative outlook, the agency was also downgrading the long-term credit rating of the Bank (and other Israeli banks) from A to A- with a negative outlook and the short-term credit rating of the Bank (and other Israeli banks) from F1+ to F1.

On October 6, 2024, credit rating agency Moody's announced that, following the downgrading of the State of Israel's credit rating from A2 to Baa1 with a negative outlook, the agency was also downgrading the long-term deposits credit rating of the Bank (and other Israeli banks) to Baa1 with a negative credit rating outlook and was reiterating the short-term deposits credit rating of the Bank and other Israeli banks, namely, P-2. The BCA credit rating of the Bank remains unchanged.

On October 8, 2024, credit rating agency S&P announced that, following the downgrading of the State of Israel's credit rating from A+ to A with a negative outlook, the agency was also downgrading the long-term deposits credit rating of the Bank (and other Israeli banks) from A- to BBB+ with a negative credit rating outlook and was reiterating the short-term deposits credit rating of the Bank (and other Israeli banks), namely, A-2.

On October 8, 2024, credit rating agency S&P Maalot reiterated the Bank's credit rating.

On November 6, 2024, the credit rating agency Midroog ratified the Bank's credit rating and credit rating outlook.

On November 6, 2024, Fitch credit rating agency Midroog ratified the Bank's credit rating and credit rating outlook.

For details concerning the possible impact of lowering the State of Israel's rating on the bank's capital adequacy ratio see the Chapter Capital and Capital Adequacy Ratio.

Appendix 1 – Income and Expenditure Rates[(a)] and Analysis of Changes in Interest Income and Interest Expenditures

Part A – Average Balances and Interest Rates — Assets

	For the three months ended September 30					
	2024			2023		
	Average outstanding balance[(b)]	Interest income	% of income	Average outstanding balance[(b)]	Interest income	% of income
	In NIS million		In %	In NIS million		In %
Interest-bearing assets						
Loans to the public[(c)]						
In Israel	424,826	7,128	6.71	403,487	6,401	6.35
Outside Israel	9,338	204	8.74	8,068	165	8.18
Total[(h)]	434,164	7,332	6.76	411,555	6,566	6.38
Loans to the government						
In Israel	1,730	22	5.09	1,223	15	4.91
Outside Israel	–	–	–	–	–	–
Total	1,730	22	5.09	1,223	15	4.91
Deposits with banks						
In Israel	11,792	199	6.75	12,495	115	3.68
Outside Israel	291	–	–	157	–	–
Total	12,083	199	6.59	12,652	115	3.64
Deposits with central banks						
In Israel	91,264	1,014	4.44	71,656	860	4.80
Outside Israel	–	–	–	–	–	–
Total	91,264	1,014	4.44	71,656	860	4.80
Securities borrowed or purchased under reverse repurchase agreements						
In Israel	2,655	45	6.78	2,844	29	4.08
Outside Israel	–	–	–	–	–	–
Total	2,655	45	6.78	2,844	29	4.08
Bonds – held-to-redemption and available-for-sale[(d)]						
In Israel	113,608	1,258	4.43	118,599	1,094	3.69
Outside Israel	–	–	–	–	–	–
Total	113,608	1,258	4.43	118,599	1,094	3.69
Bonds – held-for-trading[(d)]						
In Israel[(j)]	9,386	96	4.09	8,749	79	3.61
Outside Israel	–	–	–	–	–	–
Total	9,386	96	4.09	8,749	79	3.61
Total interest-bearing assets	664,890	9,966	6.00	627,278	8,758	5.58
Non-interest-bearing receivables for credit cards	6,830			6,230		
Other non-interest bearing assets[(e)]	64,039			60,704		
Total assets	735,759	9,966		694,212	8,758	
Total interest-bearing assets attributed to operations outside Israel	9,629	204	8.47	8,225	165	8.02

Please see comments on p. 265.

Part B – Average Balances and Interest Rates – Liabilities and Equity

	For the three months ended September 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	433,679	4,608	4.25	388,531	4,260	4.39
Demand deposits	131,898	1,227	3.72	117,869	1,177	3.99
Fixed deposits	301,781	3,381	4.48	270,662	3,083	4.56
Outside Israel	–	–	–	–	–	–
Demand deposits	–	–	–	–	–	–
Fixed deposits	–	–	–	–	–	–
Total	433,679	4,608	4.25	388,531	4,260	4.39
Deposits by the Israeli Government						
In Israel	110	1	3.64	179	1	2.23
Outside Israel	–	–	–	–	–	–
Total	110	1	3.64	179	1	2.23
Deposits by central banks						
In Israel	6,711	22	1.31	14,115	2	0.06
Outside Israel	–	–	–	–	–	–
Total	6,711	22	1.31	14,115	2	0.06
Deposits by banks						
In Israel	9,523	77	3.23	5,218	32	2.45
Outside Israel	59	1	6.78	57	–	–
Total	9,582	78	3.26	5,275	32	2.43
Securities loaned or sold under repurchase agreements						
In Israel	11,982	198	6.61	14,239	209	5.87
Outside Israel	–	–	–	–	–	–
Total	11,982	198	6.61	14,239	209	5.87
Bonds						
In Israel	29,786	514	6.90	31,018	319	4.11
Outside Israel	–	–	–	–	–	–
Total	29,786	514	6.90	31,018	319	4.11
Total interest-bearing liabilities	491,850	5,421	4.41	453,357	4,823	4.26
Non-interest-bearing deposits by the public	140,006			145,143		
Non-interest-bearing payables for credit cards	1,829			1,687		
Other non-interest bearing liabilities(f)	39,296			38,465		
Total liabilities	672,981	5,421		638,652	4,823	
Total capital resources	62,778			55,560		
Total capital commitments and resources	735,759	5,421		694,212	4,823	
Interest rate spread			1.59			1.32
Net return(g) on interest-bearing assets						
In Israel	655,261	4,342	2.65	619,053	3,770	2.44
Outside Israel	9,629	203	8.43	8,225	165	8.02
Total	664,890	4,545	2.73	627,278	3,935	2.51
Interest-bearing liabilities attributed to foreign activities	59	1	6.78	57	–	–

Please see comments on p. 265.

Part A - Average Balances and Interest Rates — Assets (cont.)

	For the nine months ended September 30					
	2024			2023		
	Average outstanding balance[(b)]	Interest income	% of income	Average outstanding balance[(b)]	Interest income	% of income
	In NIS million		In %	In NIS million		In %
Interest-bearing assets						
Loans to the public[(c)]						
In Israel	418,648	19,959	6.36	391,785	18,318	6.23
Outside Israel	8,673	561	8.62	7,281	424	7.76
Total[(h)]	427,321	20,520	6.40	399,066	18,742	6.26
Loans to the government						
In Israel	1,555	57	4.89	1,141	38	4.44
Outside Israel	–	–	–	–	–	–
Total	1,555	57	4.89	1,141	38	4.44
Deposits with banks						
In Israel	12,748	466	4.87	14,868	450	4.04
Outside Israel	313	1	0.43	199	–	–
Total	13,061	467	4.77	15,067	450	3.98
Deposits with central banks						
In Israel	96,678	3,234	4.46	88,144	2,876	4.35
Outside Israel	–	–	–	52	2	5.13
Total	96,678	3,234	4.46	88,196	2,878	4.35
Securities borrowed or purchased under reverse repurchase agreements repurchase agreements						
In Israel	2,271	99	5.81	2,875	95	4.41
Outside Israel	–	–	–	–	–	–
Total	2,271	99	5.81	2,875	95	4.41
Bonds - held-to-maturity and available-for-sale[(d)]						
In Israel	120,771	3,900	4.31	104,278	2,636	3.37
Outside Israel	–	–	–	–	–	–
Total	120,771	3,900	4.31	104,278	2,636	3.37
Bonds - held-for-trading[(d)]						
In Israel[(j)]	10,119	308	4.06	6,224	154	3.30
Outside Israel	–	–	–	–	–	–
Total	10,119	308	4.06	6,224	154	3.30
Total interest-bearing assets	671,776	28,585	5.67	616,847	24,993	5.40
Non-interest-bearing receivables for credit cards	6,484			6,182		
Other non-interest bearing assets[(e)]	65,756			71,568		
Total assets	744,016	28,585		694,597	24,993	
Total interest-bearing assets attributed to outside Israel	8,986	562	8.34	7,532	426	7.54

Please see comments on p, 265.

Part B – Average Balances and Interest Rates – Liabilities and Equity (cont.)

	For the nine months ended September 30					
	2024			2023		
	Average outstanding balance[b]	Interest expenses	% of expense	Average outstanding balance[b]	Interest expenses	% of expense
	In NIS million		In %	In NIS million		In %
Interest-bearing liabilities						
Deposits by the public						
In Israel	436,624	13,856	4.23	371,987	11,344	4.07
Demand deposits	134,970	3,758	3.71	112,533	3,191	3.78
Fixed deposits	301,654	10,098	4.46	259,454	8,153	4.19
Outside Israel	–	–	–	6	–	–
Demand deposits	–	–	–	6	–	–
Fixed deposits	–	–	–	–	–	–
Total	436,624	13,856	4.23	371,993	11,344	4.07
Deposits by the Israeli Government						
In Israel	110	2	2.42	236	2	1.13
Outside Israel	–	–	–	–	–	–
Total	110	2	2.42	236	2	1.13
Deposits by central banks						
In Israel	8,601	66	1.02	15,616	7	0.06
Outside Israel	–	–	–	–	–	–
Total	8,601	66	1.02	15,616	7	0.06
Deposits by banks						
In Israel	10,068	214	2.83	6,022	79	1.75
Outside Israel	64	1	2.08	19	–	–
Total	10,132	215	2.83	6,041	79	1.74
Securities loaned or sold under reverse repurchase agreements						
In Israel	10,702	488	6.08	8,375	386	6.15
Outside Israel	–	–	–	–	–	–
Total	10,702	488	6.08	8,375	386	6.15
Bonds						
In Israel	30,887	1,268	5.47	29,721	1,028	4.61
Outside Israel	–	–	–	–	–	–
Total	30,887	1,268	5.47	29,721	1,028	4.61
Total interest-bearing liabilities	497,056	15,895	4.26	431,982	12,846	3.96
Non-interest-bearing deposits by the public	142,934			163,351		
Non-interest-bearing payables for credit cards	1,747			1,737		
Other non-interest bearing liabilities[f]	41,447			43,185		
Total liabilities	683,184	15,895		640,255	12,846	
Total capital resources	60,832			54,342		
Total capital commitments and resources	744,016	15,895		694,597	12,846	
Interest rate spread			1.41			1.44
Net yield[g] on interest-bearing assets (NIM)						
In Israel	662,790	12,129	2.44	609,315	11,721	2.56
Outside Israel	8,986	561	8.32	7,532	426	7.54
Total	671,776	12,690	2.52	616,847	12,147	2.63
Interest-bearing liabilities attributed to foreign activities	64	1	2.08	25	–	–

Please see comments on p. 265.

Part C – Average Balances and Interest Rates – Additional Information on Interest-Bearing Assets and Interest-Bearing Liabilities Attributed to Activities in Israel

	For the three months ended September 30					
	2024			2023		
	Average balance[(b)]	Interest income (expenses)	% income (expense)	Average balance[(b)]	Interest income (expenses)	% income (Expense)
	In NIS million		In %	In NIS million		In %
CPI-linked NIS						
Total interest-bearing assets	70,175	1,584	9.03	63,522	903	5.69
Total interest-bearing liabilities	28,432	(541)	(7.61)	29,591	(278)	(3.76)
Interest rate spread			1.42			1.93
Non-linked NIS						
Total interest-bearing assets	465,189	6,553	5.63	449,777	6,523	5.80
Total interest-bearing liabilities	337,186	(3,224)	(3.82)	309,700	(2,970)	(3.84)
Interest rate spread			1.81			1.96
Foreign currency						
Total interest-bearing assets	119,897	1,625	5.42	105,754	1,167	4.41
Total interest-bearing liabilities	126,173	(1,655)	(5.25)	114,009	(1,575)	(5.53)
Interest rate spread			0.17			(1.12)
Total activity in Israel						
Total interest-bearing assets	655,261	9,762	5.96	619,053	8,593	5.55
Total interest-bearing liabilities	491,791	(5,420)	(4.41)	453,300	(4,823)	(4.26)
Interest rate spread			1.55			1.29

Please see comments on p. 265.

Part C - Average Balances and Interest Rates - Additional Information on Interest-Bearing Assets and Interest-Bearing Liabilities Attributed to Activities in Israel (cont.)

	For the nine months ended September 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	68,217	3,762	7.35	61,537	3,095	6.71
Total interest-bearing liabilities	29,067	(1,221)	(5.60)	28,317	(1,031)	(4.85)
Interest rate spread			1.75			1.86
Non-linked NIS						
Total interest-bearing assets	478,192	19,878	5.54	444,406	18,254	5.48
Total interest-bearing liabilities	343,107	(9,890)	(3.84)	291,191	(7,615)	(3.49)
Interest rate spread			1.70			1.99
Foreign currency						
Total interest-bearing assets	116,381	4,383	5.02	103,372	3,218	4.15
Total interest-bearing liabilities	124,818	(4,783)	(5.11)	112,449	(4,200)	(4.98)
Interest rate spread			(0.09)			(0.83)
Total activity in Israel						
Total interest-bearing assets	662,790	28,023	5.64	609,315	24,567	5.38
Total interest-bearing liabilities	496,992	(15,894)	(4.26)	431,957	(12,846)	(3.97)
Interest rate spread			1.38			1.41

Please see comments on p. 265.

Part D – Analysis of Changes in Interest Income and Interest Expenses

	2024 vs. 2023 For the three months ended September 30			2024 vs. 2023 For the nine months ended September 30		
	Increase (decrease) due to change[h]		Change Net	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	369	727	1,281	360	1,641
Outside Israel	28	11	39	90	47	137
Total	386	380	766	1,371	407	1,778
Other interest-bearing assets						
In Israel	170	272	442	879	936	1,815
Outside Israel	–	–	–	–	(1)	(1)
Total	170	272	442	879	935	1,814
Total interest income	556	652	1,208	2,250	1,342	3,592
Interest-bearing liabilities						
Deposits by the public						
In Israel	480	(132)	348	2,051	461	2,512
Outside Israel	–	–	–	–	–	–
Total	480	(132)	348	2,051	461	2,512
Other interest-bearing liabilities						
In Israel	(93)	342	249	13	523	536
Outside Israel	–	1	1	1	–	1
Total	(93)	343	250	14	523	537
Total interest expenses	387	211	598	2,065	984	3,049

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 shareholders' 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 nine-month periods ended September 30, 2024, in the amount of NIS (3,503) million and (3,592) million, respectively, and for the three- and nine-month periods ended September 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 nine-month periods ended September 30, 2024 in the amount of NIS 95 million and NIS 284 million, respectively, were included in the interest income from loans to the public (fees and commissions

for the three-month and nine-month periods ended September 30, 2023 in the amount of NIS 102 million and NIS 301 million, respectively).

(j) Of which interest income in the amount of approximately NIS 15 million and approximately NIS 33 million for the three- and nine-month periods ended September 30, 2024, respectively, due to bonds classified as held-for-trading securities since 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.